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Federal Register

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Tuesday, September 29, 2026

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 981

[Doc. No. AMS–SC–25–0188]

Almonds Grown in California; Extension of Inedible Disposition Obligation Deadline

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This final rule implements a recommendation from the Almond Board of California to extend the inedible disposition obligation deadline prescribed under the Federal marketing order for almonds grown in California from September 30 to November 30 indefinitely.

DATES: Effective October 29, 2026.

FOR FURTHER INFORMATION CONTACT: Jeremy Sasselli, Marketing Specialist, or Abigail Maharaj, Chief, West Region Branch, Market Development Division, Specialty Crops Program, AMS, USDA; telephone: (559) 487–5901; or email: *Jeremy.Sasselli@usda.gov* or *Abigail.Maharaj@usda.gov.*

SUPPLEMENTARY INFORMATION: This action, pursuant to 5 U.S.C. 553, amends regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This final rule is issued under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674) (the Act), amending Marketing Order No. 981 (7 CFR part 981; the Order), regulating the handling of almonds grown in California. The Almond Board of California (Board) locally administers the Order and is comprised of producers and handlers of almonds operating within the production area.

This action is exempt from the Office of Management and Budget (OMB) review process required by Executive Order 12866. This final rule amends existing Marketing Order No. 981, as amended (7 CFR part 981), Almonds Grown in California, and is necessary for the continued operation of Marketing Order No. 981. Additionally, this action is exempt from the requirements of Executive Order 14192, ''Unleashing Prosperity Through Deregulation,'' pursuant to section 5(c).

This final rule has been reviewed under Executive Order 13175, ''Consultation and Coordination with Indian Tribal Governments,'' which requires Federal agencies to consider whether their rulemaking actions would have Tribal implications. The Agricultural Marketing Service (AMS) has determined this final rule is unlikely to have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes.

This final rule has been reviewed under Executive Order 12988, ''Civil Justice Reform.'' This final rule is not intended to have retroactive effect.

The Act provides that administrative remedies must be exhausted before parties may file suit in court. Under section 608(c)(15)(A) of the Act, any handler subject to an order may file with U.S. Department of Agriculture (USDA) a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. Such handler is afforded the opportunity for a hearing on the petition. After the hearing, USDA would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This final rule extends the inedible disposition deadline prescribed under the Order from September 30 to November 30. Section 981.42 of the Order authorizes the Board, with the approval of the Secretary, to establish rules and regulations necessary for the administration of the inedible program for quality control. Under this section, the Order currently mandates that inedible kernels for each almond variety in excess of two percent shall constitute an inedible obligation that must be delivered to the Board or Board-accepted users. Section 981.442 of the Order establishes the disposition obligation schedule for California almonds. These requirements are specified in § 981.442(a)(5) and require handlers to meet the disposition obligation deadline no later than September 30 succeeding the crop year in which the obligation was incurred.

Since the 2023–2024 crop year, meeting the disposition obligation deadline of September 30 has become problematic because heavy winter precipitation and insect damage have increased the percentage of inedible kernels, a trend that industry believes will continue to adversely impact future crops. For example, during the 2022–2023 crop year, the inedible disposition percentage was 2.12 percent. For the 2023–2024 crop year, the percentage was measured at 4.23 percent (the highest inedible percentage in 40 years), and during the 2024–2025 crop year, the inedible disposition percentage was 3.07 percent. Prior to the 2023–2024 crop year, the previous 15-year inedible percentage average was 1.44 percent. Thus, the lower crop quality in 2023–2024 led to the largest recorded inedible disposition at 55.8 million pounds (the previous largest industry inedible disposition was 14.4 million pounds in 2017–2018 at which time the inedible percentage was 2.42 percent). This nearly quadrupling of the inedible disposition obligation meant that in addition to handling a record of 6.7 million pounds of inshell credits, industry was also required to ship a record 49.1 million pounds of inedible kernels by September 30, 2024.

Because recent historical inedible percentages have been around 1.5 percent prior to the 2023–2024 crop year, the two percent inedible tolerance had remained reasonable for industry and could be addressed during the current 14-month timeframe. While the 2024–2025 crop year inedible disposition of 3.09 percent decreased from the record high percentage of 4.23 percent in 2023–2024, the current inedible percentage remains nearly double the historical inedible percentage. Such an increase in the inedible disposition percentage has made it difficult for industry to meet the current September 30 deadline.

Given the notable increase in overall inedible product occurring since 2023, the Board met on June 17, 2025, and unanimously recommended, eight in favor and none opposed, to extend the inedible disposition deadline from September 30 to November 30. This action was previously developed during a Loss & Exempt Task Force meeting on February 26, 2025, where it was supported unanimously, and was voted on at the Almond Quality, Food Safety & Services (AQFSS) Committee meeting on March 20, 2025, where it was also supported unanimously. The Board believes adjusting the deadline by 60 days, from September 30 to November 30, will allow sufficient time and more flexibility for industry to meet the disposition obligation deadline.

Final Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601–612), AMS has considered the economic impact of this final rule on small entities. Accordingly, AMS has prepared this final regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act are unique regulations in that they are brought about through group action of typically small entities acting on their own behalf.

There are approximately 7,600 growers of California almonds subject to regulation under the Order and approximately 100 handlers in the production area. At the time this analysis was prepared, the Small Business Administration (SBA) defined small agricultural growers of almonds as those having annual receipts equal to or less than $3,750,000 (North American Industry Classifications System (NAICS) code 111335, Tree Nut Farming). Small agricultural service firms, including handlers, are defined as those whose annual receipts are equal to or less than $34,000,000 (NAICS code 115114, Postharvest Crop Activities).

Data from USDA's National Agricultural Statistics Service (NASS) 2022 Agricultural Census reports that there were 7,596 almond farms with bearing acres in the production area. Additionally, the Census indicates that out of the 7,596 California farms with bearing acres of almonds, 4,805 (63 percent) have fewer than 100 bearing acres.

In its annual *Noncitrus Fruits and Nuts* publication, NASS reported a 2023 crop year average yield of 1,790 pounds per acre (shelled basis) and a season average grower price of $1.64 per pound. Therefore, a 100-acre farm with an average yield of 1,790 pounds per acre would produce about 179,000 pounds of almonds (1,790 pounds times 100 acres equals 179,000 pounds). At $1.64 per pound, that farm's production would be valued at $293,560 (179,000 pounds times $1.64 per pound equals $293,560). Since the Census indicated that 63 percent of California's almond farms have fewer than 100 bearing acres, it could be concluded that the majority of California almond growers had annual receipts from the sale of almonds of less than $293,560 for the 2022 crop year, which is below the SBA threshold of $3,750,000 for small growers. Therefore, the majority of growers may be classified as small businesses.

To estimate the proportion of almond handlers that would be considered small or large businesses, it was assumed that the unit value per pound of almonds exported in a particular year could serve as a representative almond price at the handler level. A unit value for a commodity is the value of exports divided by the quantity exported. Data from the Global Agricultural Trade System (GATS) database of USDA's Foreign Agricultural Service showed that the value of almond exports from August 2022 to July 2023 (shelled equivalent, combining shelled and inshell) was $4.115 billion. The quantity of almond exports over that period was 1.783 billion pounds. Dividing the export value by the quantity yields a unit value of $2.31 per shelled pound ($4.115 billion divided by 1.783 billion pounds equals $2.31).

NASS estimated that the California almond industry produced 2.511 billion pounds of almonds in 2022. Applying the $2.31 derived representative handler price per pound to total industry production results in an estimated total revenue at the handler level of $5.80 billion (2.511 billion pounds times $2.31 per pound equals $5.80 billion). With an estimated 100 handlers in the California almond industry, average revenue per handler would be approximately $58 million ($5.80 billion divided by 100 equals $58 million). Assuming a normal distribution of revenues, most almond handlers shipped almonds valued at more than $34,000,000 during the 2022 crop year. Therefore, the majority of handlers may be classified as large businesses.

This final rule extends the inedible disposition obligation deadline in § 981.442(a)(5) of the Order from September 30 to November 30. This final rulemaking revises § 981.442(a)(5). Authority for this change is provided in § 981.42. This change only impacts the inedible disposition deadline prescribed under the Order. The Board's meetings are widely publicized throughout the California almond industry and all interested persons are invited to attend the meetings and participate in Board deliberations on all issues. Like all Board meetings, the June 17, 2025, meeting was a public meeting and all entities, both large and small, were able to express views on this issue. Finally, interested persons were invited to submit comments on this rule, including the regulatory and information collection impacts of this action on small businesses.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581–0178, Vegetable and Specialty Crops, and 0581–0242, Almond Salmonella. This final rule does not require changes to the current information collection. Should any changes become necessary, they would be submitted to OMB for approval.

This final rule will not impose any additional reporting or recordkeeping requirements on either small or large California almond handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

AMS is committed to complying with the E-Government Act, to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

AMS has not identified any relevant Federal rules that duplicate, overlap, or conflict with this final rule.

A proposed rule concerning this action was published in the **Federal Register** on March 9, 2026 (91 FR 11187). Copies of the proposed rule were provided to all almond handlers. In addition, the proposal was made available through the internet by AMS and the Office of the Federal Register via *https://www.regulations.gov.* A 30-day comment period ending April 8, 2026, was provided for interested persons to respond to the proposal. AMS received four comments during the comment period. Two comments supported the proposal and one comment did not pertain to the merits of the rule. One comment opposed the proposal, expressing dissatisfaction that almond handlers pay almond growers for the edible portion of almonds received and do not pay growers for the inedible portion of the almonds. The comment suggested that handlers should pay growers for both the edible and inedible portion of almonds received; however, the basis of this comment relates to business decisions and interactions between almond growers and handlers outside of the scope of this action. Accordingly, AMS made no changes to the rule as proposed.

After consideration of all relevant material presented, including the information and recommendations submitted by the Board and other available information, AMS has determined that this final rule is consistent with and effectuates the purposes of the Act.

List of Subjects in 7 CFR Part 981

Marketing agreements, Nuts, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Agricultural Marketing Service amends 7 CFR part 981 as follows:

PART 981—ALMONDS GROWN IN CALIFORNIA

■ 1. The authority citation for part 981 continues to read as follows:

Authority: 7 U.S.C. 601–674.

§ 981.442 [Amended]

■ 2. Amend § 981.442(a)(5) by removing the word ''September'' and adding in its place the word ''November''.

Erin Morris,

Administrator, Agricultural Marketing Service.

[FR Doc. 2026–19887 Filed 9–28–26; 8:45 am]

BILLING CODE 3410–02–P

SMALL BUSINESS ADMINISTRATION

13 CFR Part 112

RIN 3245–AI72

Removing Constitutional Concerns From SBA Programs

AGENCY: U.S. Small Business Administration.

ACTION: Final rule.

SUMMARY: The U.S. Small Business Administration (SBA) is publishing this final rule to remove certain unnecessary and potentially unlawful regulatory provisions requiring affirmative action by SBA program applicants or recipients, and to revise a regulatory provision to make technical corrections.

DATES: The final rule is effective on September 29, 2026.

FOR FURTHER INFORMATION CONTACT: Paul Fitzpatrick, Associate Administrator, Office of Entrepreneurial Development, *Paul.Fitzpatrick@sba.gov.*

SUPPLEMENTARY INFORMATION:

I. Executive Summary

SBA is removing and revising certain provisions from its regulations codified in 13 CFR part 112 (''Nondiscrimination in Federally Assisted Programs of SBA—Effectuation of Title VI of the Civil Rights Act of 1964'') to more closely align its regulations with the language that Congress enacted in Title VI prohibiting intentionally discriminatory conduct, *see* 42 U.S.C. 2000d. On December 10, 2025, the Department of Justice (DOJ) issued revisions to its Title VI regulations. 90 FR 57141. SBA agrees with the rationale provided in that rule and issues its own rule to address similar issues within SBA's Title VI regulations.

As noted in DOJ's rule, there are serious statutory and constitutional concerns with the legality of provisions in SBA's Title VI regulations that go beyond intentional discrimination by prohibiting conduct that has an unintentional disparate impact and that encourage, and sometimes mandate, the use of race without requiring that use be narrowly tailored to remedy the effects of specifically identified past discrimination. This rule accordingly rescinds those portions of the regulations, which are in considerable tension with both the statute and the Constitution and do not sufficiently serve the public interest.

First, this rule rescinds the full text of 13 CFR 112.3(b)(3), which authorizes and, in some instances, requires affirmative action based on race, color, or national origin. Second, this rule makes a technical correction to the first sentence of 13 CFR 112.4 and rescinds the third sentence of that section, the latter of which addresses employment practices of Federal funding recipients. Third, this rule rescinds the full text of 13 CFR 112.7(a), which provides an illustrative example of applying the regulations to employment practices previously covered under the third sentence of 13 CFR 112.4. Fourth, this rule rescinds the full text of 13 CFR 112.7(d), which provides illustrative examples of the affirmative action authorized or required under 13 CFR 112.3(b)(3).

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

The practical impact of this rule's modifications will be to make clear to SBA Federal funding recipients that the SBA Title VI regulations do not prohibit conduct or activities that have a disparate impact. Instead, they prohibit only intentional discrimination, and SBA thus will not pursue Title VI disparate-impact liability against its Federal funding recipients.

II. Discussion

A. Statutory History of Title VI

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

B. Relevant Supreme Court Decisions

The Supreme Court has concluded that Title VI, 42 U.S.C. 2000d, does not prohibit facially neutral policies that result in disparate outcomes when there is no discriminatory intent. Rather, it prohibits only intentional discrimination. In 1978, the Supreme

Court concluded that Congress intended Title VI to prohibit ''only those racial classifications that would violate the Equal Protection Clause'' if committed by a government actor. *Regents of the Univ. of Cal.* v. *Bakke,* 438 U.S. 265, 287 (1978) (Powell, J., announcing the judgment of the Court); *id.* at 325, 328, 352–53 (Brennan, White, Marshall, and Blackmun, JJ., concurring in part and dissenting in part); *see also Students for Fair Admissions, Inc.* v. *President & Fellows of Harvard Coll.,* 600 U.S. 181, 198 n.2 (2023) (*SFFA*). Shortly before *Bakke'*s Title VI holding, the Supreme Court held that the Equal Protection Clause requires proof of intentional discrimination and that ''a law or other official act'' that has a ''racially disproportionate impact'' alone does not violate that Clause. *Washington* v. *Davis,* 426 U.S. 229, 239 (1976); *see also Vill. of Arlington Heights* v. *Metro. Hous. Dev. Corp.,* 429 U.S. 252, 265 (1977) (''Proof of racially discriminatory intent or purpose is required to show a violation of the Equal Protection Clause.''). Taken together, these Supreme Court cases establish that Title VI's statutory prohibition, like the Equal Protection Clause, extends only to intentional discrimination.

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

In 2023, the Court emphasized that ''the equal protection clause requires equality of treatment before the law for all persons without regard to race or color.'' *SFFA,* 600 U.S. at 205 (cleaned up). In reviewing the admissions policies of certain higher education institutions, the Court explained that the Constitution requires ''eliminating all'' racial discrimination. *Id.* at 206. To that end, it held that ''[a]ny exception to the Constitution's demand for equal protection must survive a daunting two-step examination known in our cases as 'strict scrutiny,''' which requires that racial classifications '''further compelling government interests''' and be '''narrowly tailored'—meaning 'necessary'—to achieve [such] interest[s].'' *Id.* at 206–07. Moreover, the Court explained that its ''precedents have identified only two compelling interests that permit resort to race-based government action,'' only one of which is relevant in general government administration: ''remediating specific, identified instances of past discrimination that violated the Constitution or a statute.'' *Id.* at 207.

Finally, in 2024, the Supreme Court overruled *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.,* 467 U.S. 837 (1984). *See Loper Bright Enters.* v. *Raimondo,* 603 U.S. 369, 409–12 (2024). In reaching that result, the Supreme Court made clear that ''statutes . . . have a single, best meaning'' that is '''fixed at the time of enactment.''' *Id.* at 400 (quoting *Wis. Cent. Ltd.* v. *United States,* 585 U.S. 274, 284 (2018)). Thus, Title VI's bar on discrimination can have only one meaning. And under Supreme Court precedent, the single, best meaning of Title VI is that it ''prohibits only intentional discrimination'' and ''permits'' facially neutral policies that result in disparate outcomes when there is no discriminatory intent. *Sandoval,* 532 U.S. at 280, 286 n.6.

C. Executive Order 14281

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

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

The Order relayed that because of disparate-impact liability's problems, ''[i]t is the policy of the United States to eliminate the use of disparate-impact liability in all contexts to the maximum degree possible to avoid violating the Constitution, Federal civil rights laws, and basic American ideals.'' *Id.* The Order directed the Attorney General to, among other things, review Title VI regulations and ''initiate appropriate action to repeal or amend'' them ''to the extent they contemplate disparate-impact liability.'' *Id.* at 17538.

Section 3 of the Order also specifically revoked prior Presidential approvals of the disparate-impact regulations promulgated under Title VI. *Id.* Section 5 of the Order directed the Attorney General to ''initiate appropriate action to repeal or amend the implementing regulations for Title VI of the Civil Rights Act of 1964 for all agencies to the extent they contemplate disparate-impact liability.'' *Id.* Accordingly, this rule revises SBA's currently existing Title VI regulations to effectuate the Order's policy and purpose.

In any event, SBA would have independently initiated steps toward making these changes regardless of Executive Order 14281. Even if Executive Order 14281 did not exist, in other words, SBA would have taken steps to adopt the policy to eliminate the use of disparate-impact liability under Title VI. The Order states, and SBA firmly agrees, that a ''bedrock principle of the United States is that all citizens are treated equally under the law. This principle guarantees equality of opportunity, not equal outcomes. It promises that people are treated as individuals, not components of a particular race or group. It encourages meritocracy and a colorblind society,'' not race-, color-, or national-origin-based favoritism. 90 FR at 17537. And adherence to this principle, including in the issuance of grants, ''is essential to creating opportunity, encouraging achievement, and sustaining the American Dream.'' *Id.*

Imposing disparate-impact liability endangers these policy objectives. Disparate-impact liability also raises serious constitutional concerns, is in considerable tension with the single, best meaning of Title VI, creates confusion, increases the costs of compliance, and does not serve the public interest. After considering the relevant issues and factors and weighing the relevant considerations, SBA concludes that these reasons together support eliminating disparate-impact liability from SBA's Title VI regulations. In any event, SBA concludes that each reason is a separate and independent basis for eliminating disparate-impact liability from SBA's Title VI regulations.

D. Need for Rulemaking

SBA's regulation at 13 CFR 112.3, entitled ''Discrimination prohibited,'' contains a provision at section 112.3(b)(3) that encourages and even requires unlawful discrimination in the form of affirmative action, permitting the ''consideration of race, color, or national origin if the purpose and effect are to remove or overcome the consequences of practices or impediments'' that have limited participation in federally funded programs by individuals of racial groups. *Id.* 112.3(b)(3). But the provision does not expressly specify that the funding recipient must narrowly tailor such race-based considerations to serve a compelling governmental interest, as is required to satisfy strict scrutiny. *See id.* Section 112.4 addresses prohibited discriminatory employment practices and extends beyond intentional discrimination to prohibiting conduct that ''tends'' to have a discriminatory effect. *Id.* 112.4. In addition, section 112.4 requires a technical correction because it references an incorrect subsection in section 112.2. Section 112.7(a) provides an illustration of prohibited employment practices without limiting that application to employment practices where the primary purpose of the financial assistance is for employment, as required by 42 U.S.C. 2000d–3. *Id.* 112.7(a). Finally, section 112.7(d) provides an illustration of the application of affirmative action requirements set forth in section 112.3(b)(3), which this rule rescinds. *Id.* 112.7(d).

There are serious statutory and constitutional concerns with the legality of SBA's Title VI disparate-impact regulations. SBA also has serious policy concerns with its current disparate-impact regulations because they create confusion, undermine public confidence in the nation's civil rights laws and the rule of law, and produce burdensome litigation and compliance costs.

1. Serious Legal Concerns

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

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

There are also serious concerns about whether SBA's Title VI regulations pass constitutional muster under the Equal Protection Clause. As the Supreme Court recently held in *SFFA,* ''the Equal Protection Clause . . . applies without regard to any differences of race, of color, or of nationality—it is universal in its application,'' and the ''guarantee of equal protection cannot mean one thing when applied to one individual and something else when applied to a person of another color.'' 600 U.S. at 206 (internal quotation marks omitted) (first quoting *Yick Wo* v. *Hopkins,* 118 U.S. 356, 369 (1886); and then quoting *Bakke,* 438 U.S. at 289–90 (Powell, J.)). Despite the promises of the Equal Protection Clause, a funding recipient's risk of disparate-impact liability under SBA's regulations is triggered by unintentional disparate outcomes, which the recipient may not even know about without investigation. To evaluate and avoid this risk, the funding recipient must incur investigatory costs, such as conducting an impact analysis, and is coerced to proactively consider race, color, and national origin, and potentially use it to change the unintended disparate outcomes.

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

This use of race, color, or national origin violates the Equal Protection Clause unless it survives review under the ''daunting'' strict-scrutiny standard. *SFFA,* 600 U.S. at 206; *see also Free Speech Coal., Inc.* v. *Paxton,* 606 U.S. 461, 484 (2025) (''Strict scrutiny—which requires a restriction to be the least restrictive means of achieving a compelling governmental interest—is 'the most demanding test known to constitutional law.''' (quoting *City of Boerne* v. *Flores,* 521 U.S. 507, 534 (1997))). The use of race, color, or national origin necessitated by the disparate-impact provisions runs into serious issues with the requirement of narrow tailoring to achieve a compelling interest. *SFFA,* 600 U.S. at 206–07. Importantly, SBA's affirmative action provision authorizes and sometimes requires the intentional use of race without requiring that this use be narrowly tailored to serve a recognized compelling interest. Instead, it encourages intentional racial balancing ''to overcome the consequences of'' unintended racial disparities. 13 CFR 112.3(b)(3).

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

2. Serious Policy Concerns

SBA also has serious policy concerns with the Title VI regulations' imposition of disparate-impact liability. Although SBA expresses its policy concerns with disparate-impact liability independent of Executive Order 14281, that Order sets forth many valid policy concerns with disparate-impact liability. As noted in section 1 of the Order, ''[o]n a practical level, disparate-impact liability has hindered businesses from making hiring and other employment decisions based on merit and skill, their needs, or the needs of their customers because of the specter that such a process might lead to disparate outcomes, and thus disparate-impact lawsuits. This has made it difficult, and in some cases impossible, for employers to use bona fide job-oriented evaluations when recruiting, which prevents job seekers from being paired with jobs to which their skills are most suited—in other words, it deprives them of opportunities for success.'' 90 FR at 17537. Moreover, the legal concerns identified above have caused uncertainty and confusion for Federal funding recipients as to whether and when they need to comply with the disparate-impact regulations and when they can or must consider race, color, and national origin. As explained above, *Sandoval* casts substantial doubt on the validity of the disparate-impact regulations that many Federal departments and agencies have promulgated pursuant to Title VI. 532 U.S. at 280–82.

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

These problems are amplified by the arbitrary nature of the racial and ethnic categories typically used to measure disparate effects, which, by virtue of their arbitrariness, typically lack a meaningful connection to a compelling interest. *See, e.g., SFFA,* 600 U.S. at 216–17 (explaining that the ''[racial] categories'' at issue were ''themselves imprecise in many ways'' and ''the use of these opaque racial categories undermine[d], instead of promote[d], [their] goals''). This lack of clarity undermines the law's ability to encourage nondiscrimination and is evident in, among other things, many of the notices of funding opportunities (NOFOs) that SBA published in past years. Many of the NOFOs explicitly targeted certain racial groups. For instance, the Fiscal Year 2021 NOFO for the Community Navigator Pilot Program required grantees to submit performance reports to SBA throughout the performance period. The NOFO stated that SBA sought to measure the outputs and outcomes of the grant through metric crosscuts including race. SBA believes that repealing certain parts of its regulation would reduce the need for such race-based measurements—thereby removing the incentive for covered entities to engage in racial balancing—and maintain clarity and public confidence in the nation's civil rights laws.

SBA has considered the view that looking at disparate effects can sometimes be useful in uncovering or deterring subtle intentional discrimination or intentional indifference to unnecessary and arbitrary barriers. But any alleged benefits are outweighed by the other issues and factors SBA has considered. And in any event, the concern is mitigated by the fact that eliminating disparate-impact liability does not preclude the use of data on disparate outcomes to help prove intentional discrimination. Both SBA and private litigants rely on such data as a potential indicator of intentional discrimination. This use of statistical disparity to help establish, as an evidentiary matter, liability for *intentional* discrimination materially differs from using such disparity to impose liability for an unintentional disparate impact.

SBA has also considered the alternative of trying to adopt a modified version of disparate-impact liability, for example, by requiring covered entities to remedy unintentional discrimination for only certain types of cases involving specific protected classes, or where unintentional discrimination is tied to specific categories of activity with quantifiable disparate impacts. But any version of disparate-impact liability is inconsistent with Title VI's single, best meaning. Regardless, SBA has determined that any benefits from a regulation adopting alternative versions of disparate-impact liability are outweighed by SBA's legal and policy concerns. Even if possible, developing such a rule would not solve the confusion or rule-of-law concerns expressed above, nor reduce the compliance and litigation costs that covered entities face. SBA believes that the better course is to avoid the complexities, costs, and litigation associated with this alternative, even if eliminating disparate-impact liability ultimately would leave some problems unaddressed and others inadequately addressed.

SBA has additionally considered the potential reliance interests of funding recipients and others in the disparate-impact regulations. The *Sandoval* decision, however, cast serious doubt on the continuing viability of the regulations more than 25 years ago. Executive Order 14281 also directed all agencies to ''deprioritize enforcement of all statutes and regulations to the extent they include disparate-impact liability.'' 90 FR at 17538. SBA accordingly believes that any reliance interests are minimal. Further, each of SBA's concerns, whether considered cumulatively or separately, outweighs any reliance interests.

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

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

III. Regulatory Amendments

This rule's regulatory changes address the concerns regarding the statutory authority that the Supreme Court questioned in *Sandoval* and the other legal and policy concerns discussed above; harmonize the implementing regulations' scope with the conduct that Congress intended Title VI to prohibit; promote consistent enforcement of Title VI among private plaintiffs and Federal departments and agencies; and provide much needed clarity to the courts and Federal funding recipients and beneficiaries.

For the reasons summarized below, SBA amends the following provisions in its Title VI implementing regulation that explain particular types of discrimination prohibited, located at 13 CFR 112.3, 112.4, and 112.7.

A. Table Summarizing Amendments

The table below indicates the exact wording changes. For each section indicated in the left column, the text shown in the right column is removed/revised:

Section	Remove/Revise
112.3(b)(3)	Full text of paragraph (3) is removed.
112.4	Text of first sentence is revised as follows, "Small business concerns and development companies which apply for or receive any financial assistance of the kind described in § 112.2(b)(1) and (2), including concerns which are identifiable beneficiaries of loans made under § 112.2(b)(2), may not discriminate on the grounds of race, color, or national origin in their employment practices." Full text of third sentence is removed, "Where a primary objective of the Federal financial assistance is not to provide employment, . . . and nondiscriminatory treatment."
112.7(a)	Full text of paragraph (a) is removed.
112.7(b)	Paragraph (b) is redesignated as paragraph (a).
112.7(c)	Paragraph (c) is redesignated as paragraph (b).
112.7(d)	Full text of paragraph (d) is removed.

B. Section-by-Section Analysis

Section 112.3(b)(3) and Section 112.7(d)

Sections 112.3(b)(3) and 112.7(d) deal with affirmative action. The first sentence of section 112.3(b)(3) authorizes a funding recipient to engage in affirmative action, even in the absence of a finding of prior discrimination in a program, ''to remove or overcome the consequences of practices or impediments which have restricted the availability of, or participation in, a program or activity receiving Federal financial assistance, on the grounds of race, color, or national origin.'' This provision points not to intentional discrimination, but rather to the unintentional ''consequences of practices or impediments.'' Likewise, section 112.7(d)(2) authorizes giving ''special consideration to race, color, or national origin'' ''[e]ven though an applicant or recipient has never used discriminatory policies.'' Both provisions consequently encourage intentional racial classifications, racial preferences, and other race-based actions without specifying the compelling governmental interest and narrow tailoring that the Equal Protection Clause demands. These sections have long been unlawful under an Equal Protection Clause analysis.

The second sentence of 13 CFR 112.3(b)(3) imposes ''an obligation'' upon the recipient ''to take reasonable action to remove or overcome the consequences of the prior discriminatory practice or usage'' ''[w]here previous discriminatory practice or usage tends, on the grounds of race, color, or national origin, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which this regulation applies.'' Likewise, section 112.7(d)(1) requires recipients ''to take additional steps to make equal opportunity fully available to racial and nationality groups previously subjected to discrimination'' ''[i]n some situations even though past discriminatory practices have been abandoned.'' These provisions go beyond the Equal Protection Clause, which, in limited circumstances permits, but does not mandate, a government to take narrowly tailored action to remedy the effects of its identified past discrimination. *See, e.g., Bakke,* 438 U.S. at 307 (Powell, J.). Moreover, even putting aside the mandatory language, these provisions do not expressly require narrow tailoring to counter particular past discrimination. The provisions accordingly promote potentially illegal race, color, and national-origin discrimination. Moreover, in some instances, they may even coerce recipients to consider and use race preferences when the recipient does not want to. This is contrary to the SBA's goal of promoting and defending a culture of nondiscrimination and is destructive to the public's understanding of and faith in the nation's civil rights laws. This rule, therefore, removes sections 112.3(b)(3) and 112.7(d).

Section 112.4 and 112.7(a)

Sections 112.4 and 112.7(a) address prohibited discriminatory employment practices. The first two sentences of section 112.4 prohibit intentionally discriminatory employment practices in a program when a primary objective of the Federal financial assistance that program receives is to provide employment. The first sentence of section 112.4 requires a technical correction because it incorrectly refers to subsection 112.2(a), which does not describe any kind of financial assistance as section 112.4 suggests. The correct reference is to subsection 112.2(b). For this reason, that sentence will be revised to read ''Small business concerns and development companies which apply for or receive any financial assistance of the kind described in § 112.2(b)(1) and (2), including concerns which are identifiable beneficiaries of loans made under § 112.2(b)(2), may not discriminate on the grounds of race, color, or national origin in their employment practices.''

The third sentence of section 112.4 extends the prohibition on discrimination to employment practices of funding recipients even ''[w]here a primary objective of the Federal financial assistance is not to provide employment'' if discrimination in the nonfunded employment practices ''tends, on the grounds of race, color, or national origin, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program to which this regulation applies . . . to the extent necessary to assure equality of opportunity and nondiscriminatory treatment.'' This paragraph does not prohibit only intentional discrimination but rather extends the prohibition to conduct that ''tends'' to have a discriminatory effect.

Moreover, SBA notes that the regulation's application to employment practices where the Federal funding's primary objective is not to provide employment conflicts with the statutory limitation found in 42 U.S.C. 2000d–3. That section states that ''[n]othing contained in [Title VI] shall be construed to authorize action under [Title VI] by any department or agency with respect to any employment practice of any employer, employment agency, or labor organization except where a primary objective of the Federal financial assistance is to provide employment.'' 42 U.S.C. 2000d–3; *see also Johnson* v. *Transp. Agency, Santa Clara Cnty.,* 480 U.S. 616, 627–28 n.6 (1987) (citing the statutory limitation and noting Congress's intent that Title VI not ''impinge'' on Title VII, which prohibits discriminatory employment practices). The same issue arises in section 112.7(a), which applies Title VI to employment practices, ''including recruitment or recruitment advertising, employment, layoff or termination, upgrading, demotion, or transfer,'' without any limitation to employment practices where the primary purpose of the Federal financial assistance is employment.

For these reasons, the rule deletes the third sentence of section 112.4 and the entire paragraph in section 112.7(a) to amend the regulation so that it more closely adheres to the scope of conduct Congress prohibited under Title VI and to address the legal and policy considerations and determinations described in this document. Further, since SBA is removing paragraph (a) of section 112.7, SBA is redesignating paragraphs (b) and (c) as paragraphs (a) and (b), respectively.

IV. Severability

SBA's position is that each of the amendments made by this rule serves a vital, related, but distinct purpose. SBA also confirms that each of the amendments is intended to operate independently of each other and that the potential invalidity of one amendment should not affect the other amendments. SBA would adopt any of the amendments independent and regardless of the invalidity of any separate amendment.

V. Administrative Procedure Act

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

Title VI concerns nondiscrimination conditions on the receipt of Federal financial assistance, and more particularly to the receipt of Federal ''[g]rants and loans,'' ''property,'' ''personnel'' and ''[a]ny Federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance.'' 13 CFR 112.2(b); *see also* 13 CFR 112.8 (requiring funding recipient sign contractual assurance of compliance with Title VI); *Cummings* v. *Premier Rehab Keller, P.L.L.C.,* 596 U.S. 212, 217–18 (2022) (observing that Congress enacted Title VI ''[p]ursuant to its authority to 'fix the terms on which it shall disburse federal money''' (internal citation omitted)). *Cf. Education Programs or Activities Receiving or Benefitting from Federal Financial Assistance,* 82 FR 46655 (Oct. 6, 2017) (invoking the section 553(a)(2) exception to amend Title IX regulations to ''promote consistency in the enforcement of Title IX for [the Department of Agriculture] financial assistance recipients''); *Preserving Community and Neighborhood Choice,* 85 FR 47899 (Aug. 7, 2020) (invoking the exception to repeal a Housing and Urban Development rule regarding Federal grantees); *Participation by Minority Business Enterprise in Department of Transportation Programs,* 53 FR 18285 (May 23, 1988) (invoking the exception to expand coverage of a Department of Transportation regulation regarding the Federal Aviation Administration's airport financial assistance program); *Nondiscrimination on the Basis of Handicap in Federally Assisted Programs—Suspension of Guidelines with Respect to Mass Transportation,* 46 FR 40687 (Aug. 11, 1981) (invoking the exception to suspend DOJ guidelines regarding prohibiting disability discrimination in transportation programs and activities receiving Federal financial assistance).

Invoking 5 U.S.C. 553(a)(2) is consistent with the definition for Federal financial assistance provided by the U.S. Office for Management and Budget (OMB) in 2 CFR 200.1, which defines Federal financial assistance with the same categories as the APA's exception for rules ''relating to agency management or personnel or to public property, loans, grants, benefits, or contracts,'' 5 U.S.C. 553(a)(2). With potentially limited exceptions not applicable to SBA, all the forms of Federal financial assistance set forth under 2 CFR 200.1 that SBA administers would fall under the ''public property, loans, grants, benefits, or contracts'' exception. Thus, SBA issues this final rule without prior public notice and comment or a delayed effective date under 5 U.S.C. 553(a)(2).

VI. Regulatory Certifications

A. Executive Orders 12866 and 13563

Executive Orders (EOs) 12866, *Regulatory Planning and Review,* 58 FR 51735 (Oct. 4, 1993), and 13563, *Improving Regulation and Regulatory Review,* 76 FR 3821 (Jan. 21, 2011), 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). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. OMB has determined that this rule will be a significant regulatory action and, therefore, is subject to review under section 6(b) of E.O. 12866, though it is not significant under section 3(f)(1) of that order. Accordingly, this rule has been submitted to OMB for review.

Cost-Benefit Analysis

Need for Regulatory Action: SBA is removing four regulatory provisions from 13 CFR part 112 that either raise serious constitutional difficulties under existing equal protection jurisprudence or cannot be reconciled with the best reading of the underlying statutory authority. SBA has determined that retaining them in the CFR would be contrary to constitutional and statutory authority and contrary to the public interest.

Baseline: The baseline for this analysis is the regulatory and practical environment that would exist absent this action. The provisions being removed have been cited extremely infrequently in any agency action regarding an applicant for or recipient of SBA funding. They do not reflect current SBA enforcement practice, and any attempt to enforce them in the manner their text might suggest would be constitutionally infirm under existing Supreme Court precedent. Accordingly, the baseline is a world in which these provisions are already effectively inoperative: they impose no meaningful compliance obligations that are being followed, they are not enforced by SBA, and they generate no material regulatory behavior by program participants.

Incremental Effects: Costs. Because the removed provisions are not currently enforced and any compliance activity or reliance by applicants and recipients is minimal, removing and revising them should not impose new costs on any party. There are no new compliance requirements, reporting obligations, or operational changes required of small businesses, financial assistance applicants, recipients, States, local governments, or other regulated entities. SBA does not anticipate any transition costs or administrative costs associated with implementation of this rule. Accordingly, the estimated annualized compliance costs of this rule are negligible.

Incremental Effects: Benefits. The primary benefits of this rule are qualitative. By removing constitutionally suspect provisions from the CFR, SBA:

(1) Eliminates regulatory text that could mislead applicants and recipients into believing they are authorized or required to engage in racial classifications that are unconstitutional under existing law, thereby reducing litigation risk and legal uncertainty.

(2) Improves the clarity and internal consistency of the CFR, consistent with the goals of E.O. 13563, which directs agencies to identify and revise regulations that are ''outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.''

(3) Reduces the administrative burden on SBA and program participants of maintaining, interpreting, and applying provisions that have no operative legal effect.

Because the removed provisions are not currently enforced and impose no compliance obligations that regulated entities are actually meeting, this rule does not eliminate any social benefits that the existing regulatory provisions are generating. This rule has no monetized benefits.

B. Executive Order 14192

E.O. 14192, *Unleashing Prosperity Through Deregulation,* 90 FR 9065 (Jan. 31, 2025), requires an agency, unless prohibited by law, to identify at least 10 existing regulations to be repealed when the agency publicly promulgates a new regulation. In furtherance of this requirement, section 3(c) of the Order requires that ''any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations.'' *Id.* By revising SBA's current Title VI regulations, which extend prohibited conduct to include unintentional disparate impacts and thus expand the scope of those regulations to a vastly broader range of conduct than the statute prohibits, this rule eliminates unnecessary regulation. *See supra* Part VI.A (conducting cost-benefit analysis).

Accordingly, SBA expects this rule to be a deregulatory action under E.O. 14192.

C. Executive Order 12988

This action meets the standards set forth in sections 3(a) and 3(b)(2) of E.O. 12988, *Civil Justice Reform,* 61 FR 4729 (Feb. 7, 1996). SBA has taken the necessary steps to minimize litigation, eliminate drafting errors and ambiguity, reduce burden, and provide a clear legal standard for affected conduct, and has ''specifie[d] in clear language the preemptive effect . . . to be given to the law.'' *Id.* at 4731.

D. Executive Order 13132

This final rule does not have federalism implications as defined in E.O. 13132, *Federalism,* 64 FR 43255 (Aug. 10, 1999). It would not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government, as specified in the Order. As such it does not warrant the preparation of a Federalism Assessment. Additionally, the rule will not require new compliance activities or reporting by State, local, or tribal governments.

E. Executive Order 12250

Pursuant to E.O. 12250, *Leadership and Coordination of Nondiscrimination Laws,* 45 FR 72995 (Nov. 4, 1980), DOJ has the responsibility to ''review . . . proposed rules . . . of the Executive agencies'' implementing nondiscrimination statutes such as Title VI in order to identify those which are inadequate, unclear or unnecessarily inconsistent.'' DOJ has reviewed and approved this rule.

E. Paperwork Reduction Act, 44 U.S.C. 3501–3520

Pursuant to the Paperwork Reduction Act, agencies must consider whether a rule will create additional burdens related to recordkeeping, paperwork, or information collection. SBA has determined that this final rule does not affect any existing collection of information and does not create any new collection of information triggering the requirements of the Act.

F. Regulatory Flexibility Act, 5. U.S.C. 601–612

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601 *et seq.,* requires agencies to consider the effect of their actions on small entities, small nonprofit enterprises, and small local governments. Pursuant to the RFA, when an agency issues a rulemaking, the agency must prepare a regulatory flexibility analysis that describes the impact of the rule on small entities. However, the RFA requires such analysis only where notice and comment rulemaking is required. As discussed above, notice and comment are not required for this rule. Accordingly, SBA is not required to conduct a regulatory flexibility analysis.

G. Congressional Review Act, 5 U.S.C. 801–808

Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996, also known as the Congressional Review Act, 5 U.S.C. 801 *et seq.,* provides that, before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of Congress and to the Comptroller General of the United States. SBA will submit a report containing this rulemaking and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States. The Office of Information of Regulatory Affairs has reviewed this rulemaking and found that it does not meet the criteria set forth in 5 U.S.C. 804(2).

List of Subjects in 13 CFR Part 112

Civil rights, Reporting and recordkeeping requirements, Small businesses.

For the reasons set forth in the preamble, SBA amends 13 CFR part 112 as follows:

PART 112—NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS OR ACTIVITIES OF SBA—EFFECTUATION OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

■ 1. The authority citation for part 112 continues to read as follows:

Authority: Sec. 602, 78 Stat. 252 (42 U.S.C. 2000d–1).

§ 112.3 [Amended]

■ 2. Amend § 112.3 by removing paragraph (b)(3).

■ 3. Revise § 112.4 to read as follows:

§ 112.4 Discrimination in employment.

Small business concerns and development companies which apply for or receive any financial assistance of the kind described in § 112.2(b)(1) and (2), including concerns which are identifiable beneficiaries of loans made under § 112.2(b)(2), may not discriminate on the grounds of race, color, or national origin in their employment practices. Such assistance is deemed to have as a primary objective the providing of employment.

§ 112.7 [Amended]

■ 4. Amend § 112.7 by removing paragraphs (a) and (d) and redesignating paragraphs (b) and (c) as paragraphs (a) and (b), respectively.

Kelly Loeffler,

Administrator.

[FR Doc. 2026–19878 Filed 9–28–26; 8:45 am]

BILLING CODE 8026–09–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–11785; Project Identifier AD–2026–00916–T; Amendment 39–23475; AD 2026–20–02]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain The Boeing Company Model 787–8 and 787–9 airplanes. This AD was prompted by a report of the lack of data to substantiate engine operability when an airplane is dispatched under a certain master minimum equipment list (MMEL) item. This AD prohibits dispatching an airplane under the operational procedures of the operator's minimum equipment list item corresponding to a certain MMEL item. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective October 14, 2026. The FAA must receive comments on this AD by November 13, 2026

ADDRESSES: You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to *regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* 202–493–2251.
- *Mail:* 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 to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

AD Docket: You may examine the AD docket at *regulations.gov* by searching for and locating Docket No. FAA–2026–11785; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, any comments received, and other information. The street address for Docket Operations is listed above.

FOR FURTHER INFORMATION CONTACT: Shaan Brar, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 206–231–3558; email: *shaan.s.brar@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written data, views, or arguments about this final rule. Send your comments using a method listed under the **ADDRESSES** section. Include Docket No. FAA–2026–11785 and Project Identifier AD–2026–00916–T at the beginning of your comments. The most helpful comments reference a specific portion of the final rule, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend this final rule because of those comments.

Except for Confidential Business Information (CBI) as described in the following paragraph, and other information as described in 14 CFR 11.35, the FAA will post all comments received, without change, to *regulations.gov*, including any personal information you provide. The agency will also post a report summarizing each substantive verbal contact received about this final rule.

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this AD contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this AD, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ''PROPIN.'' The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this AD. Submissions containing CBI should be sent to Shaan Brar, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 206–231–3558; email: *shaan.s.brar@faa.gov.* Any commentary that the FAA receives that is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

The FAA received a report from Rolls-Royce Deutschland Ltd & Co KG of the lack of data to substantiate engine operability, including compressor stability, relight capability, surge recovery, and inclement weather capability, when Model 787–8 and 787–9 airplanes equipped with certain Rolls-Royce Deutschland Ltd & Co KG engines are dispatched under MMEL item 75–33–01. MMEL item 75–33–01 (''Engine Intermediate Pressure (IP) Bleed Valves (RR)'') allows an aircraft to be dispatched for three days with one intermediate pressure bleed valve (IPBV) inoperative on each engine, provided appropriate performance adjustments are applied. The FAA is issuing this AD to address the risk of MMEL dispatch with an inoperative engine IPBV on one or both engines. This condition, if not addressed, could result in loss of engine thrust control and consequent loss of control of the airplane.

FAA's Determination

The FAA is issuing this AD because the agency has determined the unsafe condition described previously is likely to exist or develop in other products of the same type design.

AD Requirements

This AD prohibits dispatching an airplane under the operational procedures of the operator's minimum equipment list item corresponding to MMEL item 75–33–01.

Justification for Immediate Adoption and Determination of the Effective Date

Section 553(b) of the Administrative Procedure Act (APA) (5 U.S.C. 551 *et seq.*) authorizes agencies to dispense with notice and comment procedures for rules when the agency, for ''good cause,'' finds that those procedures are ''impracticable, unnecessary, or contrary to the public interest.'' Under this section, an agency, upon finding good cause, may issue a final rule without providing notice and seeking comment prior to issuance. Further, section 553(d) of the APA authorizes agencies to make rules effective in less than thirty days, upon a finding of good cause.

An unsafe condition exists that requires the immediate adoption of this AD without providing an opportunity for public comments prior to adoption. The FAA has found that the risk to the flying public justifies forgoing notice and comment prior to adoption of this rule because dispatching an airplane with an inoperative engine IPBV could result in loss of engine thrust control and consequent loss of control of the airplane. The FAA has determined that due to the lack of substantiating data, Model 787–8 and 787–9 airplanes equipped with certain Rolls-Royce Deutschland Ltd & Co KG engines dispatched with an inoperative IPBV are not assured to provide recovery from surges or flameouts or maintain continued operation under any anticipated operating environment. An airplane dispatched under MMEL item 75–33–01 with an inoperative IPBV on both engines could experience a loss of thrust control on both engines. An airplane dispatched with an inoperative IPBV on a single engine could experience a loss of thrust control on the engine with the inoperative IPBV, which would leave the airplane a single failure away from a catastrophic outcome (loss of the remaining engine due to any cause).

Additionally, the compliance time in this AD is shorter than the time necessary for the public to comment and for publication of the final rule. Accordingly, notice and opportunity for prior public comment are impracticable and contrary to the public interest pursuant to 5 U.S.C. 553(b).

Regulatory Flexibility Act

The requirements of the Regulatory Flexibility Act (RFA) do not apply when an agency finds good cause pursuant to 5 U.S.C. 553 to adopt a rule without prior notice and comment. Because the FAA has determined that it has good cause to adopt this rule without notice and comment, RFA analysis is not required.

Costs of Compliance

The FAA estimates that this AD affects 16 airplanes of U.S. registry. The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Dispatch prohibition	1 work-hour × $85 per hour = $85	$0	$85	$1,360

Authority for This Rulemaking

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

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

Regulatory Findings

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

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

(1) Is not a ''significant regulatory action'' under Executive Order 12866, and

(2) Will not affect intrastate aviation in Alaska.

List of Subjects in 14 CFR Part 39

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

The Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

2026–20–02 The Boeing Company: Amendment 39–23475; Docket No. FAA–2026–11785; Project Identifier AD–2026–00916–T.

(a) Effective Date

This airworthiness directive (AD) is effective October 14, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to The Boeing Company Model 787–8 and 787–9 airplanes, certificated in any category, equipped with Rolls-Royce Deutschland Ltd & Co KG Model Trent 1000–A, Trent 1000–A2, Trent 1000–AE, Trent 1000–AE2, Trent 1000–C, Trent 1000–C2, Trent 1000–CE, Trent 1000–CE2, Trent 1000–D, Trent 1000–D2, Trent 1000–E, Trent 1000–G, Trent 1000–G2, Trent 1000–H, Trent 1000–H2, Trent 1000–J2, Trent 1000–K2, and Trent 1000–L2 engines.

(d) Subject

Air Transport Association (ATA) of America Code 75, Air.

(e) Unsafe Condition

This AD was prompted by a report that there is no data to substantiate engine operability, including compressor stability, relight capability, surge recovery, and inclement weather capability, when an airplane is dispatched under Master Minimum Equipment List (MMEL) item 75–33–01. The FAA is issuing this AD to address the risk of MMEL dispatch with an inoperative engine intermediate pressure bleed valve (IPBV) on one or both engines. The unsafe condition, if not addressed, could result in loss of engine thrust control and consequent loss of control of the airplane.

(f) Compliance

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

(g) Dispatch Prohibitions

As of 60 days after the effective date of this AD: No person may dispatch an airplane under the operational procedures of the operator's minimum equipment list item corresponding to MMEL 75–33–01 (''Engine Intermediate Pressure (IP) Bleed Valves (RR)'').

(h) Alternative Methods of Compliance (AMOCs)

(1) The Manager, AIR–520, Continued Operational Safety Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or responsible Flight Standards Office, as appropriate. If sending information directly to the manager of the certification office, send it to the attention of the person identified in paragraph (i) of this AD. Information may be emailed to: *AMOC@faa.gov.* Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the responsible Flight Standards Office.

(2) An AMOC that provides an acceptable level of safety may be used for any repair, modification, or alteration required by this AD if it is approved by The Boeing Company Organization Designation Authorization (ODA) that has been authorized by the Manager, AIR–520, Continued Operational Safety Branch, FAA, to make those findings. To be approved, the repair method, modification deviation, or alteration deviation must meet the certification basis of the airplane, and the approval must specifically refer to this AD.

(i) Additional Information

For more information about this AD, contact Shaan Brar, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 206–231–3558; email: *shaan.s.brar@faa.gov.*

(j) Material Incorporated by Reference

None.

Issued on September 24, 2026.

Lona C. Saccomando,

Acting Deputy Director, Integrated Certificate Management Division, Aircraft Certification Service.

[FR Doc. 2026–19956 Filed 9–25–26; 4:15 pm]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2025–3987; Project Identifier AD–2025–00017–R; Amendment 39–23466; AD 2026–19–01]

RIN 2120–AA64

Airworthiness Directives; MD Helicopters, LLC Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; correction.

SUMMARY: The FAA is correcting an airworthiness directive (AD) that was published in the **Federal Register**. That AD applies to all MD Helicopters, LLC Model 369, 369A, 369D, 369E, 369F, 369FF, 369H, 369HE, 369HM, 369HS, 500N, and 600N helicopters. As published, the header of the regulatory text is missing the AD number and the amendment number. This document corrects those errors. In all other respects, the original document remains the same.

DATES: This correction is effective October 20, 2026. The effective date of AD 2026–19–01 remains October 20, 2026.

ADDRESSES: *AD Docket:* You may examine the AD docket at *regulations.gov* under Docket No. FAA–2025–3987, or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Eduardo Orozco-Duran, Aviation Safety Engineer, FAA, 3960 Paramount Boulevard, Lakewood, CA 90712; phone: (562) 627–5264; email: *eduardo.orozco-duran@faa.gov.*

SUPPLEMENTARY INFORMATION:

Background

AD 2026–19–01, Amendment 39–23466 (91 FR 58365, September 15, 2026) (AD 2026–19–01), requires repetitively inspecting the torque tube assembly and roller bearings, and depending on the results, replacing parts or accomplishing additional inspections for all MD Helicopters, LLC Model 369, 369A, 369D, 369E, 369F, 369FF, 369H, 369HE, 369HM, 369HS, 500N, and 600N helicopters.

Need for the Correction

As published, the header of the regulatory text of AD 2026–19–01 is missing the AD number and the amendment number.

Correction of Publication

This document corrects errors and accordingly adds the AD as an amendment to 14 CFR 39.13. Although no other part of the preamble or regulatory information has been corrected, the FAA is publishing the entire rule in the **Federal Register**.

The effective date of this AD remains October 20, 2026.

Since this action adds only the missing information identified above, it has no adverse economic impact and imposes no additional burden on any person. Therefore, the FAA has determined that notice and public comment procedures are unnecessary.

List of Subjects in 14 CFR Part 39

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

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the FAA amends part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Corrected]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive 2024–23–06, Amendment 39–22885 (89 FR 91248, November 19, 2024); and

■ b. Adding the following new airworthiness directive:

2026–19–01 MD Helicopters, LLC: Amendment 39–23466; Docket No. FAA–2025–3987; Project Identifier AD–2025–00017–R.

(a) Effective Date

This airworthiness directive (AD) is effective October 20, 2026.

(b) Affected ADs

This AD replaces AD 2024–23–06, Amendment 39–22885 (89 FR 91248, November 19, 2024) (AD 2024–23–06).

(c) Applicability

This AD applies to all MD Helicopters, LLC Model 369, 369A, 369D, 369E, 369F, 369FF, 369H, 369HE, 369HM, 369HS, 500N, and 600N helicopters, certificated in any category.

(d) Subject

Joint Aircraft System Component (JASC) Code 6700, Rotorcraft flight control.

(e) Unsafe Condition

This AD was prompted by a report of a seized and damaged roller bearing assembly in the torque tube assembly. The FAA is issuing this AD to prevent failure of the torque tube assembly. The unsafe condition, if not addressed, could result in reduced controllability and loss of control of the helicopter.

(f) Compliance

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

(g) Required Actions

(1) Within 100 hours time-in-service (TIS) or within 12 months after the effective date of this AD, whichever occurs first, and thereafter at intervals not to exceed 100 hours

TIS, accomplish the actions required by paragraphs (g)(1)(i) and (ii) of this AD.

(i) Using a flashlight and mirror, visually inspect the torque tube for corrosion and cracks. If there is any corrosion or a crack, before further flight, remove the torque tube from service and install an airworthy torque tube.

(ii) Visually inspect each roller bearing (number 5) as depicted in Figure 1 to paragraph (g)(1) of this AD for corrosion and degradation. If a roller bearing has any corrosion or degradation, before further flight, remove the roller bearing from service and install an airworthy roller bearing.

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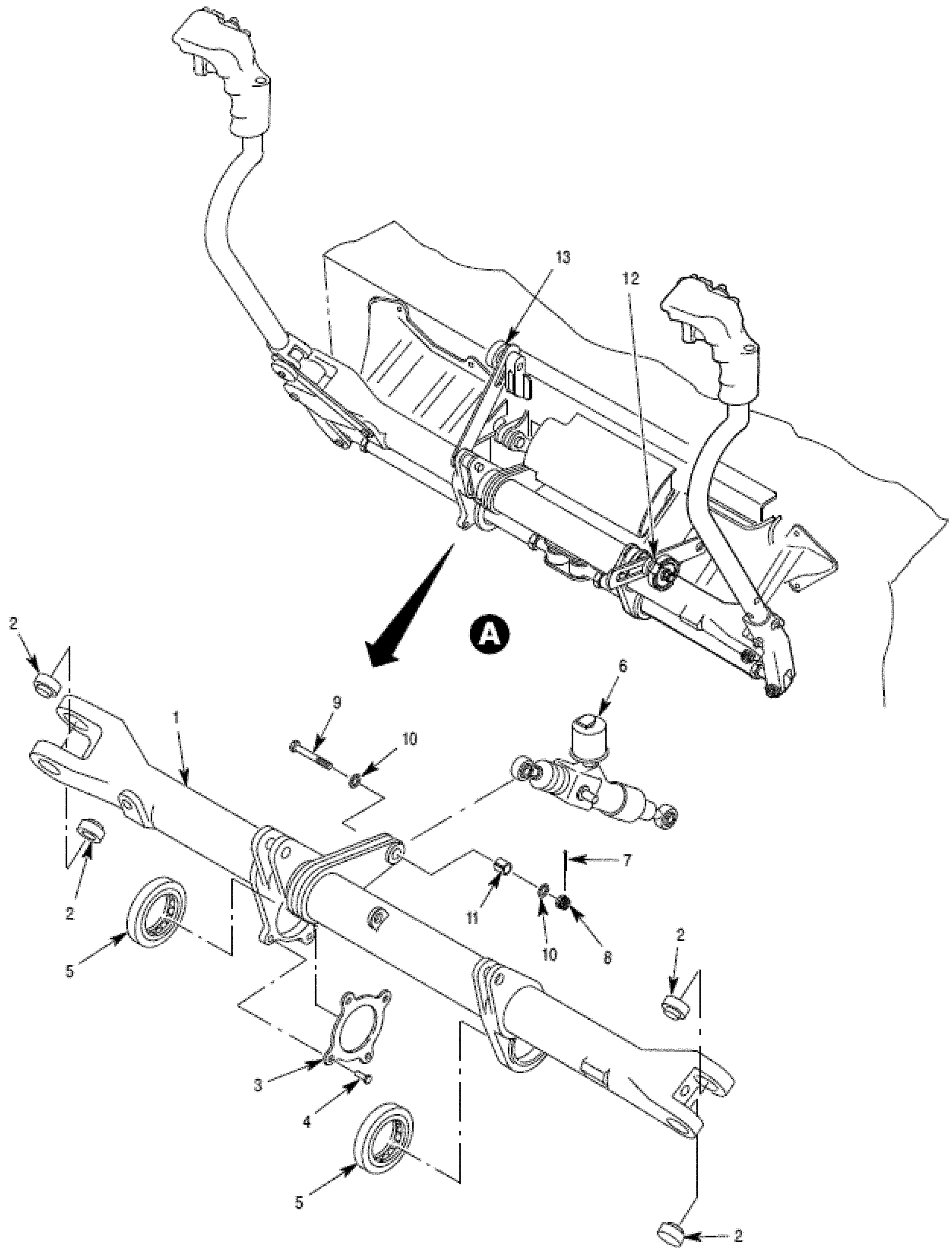

BILLING CODE 4910–13–C

(2) Before the helicopter accumulates 3,000 total hours TIS or within 100 hours TIS after the effective date of this AD, whichever occurs later, and thereafter at intervals not to exceed 100 hours TIS, perform a freedom-of-movement inspection on the torque tube assembly by accomplishing the actions required by paragraphs (g)(2)(i) through (v) of this AD.

(i) Disconnect the one-way lock (number 6) of the torque tube by removing the cotter pin (number 7), nut (number 8), bolt (number 9), washers (number 10), and slotted bushing (number 11) from the torque tube assembly as depicted in Figure 1 to paragraph (g)(1) of this AD.

(ii) Loosen the longitudinal cyclic friction knob (number 12 or 13) of the torque tube assembly as depicted in Figure 1 to paragraph (g)(1) of this AD.

(iii) While moving the cyclic control forward and aft to allow the torque tube assembly to rotate through its full range of motion, inspect the torque tube assembly for binding and ratcheting.

(A) If there is any binding or ratcheting as a result of the action required by paragraph (g)(2)(iii) of this AD, before further flight, inspect each roller bearing (number 5) as depicted in Figure 1 to paragraph (g)(1) of this AD for damage. For the purposes of this inspection, damage may be indicated by corrosion, lack of lubrication (dry exterior surface), or material degradation.

(B) If any roller bearing (number 5) as depicted in Figure 1 to paragraph (g)(1) of this AD has any damage, before further flight, remove the roller bearing from service and install an airworthy roller bearing.

(iv) If there is no binding or ratcheting as a result of the action required by paragraph (g)(2)(iii) of this AD or after accomplishing the action required by paragraph (g)(2)(iii)(B) of this AD, as applicable, tighten the cyclic friction knob (number 12 or 13) as depicted in Figure 1 to paragraph (g)(1) of this AD.

(v) Connect the one-way lock (number 6) as depicted in Figure 1 to paragraph (g)(1) of this AD by accomplishing the actions required by paragraphs (g)(2)(v)(A) and (B).

(A) Install the slotted bushing (number 11), washers (number 10), bolt (number 9), nut (number 8), and new (zero total hours TIS) cotter pin (number 7) as depicted in Figure 1 to paragraph (g)(1) of this AD.

(B) Ensure the edge of the slotted bushing (number 11) protrudes 0.010 to 0.080 inch (0.25 to 2.03 millimeters) above the surface of the cyclic torque tube after the nut is tightened.

(h) Alternative Methods of Compliance (AMOCs)

(1) The Manager, West Certification Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or responsible Flight Standards Office, as appropriate. If sending information directly to the manager of the West Certification Branch, send it to the attention of the person identified in paragraph (i) of this AD and email to: *AMOC@faa.gov.*

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

(i) Additional Information

For more information about this AD, contact Eduardo Orozco-Duran, Aviation Safety Engineer, FAA, 3960 Paramount Boulevard, Lakewood, CA 90712; phone: (562) 627–5264; email: *eduardo.orozco-duran@faa.gov.*

(j) Material Incorporated by Reference

None.

Issued on September 24, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–19891 Filed 9–28–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket No. USCG–2026–0219]

Special Local Regulation; Kailua Bay, Ironman World Championship, Kailua-Kona, HI

AGENCY: Coast Guard, DHS.

ACTION: Notification of enforcement of regulation.

SUMMARY: The Coast Guard will enforce a special local regulation for the Ironman Ho'ala practice swim and Ironman World Championship Triathlon on October 4 and 10, 2026, to provide for the safety of life on navigable waterways during these events. Our regulation for marine events within the USCG Oceania District (formerly known as the Fourteenth Coast Guard District) identifies the regulated area for this event on certain waters of Kailua Bay, Kailua-Kona, Hawaii. During the enforcement periods, the operator of any vessel in the regulated area must comply with directions from the Patrol Commander or any Official Patrol displaying a Coast Guard ensign.

DATES: The regulations in 33 CFR 100.1402 will be enforced from 3:45 a.m. to 11:00 a.m. on October 4 and 10, 2026.

FOR FURTHER INFORMATION CONTACT: If you have questions about this notification of enforcement, call or email MST1 Bradley Snyder, Waterways Management Division, U.S. Coast Guard Sector Honolulu; telephone (808) 541–4374, email *William.a.snyder@uscg.mil.*

SUPPLEMENTARY INFORMATION: The Coast Guard will enforce the special local regulation for the Ironman Ho'ala practice swim and Ironman World Championship Triathlon from 3:45 a.m. to 11 a.m. on October 4 and 10, 2026. This action is being taken to provide for the safety of life on navigable waterways during this event. Our regulation for marine events within the USCG Oceania District (formerly the Fourteenth Coast Guard District), § 100.1402, identifies the regulated area for this event. The regulated area covers all navigable waters of Kailua Bay within 100 yards adjacent to the 2.24 mile (4,224 yards) swim course, starting at the shoreline northeast of Kailua Pier at 19°38.341′ N, 155°59.782′ W; thence southeast to 19°37.416′ N, 155°59.444′ W; thence southwest to 19°37.397′ N, 155°59.500′ W; thence northwest to 19°38.150′ N, 155°59.760′ W, thence north and back to Kailua Pier at 19°38.398′ N, 155°59.816′ W, and returning along the pier to the originating point on the shoreline at 19°38.341′ N, 155°59.782′ W. All coordinate data are NAD 83. During the enforcement periods, the operator of any vessel in the regulated area must comply with directions from the Patrol Commander or any Official Patrol displaying a Coast Guard ensign.

Entry into, transiting, or anchoring within the special local regulation is prohibited unless authorized by the Captain of the Port Honolulu or their designated on-scene representative. The Captain of the Port's designated on-scene representative may be contacted via VHF Channel 16.

In addition to this publication in the **Federal Register**, the Coast Guard will provide the maritime community with advance notification of the enforcement of this special local regulation via Broadcast Notice to Mariners.

N.S. West,

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

[FR Doc. 2026–19896 Filed 9–28–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2026–0730]

RIN 1625–AA00

Safety Zone; Bridge Demolition, Upper Mississippi River, Chester, IL

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone for all navigable waters of the Upper Mississippi River from mile marker 109.5 to mile marker 110.5 near Chester, IL. The safety zone is needed to protect personnel, vessels, and the marine environment from potential hazards associated with bridge demolition operations. Entry of vessels or persons into this zone is prohibited unless

specifically authorized by the Captain of the Port, Ohio Valley, or a designated representative.

DATES: This rule is effective without actual notice from September 29, 2026 through September 30, 2026. For the purposes of enforcement, actual notice will be used from September 28, 2026 until September 29, 2026.

ADDRESSES: To view available documents, go to *https://www.regulations.gov* and search for USCG–2026–0730.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact LT Adam Denmark, Marine Safety Unit (MSU) Paducah Chief of Prevention, U.S. Coast Guard; telephone (270) 217–8430, or email *MSUPaducah-WWM@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 Bridge demolition operations will be conducted on the Upper Mississippi River from mile marker 109.5 to mile marker 110.5. Hazards from these operations include, but are not limited to, falling debris, explosive detonations, decreased visibility, vessel strikes, entanglement, and other marine hazards. The Captain of the Port (COTP), Ohio Valley has determined that potential hazards associated with the operation present a safety concern for anyone operating within the affected area. 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 and contrary to the public interest. The Coast Guard was notified of this event on September 15, 2026, but we must establish this safety zone by September 28, 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 reasons, the Coast Guard finds that under 5 U.S.C. 553(d)(3), good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**.

III. Discussion of the Rule

This rule establishes a safety zone from 6 a.m. on September 28, 2026 to 8 a.m. on September 30, 2026. The safety zone will cover all navigable waters on the Upper Mississippi River, from surface to bottom, from mile marker 109.5 to mile marker 110.5 during the bridge demolition operations. Vessels and persons will not be allowed to enter the zone during these times, unless authorized by the Captain of the Port.

IV. Regulatory Analyses

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

A. Impact on Small Entities

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

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

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

B. Collection of Information

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

C. Federalism and Indian Tribal Governments

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

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

D. Unfunded Mandates Reform Act

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

E. Environment

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

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

List of Subjects in 33 CFR Part 165

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

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

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

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

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

■ 2. Add § 165.T08–0730 to read as follows:

§ 165.T08-0730 Safety Zone; Upper Mississippi River, Chester, IL.

(a) *Location.* The following area is a safety zone: All navigable waters of the Upper Mississippi River, from surface to bottom, extending from mile marker 109.5 to mile marker 110.5.

(b) *Definitions.* As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the 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 1 (800) 253–7465. 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 is effective and will be enforced from 6 a.m. on September 28, 2026, to 8 a.m. on September 30, 2026, unless cancelled earlier by the Captain of the Port, Ohio Valley. If there is inclement weather or other disruptions, the U.S. Coast Guard will inform mariners of the change in enforcement period via Broadcast Notice to Mariners on VHF–FM channel 16 and on-scene notice.

Bradford E. Clark,

Commander, U.S. Coast Guard, Acting, Captain of the Port, Ohio Valley.

[FR Doc. 2026–19945 Filed 9–28–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF EDUCATION

34 CFR Part 106

RIN 1870–AA26

Recodification of Title IX Rules

AGENCY: Office for Civil Rights, Department of Education.

ACTION: Final rule.

SUMMARY: The Secretary of Education publishes a final rule to repeal the U.S. Department of Education's (Department) 2024 final rule amending the Title IX regulations and restoring the regulatory text that existed prior to the 2024 rulemaking. The Department takes this action because the 2024 final rule has been vacated and is not enforceable nationwide. The Department has not enforced the 2024 final rule for over a year and a half; the regulatory text that existed before promulgation of the 2024 final rule, which is in force, should be recodified in the Code of Federal Regulations (CFR). For this reason, the Department repeals the 2024 final rule to update the CFR.

DATES: This final rule is effective on September 29, 2026.

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SUPPLEMENTARY INFORMATION:

I. Executive Summary

The Department takes this final action to repeal the Department's 2024 final rule, *Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance,* 89 FR 33474–33896 (Apr. 29, 2024) (2024 Rule), and to restore the regulatory text that existed prior to promulgation of the 2024 Rule. As explained further below, enforcement of the 2024 Rule was preliminarily enjoined by eight different courts between June 13, 2024, and August 22, 2024, and vacated in full in final appealable orders in two different courts on January 9, 2025, and February 19, 2025.[1] On January 31, 2025, the Department announced it would enforce the regulations that existed prior to the promulgation of the 2024 Rule,[2] and, in fact, has not enforced the 2024 Rule in over a year and a half. With this final rule, the regulations currently in force—those that existed prior to the promulgation of the 2024 Rule—will be returned to the CFR to provide clarity and transparency, allowing recipients of Federal financial assistance, students, and parents to know what rules apply by simply reading the CFR.

The Department makes four minor changes to the regulatory text as it existed prior to promulgation of the 2024 Rule. First, the Department does not reinstate a single sentence that appeared in the prior version of 34 CFR 106.45(b)(6)(i) (2021) that was vacated by *Victim Rts. L. Ctr.* v. *Cardona,* 552 F. Supp. 3d 104, 132–34 (D. Mass. 2021); *Victim Rts. L. Ctr.* v. *Cardona,* No. 20–cv–11104, 2021 WL 3516475 (D. Mass. Aug. 10, 2021) (order). That vacatur is final.

Second, the Department does not reinstate Appendix A to 34 CFR part 106 (2021), which was previously removed by a final rule published by the Department earlier this year, *Rescinding Guidelines for Eliminating Discrimination and Denial of Services on the Basis of Race, Color, National Origin, Sex, and Handicap in Vocational Education Programs,* 91 FR 46285–94 (July 23, 2026). That final rule rescinded Appendix B to 34 CFR part 100, and the two cross-references to that appendix. 91 FR 46294. One of those rescinded cross-references was Appendix A to 34 CFR part 106 (2021). *Id.* Reinstating Appendix A as part of this final rule would be pointless because it contains no substantive information. It is a mere cross-reference to provisions that no longer exist.

Third, the Department does not reinstate 34 CFR 106.41(d) (2021), which provided recipients an ''adjustment period'' of either one year or three years to come into compliance with the remainder of 34 CFR 106.41. The remainder of 34 CFR 106.41 has not been amended since it was transferred from the Department of Health, Education, and Welfare (HEW) to the Department in 1980. *See* 45 FR 30962. Reinstating 34 CFR 106.41(d) (2021) could create the impression that recipients will now have another year or three to come into compliance with 34 CFR 106.41, which is absolutely not the Department's intent. The adjustment period created by 34 CFR 106.41(d) expired over four decades ago. That subsection is obsolete and tied to the effective date of the regulation, rather than a fixed date; reinstating it could create confusion or new substantive rights and, accordingly, the Department does not reinstate it.

Fourth, the Department does not reinstate 34 CFR 106.3(c)–(d) (2021). 34 CFR 106.3(c) required recipients to assess their policies and make appropriate changes ''within one year of the effective date of this part.'' That one-year deadline passed about 45 years ago. 34 CFR 106.3(d) required recipients to maintain records from their reviews conducted under subsection 106.3(c) for at least three years, to be provided to the Assistant Secretary for Civil Rights on request. That three-year deadline passed

[1] See below for a fuller discussion, including citations.

[2] The January 31, 2025, announcement was later superseded by guidance dated February 4, 2025. Craig Trainor, Acting Assistant Secretary for Civil Rights, Dear Colleague Letter (Feb. 4, 2025), *https://www.ed.gov/media/document/title-ix-enforcement-directive-dcl-109477.pdf* (''[The Department] will enforce Title IX under the provisions of the 2020 Title IX Rule, rather than the 2024 Title IX Rule.'' (footnotes omitted)); *see also* Press Release, U.S. Dep't of Educ., U.S. Department of Education to Enforce 2020 Title IX Rule Protecting Women (Jan. 31, 2025), *https://www.ed.gov/about/news/press-release/us-department-of-education-enforce-2020-title-ix-rule-protecting-women.*

approximately four decades ago. Reinstating these subsections could create the impression that recipients are all required to go through the review and record-keeping process a second time. Thus, reinstating the prior language would actually constitute a substantive change, or at least create the appearance of one. The Department does not intend to reimpose the requirements of 34 CFR 106.3(c)–(d) (2021) and therefore does not reinstate those sections in this final rule.

II. Discussion

a. The 2020 Rule

Title IX of the Education Amendments of 1972 prohibits sex discrimination ''under any education program or activity receiving Federal financial assistance.'' 20 U.S.C. 1681(a). The Department's implementing regulations are codified at 34 CFR part 106 and have governed Title IX compliance since 1975.[3]

The Department made considerable amendments to the Title IX regulations in a final rule promulgated on May 19, 2020, and effective on August 14, 2020. *Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance,* 85 FR 30026–30579 (May 19, 2020) (2020 Rule). The Department had previously published a notice of proposed rulemaking on November 29, 2018, announcing the proposed rule and generating more than 124,000 public comments. 83 FR 61462 (Nov. 29, 2018); 85 FR 30031, 30055. The Department carefully considered those comments and made resulting changes to the proposed rule, which were explained in careful detail in the final rule. 85 FR 30031, 30053, 30055–30572. The 2020 Rule was effective on August 14, 2020, and remained in force at least until the 2024 Rule became effective (in those jurisdictions where in fact it became effective (see discussion below)).

The Title IX regulations were modified just once between promulgation of the 2020 Rule and promulgation of the 2024 Rule. On September 23, 2020, the Department promulgated a final rule, effective on November 23, 2020, which amended 34 CFR 106.12 by adding subsections (c) and (d). 85 FR 59916, 59916, 59980–81 (Sept. 23, 2020). 34 CFR 106.12(c) clarifies which institutions are eligible for exemption from the Title IX regulations due to being ''controlled by a religious organization,'' the religious tenets of which are inconsistent with Title IX. *See id.;* 34 CFR 106.12(a). 34 CFR 106.12(d) adds a severability provision to the remainder of section 106.12. Neither subsection had any impact on the operation of the 2020 Rule, except as to religious institutions that sought exemption from it. 34 CFR 106.12(c)–(d) were not altered at all by the 2024 Rule. *See* 89 FR 33886. They are likewise not impacted by this final rule.

The 2020 Rule was the subject of multiple post-issuance legal challenges. All but one failed, with that one only succeeding in small part. Among the unsuccessful actions were *Pennsylvania* v. *DeVos,* 480 F. Supp. 3d 47 (D.D.C. 2020) (denying motion for preliminary injunction), and *New York* v. *United States Dep't of Educ.,* 477 F. Supp. 3d 279 (S.D.N.Y. 2020) (same). The one legal challenge that was partially successful was *Victim Rights Law Center.* v. *Cardona,* in which the district court vacated the portion of 106.45(b)(6)(i) that prohibited consideration of statements not subject to cross-examination, finding that prohibition to be ''arbitrary and capricious in violation of section 706(2)(A) of the Administrative Procedure Act[.]'' 552 F. Supp. at 132–34; 2021 WL 3516475, at *1.

At issue was a single sentence in the 2020 Rule's regulatory text, which spans nearly seven pages in the **Federal Register**. 85 FR 30572–79. That single sentence reads as follows:

> If a party or witness does not submit to cross-examination at the live hearing, the decision-maker(s) must not rely on any statement of that party or witness in reaching a determination regarding responsibility; provided, however, that the decision-maker(s) cannot draw an inference about the determination regarding responsibility based solely on a party's or witness's absence from the live hearing or refusal to answer cross-examination or other questions.

85 FR 30577. The district court reasoned that the Department had failed to consider the consequences of that sentence when read together with other challenged provisions and that, so read together, this sentence would render hearings conducted pursuant to 34 CFR 106.45 (2021) to be ''a remarkably hollow gesture.'' *Victim Rts. L. Ctr.,* 552 F. Supp. at 132. The same court, however, sustained the remainder of the 2020 Rule. *Id.* at 138 (''For these reasons, the Court finds and rules and, thus declares, that with the exception of section 106.45(b)(6)(i)'s prohibition on all statements not subject to cross-examination, the Final Rule does not violate the APA or the Fifth Amendment.'').

b. The 2024 Rule

The 2024 Rule was promulgated on April 29, 2024, with a declared effective date of August 1, 2024. 89 FR 33474. It was challenged in court almost immediately in ten different cases. In eight of those ten cases,[4] the Department was preliminarily enjoined from enforcing the 2024 Rule in 26 states and in several individual schools or school districts in the remaining jurisdictions: (1) Memorandum Ruling at 39–40, *Louisiana* v. *Dep't of Educ.,* No. 24–cv–563 (W.D. La. June 13, 2024) (enjoining enforcement in Louisiana, Mississippi, Montana, and Idaho); (2) Memorandum Opinion and Order at 93, *Tennessee* v. *Cardona,* No. 24–cv–72 (E.D. Ky. June 17, 2024) (enjoining enforcement in Tennessee, Kentucky, Ohio, Indiana, Virginia, and West Virginia); (3) Memorandum and Order at 53, *Kansas* v. *Dep't of Educ.,* No. 24–cv–4041 (D. Kan. July 2, 2024) (enjoining enforcement in Kansas, Alaska, Utah, Wyoming, and some individual schools); (4) Memorandum Opinion and Order at 32, *Texas* v. *United States,* No. 24–cv–86–Z (N.D. Tex. July 11, 2024) (enjoining enforcement in Texas); (5) Memorandum Opinion & Order at 14–15, *Carroll Indep. Sch. Dist.* v. *Dep't of Educ.,* No. 24–cv–461 (N.D. Tex. July 11, 2024) (enjoining enforcement against a single school district in Texas); (6) Memorandum and Order at 55–56, *Arkansas* v. *Dep't of Educ.,* No. 24–cv–636 (E.D. Mo. July 24, 2024) (enjoining enforcement in Arkansas, Missouri, Iowa, Nebraska, North Dakota, and South Dakota); (7) Order at 28–29, *Oklahoma* v. *Cardona,* No. 24–cv–461 (W.D. Okla. July 31, 2024) (enjoining enforcement in Oklahoma); and (8) Order at 23, *Alabama* v. *U.S. Sec'y of Educ.,* No. 24–12444 (11th Cir. Aug. 22, 2024) (enjoining enforcement in Alabama, Florida, Georgia, and South Carolina).

The Department sought a stay pending appeal in a number of these cases. The requests in *Louisiana* and

[3] The Title IX implementing regulations were initially promulgated in 1975 by HEW at 45 CFR part 86. Following the creation of the Department of Education in 1980, the regulations were transferred to the Department and recodified, without substantive change, 34 CFR part 106. *See* 20 U.S.C. 3441(a)(3); 45 CFR 30802, 30955–65 (May 9, 1980).

[4] Litigation in the other two cases terminated before any decision on the merits. *Oklahoma State Department of Education* v. *United States,* was dismissed without prejudice in January 2025 under Fed. R. Civ. P. 4(m) due to failure of service. Order, *Okla. St. Dep't of Educ.* v. *United States,* No. 24–cv–459 (W.D. Okla. Jan. 16, 2025). *Great Education Initiative* v. *Department of Education* was dismissed with prejudice, without any finding on the merits, because the parties ''had reached an agreement to resolve all of the claims in this matter'' on July 28, 2025. *Great Educ. Initiative* v. *Dep't of Educ.,* No. 24–cv–12710 (E.D. Mich. July 29, 2025), ECF No. 37.

Tennessee were ultimately denied by the Supreme Court on August 16, 2024. The Court explained:

> [A]ll Members of the Court today accept that the plaintiffs were entitled to preliminary injunctive relief as to three provisions of the rule, including the central provision that newly defines sex discrimination to include discrimination on the basis of sexual orientation and gender identity. But the [Department] argues (and the dissent agrees) that those provisions should be severed and that the other provisions of the new rule should still be permitted to take effect in the interim period while the [Department]'s appeals of the preliminary injunctions are pending in the Courts of Appeals. The lower courts concluded otherwise because the new definition of sex discrimination is intertwined with and affects many other provisions of the new rule. Those courts therefore concluded, at least at this preliminary stage, that the allegedly unlawful provisions are not readily severable from the remaining provisions. The lower courts also pointed out the difficulty that schools would face in determining how to apply the rule for a temporary period with some provisions in effect and some enjoined.

Dep't of Educ. v. *Louisiana,* 603 U.S. 866, 867–68 (2024) (per curiam). The Court concluded that the Department failed to provide a ''sufficient basis to disturb the lower courts' interim conclusions'' on the proper scope of the injunctions. Accordingly, the Department remained enjoined from enforcing any part of the 2024 Rule in each of the 26 states and in several schools and districts in other states. *See id.* at 868.

Because the stated effective date of the 2024 Rule was August 1, 2024, and seven of the preliminary injunctions were entered before August 1, 2024, the 2024 Rule was *never* enforceable in 22 states. It was enforceable in four states (Alabama, Florida, Georgia, and South Carolina) from August 1 until preliminary injunction was entered just a few weeks later.

In two separate cases, final judgment was entered against the Department. In both instances, the 2024 Rule was vacated in full. Judgment, *Tennessee* v. *Cardona,* No. 24–cv–72 (E.D. Ky. Jan. 9, 2025); Final Judgment, *Carroll Indep. Sch. Dist.* v. *Dep't of Educ.,* No. 24–cv–461 (N.D. Tex. Feb. 19, 2025). (Each of the other six cases in which enforcement of the 2024 Rule was preliminarily enjoined were subsequently terminated.[5])

The *Tennessee* vacatur rested on four independent grounds, finding that the 2024 Rule: (1) exceeds the Department's statutory authority under 20 U.S.C. 1681 by redefining ''sex'' to encompass gender identity and other categories; (2) violates the First Amendment by compelling speech and chilling protected expression through its expanded harassment standard; (3) violates the Spending Clause because it (a) induced unconstitutional action and (b) conditioned Federal funding on compliance with nondiscrimination provisions on the basis of gender identity, without prior ''clear notice'' by Congress in Title IX (and, indeed, ''not contemplated by the text of the statute''); and (4) violates the Administrative Procedure Act (APA) for being ''arbitrary and capricious'' in failing to ''provide a reasoned explanation for departing from [the Department's] longstanding interpretation of Title IX.'' *Tennessee* v. *Cardona,* 762 F. Supp. 3d 615, 622–28 (E.D. Ky. 2025), as amended (Jan. 10, 2025). A subsequent appeal from this ruling was dismissed with prejudice in May 2026, following the parties' joint stipulation pursuant to Fed. R. App. P. 42(b)(1). Joint Stipulation to Dismiss Appeal, *Tennessee* v. *McMahon,* Nos. 25–5205, 25–5206 (6th Cir. May 8, 2026). The district court's vacatur was thus final.

The *Carroll Indep. Sch. Dist.* vacatur likewise rested on two similar independent grounds, finding that the 2024 Rule: (1) violates the APA for being ''arbitrary and capricious'' in that it (a) ''turns Title IX on its head'' by defining a prohibition of discrimination ''on the basis of sex'' to include discrimination based on ''gender identity,'' (b) holds recipients responsible for harm that is more than de minimis, and (c) ''eviscerates the statute and renders it largely meaningless'' by undermining the distinction made by Title IX between males and females; and (2) violates the First Amendment by compelling speech and chilling protected expression through its expanded harassment standard. *Carroll Indep. Sch. Dist.* v. *Dep't of Educ.,* No. 24–cv–461, 2025 WL 1782572, at *3–*4 (N.D. Tex. Feb. 19, 2025). A subsequent appeal from this ruling was dismissed in May 2026, following the parties' joint stipulation pursuant to Fed. R. App. P. 42(b). Mandate, *Carroll Indep. Sch. Dist.* v. *Dep't of Educ.,* No. 25–10651 (5th Cir. May 19, 2026). The district court's vacatur was thus final.

Thus, the 2024 Rule was vacated in full on January 9, 2025, in final judgments that are no longer appealable. Those vacaturs have not been disturbed. To ''vacate'' a rule means ''to annul; to cancel or rescind; to declare, to make, or to render, void; to defeat; to deprive of force; to make of no authority or validity; to set aside'' that rule. *Action on Smoking & Health* v. *C.A.B.,* 713 F.2d 795, 797 (D.C. Cir. 1983). It has ''the effect of reinstating the rules previously in force[.]'' *Id.; Keystone-Conemaugh Projects LLC* v. *United States Env't Prot. Agency,* 100 F.4th 434, 446 (3d Cir. 2024) (''When a court vacates an agency's rule, it restores the status quo before the invalid rule took effect . . . .''). Accordingly, on January 31, 2025, the Department announced it would enforce the regulations that existed prior to the promulgation of the 2024 Rule,[6] and, in fact, has not enforced the 2024 Rule in over a year and a half.

III. Need for Rulemaking

This final action does not reopen debate on the 2020 Rule or the 2024 Rule. It does not assess the Department's policy preferences as between those two rules. It does not choose between those two rules. Nor does it attempt to justify the policy decisions made in the 2020 Rule or criticize those made in the 2024 Rule. Instead, this final rule merely returns the CFR to its appearance prior to the promulgation of the 2024 Rule, with four minor exceptions addressed below.

a. The 2024 Rule Is Null and Should Be Removed From the CFR

Although the 2024 Rule was vacated in full on January 9, 2025, and has not been enforced at any time after January 31, 2025, the CFR has yet to be updated. The CFR continues to publish Title IX's implementing regulations as modified by the since-vacated 2024 Rule, creating

[5] (1) Notice of Voluntary Dismissal, *Louisiana* v. *Dep't of Educ.,* No. 24–cv–563 (W.D. La. June 8, 2026); (2) Joint Stipulation to Dismiss, *Kansas* v. *Dep't of Educ,* No. 24–cv–4041 (D. Kan. June 11, 2026); (3) Order, *Arkansas* v. *Dep't of Educ.,* No. 24–cv–636 (E.D. Mo. June 11, 2026) (issued following notice of voluntary dismissal on June 9, 2026); (4) Notice, *Oklahoma* v. *Cardona,* No. 24–cv–461 (W.D. Okla. July 31, 2024) (administratively terminating the action pending subsequent filing by the parties; there have been no filings reopening the case); (5) Notice of Voluntary Dismissal, *Alabama* v. *Cardona,* No. 24–cv–533 (N.D. Ala. May 29, 2026); and (6) Notice, *Texas* v. *United States,* 24–cv–86–Z (N.D. Tex. (Aug. 5, 2026) issued following the parties' Joint Stipulation of Dismissal Without Prejudice on August 3, 2026).

[6] The January 31, 2025, announcement was later superseded by guidance dated February 4, 2025. Craig Trainor, Acting Assistant Secretary for Civil Rights, Dear Colleague Letter (Feb. 4, 2025), *https://www.ed.gov/media/document/title-ix-enforcement-directive-dcl-109477.pdf* (''[The Department] will enforce Title IX under the provisions of the 2020 Title IX Rule, rather than the 2024 Title IX Rule.'' (footnotes omitted)); *see also* Press Release, U.S. Dep't of Educ., U.S. Department of Education to Enforce 2020 Title IX Rule Protecting Women (Jan. 31, 2025), *https://www.ed.gov/about/news/press-release/us-department-of-education-enforce-2020-title-ix-rule-protecting-women.*

ambiguity and a source of potential confusion for recipients, courts, parents and students, and the public writ-large. A formal amendment to the regulations is necessary to align the codified text with operative law.

Vacatur of an amendatory rule restores the prior regulatory text as a matter of law. *Action on Smoking & Health* v. *C.A.B.,* 713 F.2d 795, 797 (D.C. Cir. 1983) (''To 'vacate,' as the parties should well know, means 'to annul; to cancel or rescind; to declare, to make, or to render, void; to defeat; to deprive of force; to make of no authority or validity; to set aside.''') (''[T]he judgment of this court had the effect of reinstating the rules previously in force[.]''); *Keystone-Conemaugh Projects LLC* v. *United States Env't Prot. Agency,* 100 F.4th 434, 446 (3d Cir. 2024) (''When a court vacates an agency's rule, it restores the status quo before the invalid rule took effect . . . .''). The 2024 Rule is a nullity and the CFR should be updated to reflect that fact. This action thus updates the CFR.

b. Reliance Interests

No substantial nationwide reliance interest in the framework developed by the 2024 Rule ever arose. The 2024 Rule was preliminarily enjoined across nearly half of the United States before it even took effect. It would ultimately be preliminarily enjoined in a majority of jurisdictions by the end of August 2024 and remained so enjoined until its vacatur in January 2025. Further, in the minority of jurisdictions in which the rule was not enjoined, it was operative for only a brief period (August 1, 2024, to January 9, 2025), and (at least as to many of those jurisdictions) not as to every student or every school. Recipients in those jurisdictions that made changes to their compliance protocols did so in full knowledge of active multistate litigation in which nearly every decision that reached the merits of the 2024 Rule or at least the question whether to enjoin the 2024 Rule—including a *per curiam* procedural decision by the Supreme Court—found the 2024 Rule materially deficient. The recipients were thus on notice that the 2024 Rule was, at the very least, at substantial risk. Since at least January 31, 2025, when the Department formally announced that it would no longer enforce the 2024 Rule, the recipients were on notice that the 2020 Rule, not the 2024 Rule, governed. The recipients were already well familiar with the 2020 Rule, which was enforced in every jurisdiction for at least four years. The recipients have had over a year and a half to revert back to the framework under the 2020 Rule. Any remaining reliance interest in the 2024 Rule is minimal and is outweighed by the Department's need to have the CFR reflect the rules it is enforcing and the very significant (and closely related) interest that all recipients have in easy access to a clear statement of the regulations that govern them, codified explicitly in the CFR.

IV. Changes to 34 CFR Part 106

This rule revises 34 CFR part 106 to read as it appeared on April 28, 2024, the day before the 2024 Rule was promulgated, with several exceptions. First, it omits one sentence from 34 CFR 106.45(b)(6)(i) (2021), consistent with *Victim Rts. L. Ctr.,* 552 F. Supp. at 132–34; 2021 WL 3516475 at *1. Second, it does not reinstate Appendix A to 34 CFR part 106 (2021). Third, it does not reinstate 34 CFR 106.3(c)–(d), 106.41(d), which are obsolete and tied to the effective date of the regulation such that reinstating them might have altered their meaning.

Explanation of Changes

The Department amends each section that was amended by the 2024 Rule by replacing those entire sections with the text that appeared on April 28, 2024. The Department makes no edits or other changes to any of that text, with some minor exceptions described below.

Because the 2024 Rule did not amend Appendix A to 34 CFR part 106 (2021), and because Appendix A has since been removed by a different action, 91 FR 46294, this final rule makes no change regarding Appendix A (that is, this final rule does not reinstate Appendix A into part 106). Further, the Department notes that reinstating Appendix A as part of this final rule would be pointless because it contains no substantive information. It is a mere cross-reference to Appendix B to 34 CFR part 100 (2021), which no longer exists. 91 FR 46294.

Further, the Department does not reinstate 34 CFR 106.41(d) (2021), which provided recipients an ''adjustment period'' of either one year or three years to come into compliance with the remainder of 34 CFR 106.41. The remainder of 34 CFR 106.41 has not been amended since it was transferred from HEW to the Department in 1980. *See* 45 FR 30962. Reinstating 34 CFR 106.41(d) (2021) could create the impression that recipients will now have another year or three to come into compliance with 34 CFR 106.41, which is absolutely not the Department's intent. The adjustment period created by 34 CFR 106.41(d) expired over four decades ago. That subsection is obsolete and tied to the effective date of the regulation, rather than a fixed date; reinstating it could create confusion or new substantive rights, accordingly, the Department does not reinstate it

Similarly, the Department does not reinstate 34 CFR 106.3(c)–(d) (2021). 34 CFR 106.3(c) required recipients to assess their policies and make appropriate changes ''within one year of the effective date of this part.'' That one-year deadline passed about 45 years ago. 34 CFR 106.3(d) required recipients to maintain records from their reviews conducted under subsection 106.3(c) for at least three years, to be provided to the Assistant Secretary for Civil Rights on request. That three-year deadline passed approximately four decades ago. Reinstating these subsections could create the impression that recipients are all required to go through the review and record-keeping process a second time. Thus, reinstating the prior language would actually constitute a substantive change, or at least create the appearance of one. The Department does not intend to reimpose the requirements of 34 CFR 106.3(c)–(d) (2021) and therefore does not reinstate those sections in this final rule.

The sections revised by this final rule, the same sections revised by the 2024 Rule (with two exceptions), are: 34 CFR 106.1; 106.2; 106.6; 106.8; 106.10; 106.11; 106.15; 106.16; 106.17; 106.18; 106.21; 106.30; 106.31; 106.40; 106.44; 106.45; 106.46; 106.47; 106.48; 106.51; 106.57; 106.60; 106.71; & 106.81. *See* 89 FR 33882–896 (also listing 34 CFR 106.3 and 106.41, which are not amended by this final rule, for reasons explained above).

The Department does not reinstate the following sentence from 34 CFR 106.45(b)(6)(i) (2021), as it appeared before promulgation of the 2024 Rule:

> If a party or witness does not submit to cross-examination at the live hearing, the decision-maker(s) must not rely on any statement of that party or witness in reaching a determination regarding responsibility; provided, however, that the decision-maker(s) cannot draw an inference about the determination regarding responsibility based solely on a party's or witness's absence from the live hearing or refusal to answer cross-examination or other questions.

See 85 FR 30577. As noted above, *Victim Rights Law Center* vacated the 2020 Rule's ''prohibition on all statements not subject to cross-examination'' appearing in 34 CFR 106.45(b)(6)(i). 552 F. Supp. at 132–34; 2021 WL 3516475 at *1. The court did not, however, specify how the Department and subsequent courts were to apply the remainder of section 106.45(b)(6)(i). Other than the sentence appearing in the block quote, no portion of section 106.45(b)(6)(i) (2021) is directly implicated by the district court's vacatur.

The Department has determined that the best course of action is to omit the entire sentence appearing in the block quote above, rather than to attempt to rewrite it in a manner that might have inadvertently altered its meaning or caused it to deviate from the authors' original intent. While the proviso in the second half of the sentence (starting with the words ''provided, however'') does not directly prohibit decision-makers from considering evidence that is not subject to cross-examination, the manner in which it appears—as a proviso on that prohibition—implies that the drafters deemed the two clauses to be dependent on each other. Removing one without the other runs the risk of creating a scenario not contemplated by the drafters. Accordingly, the entire sentence is omitted from this final rule.

V. Regulatory Certifications

Exemption From Notice and Comment Under the Administrative Procedure Act

1. Exemption Under 5 U.S.C. 553(a)(2)

The Department issues this final rule without prior public notice and comment pursuant to the Administrative Procedure Act's exemption for rules ''relating to agency management or personnel or to public property, loans, grants, benefits, or contracts.'' 5 U.S.C. 553(a)(2).

Title IX concerns nondiscrimination conditions for the receipt of Federal financial assistance, and, more particularly, for the receipt of various Federal grants or loans, ''Federal personnel,'' and any other Federal agreement, arrangement, or other contract ''which has as one of its purposes the provision of assistance'' to any education program or activity pursuant to a law administered by the Department. 34 CFR 106.2 (both as currently codified in the CFR and as effective on April 28, 2024, the day before the 2024 Rule was promulgated). Recipients are required, as a condition on the approval of any request for Federal financial assistance and the subsequent extension of any Federal financial assistance, to provide the Department with an ''assurance'' of compliance with all requirements imposed by the Title IX regulations. 34 CFR 106.4; *see Cummings* v. *Premier Rehab Keller, P.L.L.C.,* 596 U.S. 212, 217–18 (2022) (observing that Congress enacted a similar civil rights statute ''[p]ursuant to its authority to 'fix the terms on which it shall disburse federal money''' (internal citation omitted)).

Section 553(a)(2) exempts from notice and comment rulemaking matters ''relating to agency management or personnel or to public property, loans, grants, benefits, or contracts.'' The Department has carefully reviewed those broad categories of exempt matters together with the definition of Federal financial assistance at 34 CFR 106.2, the specific requirements of 34 CFR 106.4, and the types of Federal financial assistance provided by the Department. Based on this review, the Department has concluded that all of the types of Federal financial assistance provided by the Department that are implicated in this final rule are within the categories of exempt activities listed in 5 U.S.C. 553(a)(2). This final rule is thus exempt from notice and comment rulemaking.

Similarly, the Department's reliance on 5 U.S.C. 553(a)(2) is consistent with the definition of Federal financial assistance provided by the Office of Management and Budget (OMB) under 2 CFR 200.1, which defines Federal financial assistance with the same categories as the Administrative Procedure Act's exception for rules ''relating to agency management or personnel or to public property, loans, grants, benefits, or contracts.'' 5 U.S.C. 553(a)(2). With potentially limited exceptions not applicable to the Department, all the forms of Federal financial assistance set forth under 2 CFR 200.1 that the Department administers would fall under the ''public property, loans, grants, benefits, or contracts'' exception.

Courts have found that rules related to these forms of financial assistance are exempt from notice-and-comment rulemaking. *See, e.g., Cal. Dep't of Educ.* v. *Bennett,* 849 F.2d 1227, 1236 (9th Cir. 1988) (holding that Education Department rule concerning the return of Federal funds used for improper purposes did not require notice-and-comment rulemaking procedures); *Nat'l Wildlife Fed'n* v. *Snow,* 561 F.2d 227, 229 (D.C. Cir. 1976) (holding that a Federal Highway Administration rule governing the issuance of Federal funding for highways was exempt from notice-and-comment procedures); *Texas* v. *Becerra,* 577 F. Supp. 3d 527, 547 (N.D. Tex. 2021) (''The APA specifically exempts matters relating to 'grants,' and Head Start is a federal grant program.'').

This rule relates to the public property, loans, grants, benefits and contracts that constitute Federal financial assistance because it restates and reclarifies the rules in force that govern compliance determinations under Title IX and that form the basis of the assurances that recipients must make under 34 CFR 106.4. The 'relating to' standard is a broad one, easily satisfied by this rule. *See Cummings,* 596 U.S. at 217–18 (observing that Congress enacted a similar civil rights statute ''[p]ursuant to its authority to 'fix the terms on which it shall disburse federal money''' (citation omitted)). As one court explained, ''Section 553(a)(2) cuts a wide swath'' and ''a broad domain is preserved for its operation.'' *Humana of S.C., Inc.* v. *Califano,* 590 F.2d 1070, 1082 (D.C. Cir. 1978). ''[T]o the extent that any one of the enumerated categories is clearly and directly involved in the regulatory effort at issue, the Act's procedural compulsions are suspended.'' *Id.* (internal quotation marks omitted). The rule is therefore exempt under 5 U.S.C. 553(a)(2). *See Education Programs or Activities Receiving or Benefitting From Federal Financial Assistance,* 82 FR 46655 (Oct. 6, 2017) (invoking exception to amend Title IX regulations to ''promote consistency in the enforcement of Title IX for [Department of Agriculture] financial assistance recipients''); *Preserving Community and Neighborhood Choice,* 85 FR 47899 (Aug. 7, 2020) (invoking exception to repeal Housing and Urban Development rule regarding Federal grantees); *Participation by Minority Business Enterprise in Department of Transportation Programs,* 53 FR 18285 (May 23, 1988) (invoking exception to expand coverage of Department of Transportation regulation regarding Federal Aviation Administration's airport financial assistance program); *Nondiscrimination on the Basis of Handicap in Federally Assisted Programs: Suspension of Guidelines With Respect to Mass Transportation,* 46 FR 40687 (Aug. 11, 1981) (invoking exception to suspend Department of Justice guidelines regarding the prohibition of disability discrimination in transportation programs and activities receiving Federal financial assistance).

Thus, the Department issues this action without prior public notice and comment, under 5 U.S.C. 553(a)(2). Further, because the exception in section 553(a)(2) applies to section 553 as a whole, the Department issues this action without the delayed effective date typically required by 5 U.S.C. 553(d).

2. Exemption Under 5 U.S.C. 553(b)(B), 553(d)(3)

In the alternative, the Department finds good cause for issuing this action without prior public notice and comment, and without a delayed effective date, under 5 U.S.C. 553(b)(B) and 553(d)(3).

5 U.S.C. 553(b)(B) exempts regulatory actions from the notice and comment requirement when compliance with that requirement would be ''impracticable, unnecessary, or contrary to the public interest.'' The Department finds good cause to dispense with public notice and comment because such notice and comment would be both unnecessary and contrary to the public interest.

Public notice and comment is deemed ''unnecessary'' under section 553(b)(B) when ''the administrative rule is a routine determination, insignificant in nature and impact, and inconsequential to the industry and to the public.'' *Mack Trucks, Inc.* v. *E.P.A.,* 682 F.3d 87, 94 (D.C. Cir. 2012); *Nat. Res. Def. Council* v. *Nat'l Highway Traffic Safety Admin.,* 894 F.3d 95, 114 (2d Cir. 2018); *see also Metzenbaum* v. *FERC,* 675 F.2d 1282, 1291 (D.C. Cir. 1982) (per curiam) (holding that conducting notice and comment in exercising nondiscretionary actions would be a ''futile gesture'' and therefore ''unnecessary'' under 5 U.S.C. 553(b)(B)). This final rule fits that description. The Department here does nothing but remove from the CFR regulations that have been vacated (and have not been enforced for at least a year and a half) and replaces them with those regulations that are controlling. *See Retirement Security Rule: Definition of an Investment Advice Fiduciary: Notice of Court Vacatur,* 91 FR 13503, 13504–05 (Mar. 20, 2026) (''The Department has determined that there is good cause for dispensing with public comments in this case, inasmuch as this final rule merely conforms the text in the CFR to reflect the mandate of the courts' decisions . . . . Because the Department is merely giving effect to the courts' orders, and is not exercising discretion with respect to this action, any notice and comment process would be unnecessary[.]'')

Aside from four minor changes described herein, the regulations that will exist after this final rule appear exactly as they did before the since-vacated 2024 Rule was promulgated. This action reflects no essential legal or policy determination by the Department, other than the fact that the 2024 Rule is not in force. The purpose of this final rule is simply to update the CFR.

For much the same reason, the Department finds that engaging in public notice and comment would be contrary to public interest. Notice and comment would considerably delay the Department's efforts to update the CFR. And no comment, no matter how persuasive, could plausibly persuade the Department to decline to remove the 2024 Rule from the CFR, which is ''already mandated by the courts.'' *See Retirement Security Rule: Definition of an Investment Advice Fiduciary: Notice of Court Vacatur,* 91 FR 13503, 13505 (Mar. 20, 2026). The public has an interest in public codification of the regulations that are in force. The 2024 Rule has been vacated in a final judgment no longer subject to appeal. It is null. It should be removed from the public codification forthwith; any further delay is contrary to the public interest.

The Department similarly finds good cause to issue this action without a delayed effective date, pursuant to 5 U.S.C. 553(d)(3). Delaying the effective date of this final rule would only prolong the ambiguity caused by the fact that the CFR is in need of an update. The text appearing in the CFR has not been in force for at least a year and a half. Delaying the effective date of this final rule would serve no legitimate purpose and is plainly not in the public interest.

Executive Order 12250, Leadership and Coordination of Nondiscrimination Laws

E.O. 12250 delegates to the Attorney General the President's function of approving rules, regulations, and orders of general applicability under section 902 of the Civil Rights Act of 1964. The Department of Justice has reviewed and approved this rule.

Executive Orders 12866, Regulatory Planning and Review and 13563, Improving Regulation and Regulatory Review

E.O. 12866, 58 FR 51735 (Oct. 4, 1993), requires agencies to consider both the quantitative and qualitative costs and benefits of a rule and to adopt a regulation only if the rule justifies its costs. This rule has been drafted and reviewed in accordance with section 1(b) of E.O. 12866, as well as with E.O. 13563, 76 FR 3821 (Jan. 21, 2011), which supplements and explicitly affirms the principles of E.O. 12866. Section 2(c) of E.O. 13563 states that agencies may consider qualitative values that are either difficult or impossible to quantify, while section 3 directs agencies to harmonize their regulations to simplify their burden and to avoid inconsistent and overlapping requirements.

Under section 6(a) of E.O. 12866, the Office of Information and Regulatory Affairs (OIRA) within OMB determines whether a regulatory action is significant and, therefore, subject to OMB review. E.O. 12866 also requires agencies to submit ''significant regulatory actions'' to OIRA for review. OIRA has determined that this final rule is a ''significant regulatory action'' under section 3(f) of E.O. 12866. Accordingly, the Department submitted this final rule to OIRA for review under E.O. 12866.

As discussed in the preamble, this action is necessary to conform the CFR to the regulations that are currently in force and have been in force for at least a year and a half. It effects no change of current substantive law. The Department does not anticipate this action imposing any costs on any party.

Executive Order 14219, Ensuring Lawful Governance and Implementing the President's ''Department of Government Efficiency'' Deregulatory Initiative

E.O. 14219, 90 FR 10583 (Feb. 25, 2025), directs agencies to identify regulations that, among other things, are unconstitutional or are constitutionally suspect, based on unlawful delegations of legislative power, or that are based on anything but the best reading of the authorizing statute. As discussed above, regulations currently appearing in the CFR have been vacated by binding court order. This rule replaces those regulations with those that are in force and is thus issued in furtherance of E.O. 14219.

Executive Order 14192, Unleashing Prosperity Through Deregulation

Executive Order 14192, 90 FR 9065 (Feb. 6, 2025), establishes a regulatory budget process for agencies and requires them to offset new regulatory burdens or costs. This rule is not expected to impose any financial costs on any party, but will make it far easier for the public, regulated entities, and parents and children in the nation's schools to better understand which regulations govern compliance with Title IX and eliminates the confusion created by a CFR that is over a year and a half out of date. Such confusion has a tendency to cause over-compliance, with affected parties trying to comply with both the 2024 Rule and the regulations actually in force. Accordingly, the Department expects this rule to be a deregulatory action under E.O. 14192.

Executive Order 13132, Federalism

E.O. 13132, 64 FR 43255 (Aug. 10, 1999), prohibits an agency from publishing any rule that has federalism implications if the rule imposes substantial direct compliance costs on State and local governments and is not required by statute or the rule preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the E.O. This rule will not have a substantial direct effect on the relationship between the Federal government and the States, on distribution of power and responsibilities among various levels of government, or on States' policymaking discretion. This rule does not subject recipients to new obligations. As a result, and in accordance with section 6 of E.O. 13132, the Department has determined that these amendments to the Department's regulations do not have sufficient federalism implications to warrant preparation of a federalism summary impact statement as outlined in section 6(c)(2).

Executive Order 12988, Civil Justice Reform

This rule meets the applicable standards set forth in sections 3(a) and (b)(2) of E.O. 12988, 61 FR 4729 (Feb. 7, 1996), to specify provisions in clear language. Pursuant to section 3(b)(1)(I) of the E.O., nothing in this final rule or any previous rule (or in any administrative policy, directive, ruling, notice, guideline, guidance, or writing) directly relating to the programs that are the subject of this final rule is intended to create any legal or procedural rights enforceable against the United States.

Executive Order 14294, Overcriminalization in Federal Regulations

E.O. 14294, 90 FR 20363 (May 14, 2025), requires agencies promulgating regulations with offenses potentially subject to criminal enforcement to explicitly describe the conduct subject to criminal enforcement, the authorizing statutes, and the mens rea standard applicable to each element of those offenses. This rule does not impose a criminal regulatory penalty and is thus exempt from E.O. 14294's requirements.

Paperwork Reduction Act, 44 U.S.C. 3501–3520

Pursuant to the Paperwork Reduction Act, agencies must consider whether a rule will create additional burdens related to recordkeeping, paperwork, or information collection. This rule will not impose any additional burdens or requirements in these respects.

Regulatory Flexibility Act, 5 U.S.C. Chapter 6

The Regulatory Flexibility Act (''RFA''), as amended by the Small Business Regulatory Enforcement and Fairness Act of 1996, requires an agency to prepare and make available to the public a final regulatory flexibility analysis that describes the effect of a rule on small entities (*i.e.,* small businesses, small organizations, and small governmental jurisdictions) when the agency is required ''to publish a general notice of proposed rulemaking'' prior to issuing the final rule. *See* 5 U.S.C. 604(a). Because this rule is being issued without a prior notice of proposed rulemaking, on the grounds set forth above, a regulatory flexibility analysis is not required under the RFA. Further, even if the RFA were applicable here, the Department would find that this rule will not have a significant economic impact on a substantial number of small entities because these regulatory changes do not impose any new substantive obligations on Federal funding recipients. All Federal funding recipients remain bound by the Title IX regulations that are already in force.

Unfunded Mandates Reform Act, 2 U.S.C. Chapter 25

The Unfunded Mandates Reform Act of 1995 requires agencies to prepare assessments of any rule that would result in the annual expenditure of more than $100 million by State, local, or Tribal governments, or the private sector. 2 U.S.C. 1503(2) exempts from the Act's coverage a proposed or final rule such as this one that ''establishes or enforces any statutory rights that prohibit discrimination on the basis of race, color, religion, sex, national origin, age, handicap, or disability.'' This rule is therefore not subject to the provisions of the Act.

Congressional Review Act

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

List of Subjects for 34 CFR Part 106

Administrative practice and procedure, Civil rights, Education, Equal employment opportunity, Grant programs, Sex discrimination.

Signing Authority

This document of the U.S. Department of Education was signed on September 25, 2026, by Linda E. McMahon, U.S. Secretary of Education. That document with the original signature and date is maintained by the U.S. Department of Education. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned has been authorized to sign the document in electronic format for publication, as an official document of the U.S. Department of Education. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

Tracey St. Pierre,

Director, Office of the Executive Secretariat, Office of the Secretary, U.S. Department of Education.

For the reasons discussed in the preamble, the Secretary of Education amends part 106 of title 34 of the Code of Federal Regulations as set forth below:

PART 106—NONDISCRIMINATION ON THE BASIS OF SEX IN EDUCATION PROGRAMS OR ACTIVITIES RECEIVING FEDERAL FINANCIAL ASSISTANCE

■ 1. The authority citation for part 106 continues to read as follows:

Authority: 20 U.S.C. 1681 *et seq.,* unless otherwise noted.

■ 2. Section 106.1 is revised to read as follows:

§ 106.1 Purpose and effective date.

The purpose of this part is to effectuate title IX of the Education Amendments of 1972, as amended by Public Law 93–568, 88 Stat. 1855 (except sections 904 and 906 of those Amendments) which is designed to eliminate (with certain exceptions) discrimination on the basis of sex in any education program or activity receiving Federal financial assistance, whether or not such program or activity is offered or sponsored by an educational institution as defined in this part. This part is also intended to effectuate section 844 of the Education Amendments of 1974, Public Law 93–380, 88 Stat. 484. The effective date of this part shall be July 21, 1975.

■ 3. Section 106.2 is revised to read as follows:

§ 106.2 Definitions.

As used in this part, the term:

(a) *Title IX* means title IX of the Education Amendments of 1972, Public Law 92–318, as amended by section 3 of Public Law 93–568, 88 Stat. 1855, except sections 904 and 906 thereof; 20 U.S.C. 1681, 1682, 1683, 1685, 1686.

(b) *Department* means the Department of Education.

(c) *Secretary* means the Secretary of Education.

(d) *Assistant Secretary* means the Assistant Secretary for Civil Rights of the Department.

(e) *Reviewing Authority* means that component of the Department delegated authority by the Secretary to appoint, and to review the decisions of, administrative law judges in cases arising under this part.

(f) *Administrative law judge* means a person appointed by the reviewing authority to preside over a hearing held under this part.

(g) *Federal financial assistance* means any of the following, when authorized or extended under a law administered by the Department:

(1) A grant or loan of Federal financial assistance, including funds made available for:

(i) The acquisition, construction, renovation, restoration, or repair of a building or facility or any portion thereof; and

(ii) Scholarships, loans, grants, wages or other funds extended to any entity for payment to or on behalf of students admitted to that entity or extended directly to such students for payment to that entity.

(2) A grant of Federal real or personal property or any interest therein, including surplus property, and the proceeds of the sale or transfer of such property, if the Federal share of the fair market value of the property is not, upon such sale or transfer, properly accounted for to the Federal Government.

(3) Provision of the services of Federal personnel.

(4) Sale or lease of Federal property or any interest therein at nominal consideration, or at consideration reduced for the purpose of assisting the recipient or in recognition of public interest to be served thereby, or permission to use Federal property or any interest therein without consideration.

(5) Any other contract, agreement, or arrangement which has as one of its purposes the provision of assistance to any education program or activity, except a contract of insurance or guaranty.

(h) *Program or activity* and *program* means all of the operations of—

(1)(i) A department, agency, special purpose district, or other instrumentality of a State or local government; or

(ii) The entity of a State or local government that distributes such assistance and each such department or agency (and each other State or local government entity) to which the assistance is extended, in the case of assistance to a State or local government;

(2)(i) A college, university, or other post-secondary institution, or a public system of higher education; or

(ii) A local educational agency (as defined in 20 U.S.C. 8801), system of vocational education, or other school system;

(3)(i) An entire corporation, partnership, other private organization, or an entire sole proprietorship—

(A) If assistance is extended to such corporation, partnership, private organization, or sole proprietorship as a whole; or

(B) Which is principally engaged in the business of providing education, health care, housing, social services, or parks and recreation; or

(ii) The entire plant or other comparable, geographically separate facility to which Federal financial assistance is extended, in the case of any other corporation, partnership, private organization, or sole proprietorship; or

(4) Any other entity that is established by two or more of the entities described in paragraph (h)(1), (2), or (3) of this section; any part of which is extended Federal financial assistance.

(i) *Recipient* means any State or political subdivision thereof, or any instrumentality of a State or political subdivision thereof, any public or private agency, institution, or organization, or other entity, or any person, to whom Federal financial assistance is extended directly or through another recipient and which operates an education program or activity which receives such assistance, including any subunit, successor, assignee, or transferee thereof.

(j) *Applicant* means one who submits an application, request, or plan required to be approved by a Department official, or by a recipient, as a condition to becoming a recipient.

(k) *Educational institution* means a local educational agency (LEA) as defined by section 1001(f) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 3381), a preschool, a private elementary or secondary school, or an applicant or recipient of the type defined by paragraph (l), (m), (n), or (o) of this section.

(l) *Institution of graduate higher education* means an institution which:

(1) Offers academic study beyond the bachelor of arts or bachelor of science degree, whether or not leading to a certificate of any higher degree in the liberal arts and sciences; or

(2) Awards any degree in a professional field beyond the first professional degree (regardless of whether the first professional degree in such field is awarded by an institution of undergraduate higher education or professional education); or

(3) Awards no degree and offers no further academic study but operates ordinarily for the purpose of facilitating research by persons who have received the highest graduate degree in any field of study.

(m) *Institution of undergraduate higher education* means:

(1) An institution offering at least two but less than four years of college level study beyond the high school level, leading to a diploma or an associate degree, or wholly or principally creditable toward a baccalaureate degree; or

(2) An institution offering academic study leading to a baccalaureate degree; or

(3) An agency or body which certifies credentials or offers degrees, but which may or may not offer academic study.

(n) *Institution of professional education* means an institution (except any institution of undergraduate higher education) which offers a program of academic study that leads to a first professional degree in a field for which there is a national specialized accrediting agency recognized by the Secretary.

(o) *Institution of vocational education* means a school or institution (except an institution of professional or graduate or undergraduate higher education) which has as its primary purpose preparation of students to pursue a technical, skilled, or semiskilled occupation or trade, or to pursue study in a technical field, whether or not the school or institution offers certificates, diplomas, or degrees and whether or not it offers fulltime study.

(p) *Administratively separate unit* means a school, department or college of an educational institution (other than a local educational agency) admission to which is independent of admission to any other component of such institution.

(q) *Admission* means selection for part-time, full-time, special, associate, transfer, exchange, or any other enrollment, membership, or matriculation in or at an education program or activity operated by a recipient.

(r) *Student* means a person who has gained admission.

(s) *Transition plan* means a plan subject to the approval of the Secretary pursuant to section 901(a)(2) of the Education Amendments of 1972, under which an educational institution operates in making the transition from being an educational institution which admits only students of one sex to being one which admits students of both sexes without discrimination.

■ 4. Section 106.6 is amended by revising paragraphs (b), (e), and (g) and adding paragraph (h) to read as follows:

§ 106.6 Effect of other requirements and preservation of rights.

* * * * *

(b) *Effect of State or local law or other requirements.* The obligation to comply with this part is not obviated or alleviated by any State or local law or other requirement which would render any applicant or student ineligible, or limit the eligibility of any applicant or student, on the basis of sex, to practice any occupation or profession.

* * * * *

(e) *Effect of Section 444 of General Education Provisions Act (GEPA)/Family Educational Rights and Privacy Act (FERPA).* The obligation to comply with this part is not obviated or alleviated by the FERPA statute, 20 U.S.C. 1232g, or FERPA regulations, 34 CFR part 99.

* * * * *

(g) *Exercise of rights by parents or guardians.* Nothing in this part may be read in derogation of any legal right of a parent or guardian to act on behalf of a ''complainant,'' ''respondent,'' ''party,'' or other individual, subject to paragraph (e) of this section, including but not limited to filing a formal complaint.

(h) *Preemptive effect.* To the extent of a conflict between State or local law and title IX as implemented by §§ 106.30, 106.44, and 106.45, the obligation to comply with §§ 106.30, 106.44, and 106.45 is not obviated or alleviated by any State or local law.

■ 5. Section 106.8 is revised to read as follows:

§ 106.8 Designation of coordinator, dissemination of policy, and adoption of grievance procedures.

(a) *Designation of coordinator.* Each recipient must designate and authorize at least one employee to coordinate its efforts to comply with its responsibilities under this part, which employee must be referred to as the ''Title IX Coordinator.'' The recipient must notify applicants for admission and employment, students, parents or legal guardians of elementary and secondary school students, employees, and all unions or professional organizations holding collective bargaining or professional agreements with the recipient, of the name or title, office address, electronic mail address, and telephone number of the employee or employees designated as the Title IX Coordinator pursuant to this paragraph. Any person may report sex discrimination, including sexual harassment (whether or not the person reporting is the person alleged to be the victim of conduct that could constitute sex discrimination or sexual harassment), in person, by mail, by telephone, or by electronic mail, using the contact information listed for the Title IX Coordinator, or by any other means that results in the Title IX Coordinator receiving the person's verbal or written report. Such a report may be made at any time (including during non-business hours) by using the telephone number or electronic mail address, or by mail to the office address, listed for the Title IX Coordinator.

(b) *Dissemination of policy*—(1) *Notification of policy.* Each recipient must notify persons entitled to a notification under paragraph (a) of this section that the recipient does not discriminate on the basis of sex in the education program or activity that it operates, and that it is required by title IX and this part not to discriminate in such a manner. Such notification must state that the requirement not to discriminate in the education program or activity extends to admission (unless subpart C of this part does not apply) and employment, and that inquiries about the application of title IX and this part to such recipient may be referred to the recipient's Title IX Coordinator, to the Assistant Secretary, or both.

(2) *Publications.* (i) Each recipient must prominently display the contact information required to be listed for the Title IX Coordinator under paragraph (a) of this section and the policy described in paragraph (b)(1) of this section on its website, if any, and in each handbook or catalog that it makes available to persons entitled to a notification under paragraph (a) of this section.

(ii) A recipient must not use or distribute a publication stating that the recipient treats applicants, students, or employees differently on the basis of sex except as such treatment is permitted by title IX or this part.

(c) *Adoption of grievance procedures.* A recipient must adopt and publish grievance procedures that provide for the prompt and equitable resolution of student and employee complaints alleging any action that would be prohibited by this part and a grievance process that complies with § 106.45 for formal complaints as defined in § 106.30. A recipient must provide to persons entitled to a notification under paragraph (a) of this section notice of the recipient's grievance procedures and grievance process, including how to report or file a complaint of sex discrimination, how to report or file a formal complaint of sexual harassment, and how the recipient will respond.

(d) *Application outside the United States.* The requirements of paragraph (c) of this section apply only to sex discrimination occurring against a person in the United States.

§ 106.10 [Removed]

■ 6. Remove § 106.10.

■ 7. Section 106.11 is revised to read as follows:

§ 106.11 Application.

Except as provided in this subpart, this part 106 applies to every recipient and to the education program or activity operated by such recipient which receives Federal financial assistance.

■ 8. Section 106.15 is amended by revising paragraph (b) to read as follows:

§ 106.15 Admissions.

* * * * *

(b) *Administratively separate units.* For the purposes only of this section, §§ 106.16 and 106.17, and subpart C, each administratively separate unit shall be deemed to be an educational institution.

* * * * *

■ 9. Section 106.16 is revised to read as follows:

§ 106.16 Educational institutions eligible to submit transition plans.

(a) *Application.* This section applies to each educational institution to which subpart C applies which:

(1) Admitted only students of one sex as regular students as of June 23, 1972; or

(2) Admitted only students of one sex as regular students as of June 23, 1965, but thereafter admitted as regular students, students of the sex not admitted prior to June 23, 1965.

(b) *Provision for transition plans.* An educational institution to which this section applies shall not discriminate on the basis of sex in admission or recruitment in violation of subpart C unless it is carrying out a transition plan approved by the Secretary as described in § 106.17, which plan provides for the elimination of such discrimination by the earliest practicable date but in no event later than June 23, 1979.

■ 10. Section 106.17 is added to read as follows:

§ 106.17 Transition plans.

(a) *Submission of plans.* An institution to which § 106.16 applies and which is composed of more than one administratively separate unit may submit either a single transition plan applicable to all such units, or a separate transition plan applicable to each such unit.

(b) *Content of plans.* In order to be approved by the Secretary a transition plan shall:

(1) State the name, address, and Federal Interagency Committee on Education (FICE) Code of the educational institution submitting such plan, the administratively separate units to which the plan is applicable, and the name, address, and telephone number of the person to whom questions concerning the plan may be addressed. The person who submits the plan shall be the chief administrator or president of the institution, or another individual legally authorized to bind the institution to all actions set forth in the plan.

(2) State whether the educational institution or administratively separate unit admits students of both sexes, as regular students and, if so, when it began to do so.

(3) Identify and describe with respect to the educational institution or administratively separate unit any obstacles to admitting students without discrimination on the basis of sex.

(4) Describe in detail the steps necessary to eliminate as soon as practicable each obstacle so identified and indicate the schedule for taking these steps and the individual directly responsible for their implementation.

(5) Include estimates of the number of students, by sex, expected to apply for, be admitted to, and enter each class during the period covered by the plan.

(c) *Nondiscrimination.* No policy or practice of a recipient to which § 106.16 applies shall result in treatment of applicants to or students of such recipient in violation of subpart C unless such treatment is necessitated by an obstacle identified in paragraph (b)(3) of this section and a schedule for eliminating that obstacle has been provided as required by paragraph (b)(4) of this section.

(d) *Effects of past exclusion.* To overcome the effects of past exclusion of students on the basis of sex, each educational institution to which § 106.16 applies shall include in its transition plan, and shall implement, specific steps designed to encourage individuals of the previously excluded sex to apply for admission to such institution. Such steps shall include instituting recruitment which emphasizes the institution's commitment to enrolling students of the sex previously excluded.

■ 11. Section 106.18 is added to read a follows:

§ 106.18 Severability.

If any provision of this subpart or its application to any person, act, or practice is held invalid, the remainder of the subpart or the application of its provisions to any person, act, or practice shall not be affected thereby.

■ 12. Section 106.21 is amended by revising paragraphs (a) and (c) to read as follows:

§ 106.21 Admission.

(a) *General.* No person shall, on the basis of sex, be denied admission, or be subjected to discrimination in admission, by any recipient to which this subpart applies, except as provided in §§ 106.16 and 106.17.

* * * * *

(c) *Prohibitions relating to marital or parental status.* In determining whether a person satisfies any policy or criterion for admission, or in making any offer of admission, a recipient to which this subpart applies:

(1) Shall not apply any rule concerning the actual or potential parental, family, or marital status of a student or applicant which treats persons differently on the basis of sex;

(2) Shall not discriminate against or exclude any person on the basis of pregnancy, childbirth, termination of pregnancy, or recovery therefrom, or establish or follow any rule or practice which so discriminates or excludes;

(3) Shall treat disabilities related to pregnancy, childbirth, termination of pregnancy, or recovery therefrom in the same manner and under the same policies as any other temporary disability or physical condition; and

(4) Shall not make pre-admission inquiry as to the marital status of an applicant for admission, including whether such applicant is ''Miss'' or ''Mrs.'' A recipient may make pre-admission inquiry as to the sex of an applicant for admission, but only if such inquiry is made equally of such applicants of both sexes and if the results of such inquiry are not used in connection with dis-crimination prohibited by this part.

■ 13. Section 106.30 is added to subpart D to read as follows:

§ 106.30 Definitions.

(a) As used in this part:

Actual knowledge means notice of sexual harassment or allegations of sexual harassment to a recipient's Title IX Coordinator or any official of the recipient who has authority to institute corrective measures on behalf of the recipient, or to any employee of an elementary and secondary school. Imputation of knowledge based solely on vicarious liability or constructive notice is insufficient to constitute actual knowledge. This standard is not met when the only official of the recipient with actual knowledge is the respondent. The mere ability or obligation to report sexual harassment or to inform a student about how to report sexual harassment, or having been trained to do so, does not qualify an individual as one who has authority to institute corrective measures on behalf of the recipient. ''Notice'' as used in this paragraph includes, but is not limited to, a report of sexual harassment to the Title IX Coordinator as described in § 106.8(a).

Complainant means an individual who is alleged to be the victim of conduct that could constitute sexual harassment.

Consent. The Assistant Secretary will not require recipients to adopt a particular definition of consent with respect to sexual assault, as referenced in this section.

Formal complaint means a document filed by a complainant or signed by the Title IX Coordinator alleging sexual harassment against a respondent and requesting that the recipient investigate the allegation of sexual harassment. At the time of filing a formal complaint, a complainant must be participating in or attempting to participate in the education program or activity of the recipient with which the formal complaint is filed. A formal complaint may be filed with the Title IX Coordinator in person, by mail, or by electronic mail, by using the contact information required to be listed for the Title IX Coordinator under § 106.8(a), and by any additional method designated by the recipient. As used in this paragraph, the phrase ''document filed by a complainant'' means a document or electronic submission (such as by electronic mail or through an online portal provided for this purpose by the recipient) that contains the complainant's physical or digital signature, or otherwise indicates that the complainant is the person filing the formal complaint. Where the Title IX Coordinator signs a formal complaint, the Title IX Coordinator is not a complainant or otherwise a party under this part or under § 106.45, and must comply with the requirements of this part, including § 106.45(b)(1)(iii).

Respondent means an individual who has been reported to be the perpetrator of conduct that could constitute sexual harassment.

Sexual harassment means conduct on the basis of sex that satisfies one or more of the following:

(1) An employee of the recipient conditioning the provision of an aid, benefit, or service of the recipient on an individual's participation in unwelcome sexual conduct;

(2) Unwelcome conduct determined by a reasonable person to be so severe, pervasive, and objectively offensive that it effectively denies a person equal

access to the recipient's education program or activity; or

(3) ''Sexual assault'' as defined in 20 U.S.C. 1092(f)(6)(A)(v), ''dating violence'' as defined in 34 U.S.C. 12291(a)(10), ''domestic violence'' as defined in 34 U.S.C. 12291(a)(8), or ''stalking'' as defined in 34 U.S.C. 12291(a)(30).

Supportive measures means non-disciplinary, non-punitive individualized services offered as appropriate, as reasonably available, and without fee or charge to the complainant or the respondent before or after the filing of a formal complaint or where no formal complaint has been filed. Such measures are designed to restore or preserve equal access to the recipient's education program or activity without unreasonably burdening the other party, including measures designed to protect the safety of all parties or the recipient's educational environment, or deter sexual harassment. Supportive measures may include counseling, extensions of deadlines or other course-related adjustments, modifications of work or class schedules, campus escort services, mutual restrictions on contact between the parties, changes in work or housing locations, leaves of absence, increased security and monitoring of certain areas of the campus, and other similar measures. The recipient must maintain as confidential any supportive measures provided to the complainant or respondent, to the extent that maintaining such confidentiality would not impair the ability of the recipient to provide the supportive measures. The Title IX Coordinator is responsible for coordinating the effective implementation of supportive measures.

(b) As used in §§ 106.44 and 106.45:

Elementary and secondary school means a local educational agency (LEA), as defined in the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act, a preschool, or a private elementary or secondary school.

Postsecondary institution means an institution of graduate higher education as defined in § 106.2(l), an institution of undergraduate higher education as defined in § 106.2(m), an institution of professional education as defined in § 106.2(n), or an institution of vocational education as defined in § 106.2(o).

■ 14. Section 106.31 is amended by revising paragraph (a) to read as follows:

§ 106.31 Education programs or activities.

(a) *General.* Except as provided elsewhere in this part, no person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any academic, extracurricular, research, occupational training, or other education program or activity operated by a recipient which receives Federal financial assistance. This subpart does not apply to actions of a recipient in connection with admission of its students to an education program or activity of (1) a recipient to which subpart C does not apply, or (2) an entity, not a recipient, to which subpart C would not apply if the entity were a recipient.

* * * * *

■ 15. Section 106.40 is revised to read as follows:

§ 106.40 Marital or parental status.

(a) *Status generally.* A recipient shall not apply any rule concerning a student's actual or potential parental, family, or marital status which treats students differently on the basis of sex.

(b) *Pregnancy and related conditions.* (1) A recipient shall not discriminate against any student, or exclude any student from its education program or activity, including any class or extracurricular activity, on the basis of such student's pregnancy, childbirth, false pregnancy, termination of pregnancy or recovery therefrom, unless the student requests voluntarily to participate in a separate portion of the program or activity of the recipient.

(2) A recipient may require such a student to obtain the certification of a physician that the student is physically and emotionally able to continue participation so long as such a certification is required of all students for other physical or emotional conditions requiring the attention of a physician.

(3) A recipient which operates a portion of its education program or activity separately for pregnant students, admittance to which is completely voluntary on the part of the student as provided in paragraph (b)(1) of this section shall ensure that the separate portion is comparable to that offered to non-pregnant students.

(4) A recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy and recovery therefrom in the same manner and under the same policies as any other temporary disability with respect to any medical or hospital benefit, service, plan or policy which such recipient administers, operates, offers, or participates in with respect to students admitted to the recipient's educational program or activity.

(5) In the case of a recipient which does not maintain a leave policy for its students, or in the case of a student who does not otherwise qualify for leave under such a policy, a recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy and recovery therefrom as a justification for a leave of absence for so long a period of time as is deemed medically necessary by the student's physician, at the conclusion of which the student shall be reinstated to the status which she held when the leave began.

■ 16. Section 106.44 is revised to read as follows:

§ 106.44 Recipient's response to sexual harassment.

(a) *General response to sexual harassment.* A recipient with actual knowledge of sexual harassment in an education program or activity of the recipient against a person in the United States, must respond promptly in a manner that is not deliberately indifferent. A recipient is deliberately indifferent only if its response to sexual harassment is clearly unreasonable in light of the known circumstances. For the purposes of this section, §§ 106.30, and 106.45, ''education program or activity'' includes locations, events, or circumstances over which the recipient exercised substantial control over both the respondent and the context in which the sexual harassment occurs, and also includes any building owned or controlled by a student organization that is officially recognized by a postsecondary institution. A recipient's response must treat complainants and respondents equitably by offering supportive measures as defined in § 106.30 to a complainant, and by following a grievance process that complies with § 106.45 before the imposition of any disciplinary sanctions or other actions that are not supportive measures as defined in § 106.30, against a respondent. The Title IX Coordinator must promptly contact the complainant to discuss the availability of supportive measures as defined in § 106.30, consider the complainant's wishes with respect to supportive measures, inform the complainant of the availability of supportive measures with or without the filing of a formal complaint, and explain to the complainant the process for filing a formal complaint. The Department may not deem a recipient to have satisfied the recipient's duty to not be deliberately indifferent under this part based on the recipient's restriction of rights protected under the U.S. Constitution, including the First Amendment, Fifth Amendment, and Fourteenth Amendment.

(b) *Response to a formal complaint.* (1) In response to a formal complaint, a recipient must follow a grievance process that complies with § 106.45. With or without a formal complaint, a recipient must comply with § 106.44(a).

(2) The Assistant Secretary will not deem a recipient's determination regarding responsibility to be evidence of deliberate indifference by the recipient, or otherwise evidence of discrimination under title IX by the recipient, solely because the Assistant Secretary would have reached a different determination based on an independent weighing of the evidence.

(c) *Emergency removal.* Nothing in this part precludes a recipient from removing a respondent from the recipient's education program or activity on an emergency basis, provided that the recipient undertakes an individualized safety and risk analysis, determines that an immediate threat to the physical health or safety of any student or other individual arising from the allegations of sexual harassment justifies removal, and provides the respondent with notice and an opportunity to challenge the decision immediately following the removal. This provision may not be construed to modify any rights under the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, or the Americans with Disabilities Act.

(d) *Administrative leave.* Nothing in this subpart precludes a recipient from placing a non-student employee respondent on administrative leave during the pendency of a grievance process that complies with § 106.45. This provision may not be construed to modify any rights under Section 504 of the Rehabilitation Act of 1973 or the Americans with Disabilities Act.

■ 17. Section 106.45 is revised to read as follows:

§ 106.45 Grievance process for formal complaints of sexual harassment.

(a) *Discrimination on the basis of sex.* A recipient's treatment of a complainant or a respondent in response to a formal complaint of sexual harassment may constitute discrimination on the basis of sex under title IX.

(b) *Grievance process.* For the purpose of addressing formal complaints of sexual harassment, a recipient's grievance process must comply with the requirements of this section. Any provisions, rules, or practices other than those required by this section that a recipient adopts as part of its grievance process for handling formal complaints of sexual harassment as defined in § 106.30, must apply equally to both parties.

(1) *Basic requirements for grievance process.* A recipient's grievance process must—

(i) Treat complainants and respondents equitably by providing remedies to a complainant where a determination of responsibility for sexual harassment has been made against the respondent, and by following a grievance process that complies with this section before the imposition of any disciplinary sanctions or other actions that are not supportive measures as defined in § 106.30, against a respondent. Remedies must be designed to restore or preserve equal access to the recipient's education program or activity. Such remedies may include the same individualized services described in § 106.30 as ''supportive measures''; however, remedies need not be non-disciplinary or non-punitive and need not avoid burdening the respondent;

(ii) Require an objective evaluation of all relevant evidence—including both inculpatory and exculpatory evidence—and provide that credibility determinations may not be based on a person's status as a complainant, respondent, or witness;

(iii) Require that any individual designated by a recipient as a Title IX Coordinator, investigator, decision-maker, or any person designated by a recipient to facilitate an informal resolution process, not have a conflict of interest or bias for or against complainants or respondents generally or an individual complainant or respondent. A recipient must ensure that Title IX Coordinators, investigators, decision-makers, and any person who facilitates an informal resolution process, receive training on the definition of sexual harassment in § 106.30, the scope of the recipient's education program or activity, how to conduct an investigation and grievance process including hearings, appeals, and informal resolution processes, as applicable, and how to serve impartially, including by avoiding prejudgment of the facts at issue, conflicts of interest, and bias. A recipient must ensure that decision-makers receive training on any technology to be used at a live hearing and on issues of relevance of questions and evidence, including when questions and evidence about the complainant's sexual predisposition or prior sexual behavior are not relevant, as set forth in paragraph (b)(6) of this section. A recipient also must ensure that investigators receive training on issues of relevance to create an investigative report that fairly summarizes relevant evidence, as set forth in paragraph (b)(5)(vii) of this section. Any materials used to train Title IX Coordinators, investigators, decision-makers, and any person who facilitates an informal resolution process, must not rely on sex stereotypes and must promote impartial investigations and adjudications of formal complaints of sexual harassment;

(iv) Include a presumption that the respondent is not responsible for the alleged conduct until a determination regarding responsibility is made at the conclusion of the grievance process;

(v) Include reasonably prompt time frames for conclusion of the grievance process, including reasonably prompt time frames for filing and resolving appeals and informal resolution processes if the recipient offers informal resolution processes, and a process that allows for the temporary delay of the grievance process or the limited extension of time frames for good cause with written notice to the complainant and the respondent of the delay or extension and the reasons for the action. Good cause may include considerations such as the absence of a party, a party's advisor, or a witness; concurrent law enforcement activity; or the need for language assistance or accommodation of disabilities;

(vi) Describe the range of possible disciplinary sanctions and remedies or list the possible disciplinary sanctions and remedies that the recipient may implement following any determination of responsibility;

(vii) State whether the standard of evidence to be used to determine responsibility is the preponderance of the evidence standard or the clear and convincing evidence standard, apply the same standard of evidence for formal complaints against students as for formal complaints against employees, including faculty, and apply the same standard of evidence to all formal complaints of sexual harassment;

(viii) Include the procedures and permissible bases for the complainant and respondent to appeal;

(ix) Describe the range of supportive measures available to complainants and respondents; and

(x) Not require, allow, rely upon, or otherwise use questions or evidence that constitute, or seek disclosure of, information protected under a legally recognized privilege, unless the person holding such privilege has waived the privilege.

(2) *Notice of allegations.* (i) Upon receipt of a formal complaint, a recipient must provide the following written notice to the parties who are known:

(A) Notice of the recipient's grievance process that complies with this section, including any informal resolution process.

(B) Notice of the allegations of sexual harassment potentially constituting sexual harassment as defined in § 106.30, including sufficient details known at the time and with sufficient time to prepare a response before any initial interview. Sufficient details include the identities of the parties involved in the incident, if known, the conduct allegedly constituting sexual harassment under § 106.30, and the date and location of the alleged incident, if known. The written notice must include a statement that the respondent is presumed not responsible for the alleged conduct and that a determination regarding responsibility is made at the conclusion of the grievance process. The written notice must inform the parties that they may have an advisor of their choice, who may be, but is not required to be, an attorney, under paragraph (b)(5)(iv) of this section, and may inspect and review evidence under paragraph (b)(5)(vi) of this section. The written notice must inform the parties of any provision in the recipient's code of conduct that prohibits knowingly making false statements or knowingly submitting false information during the grievance process.

(ii) If, in the course of an investigation, the recipient decides to investigate allegations about the complainant or respondent that are not included in the notice provided pursuant to paragraph (b)(2)(i)(B) of this section, the recipient must provide notice of the additional allegations to the parties whose identities are known.

(3) *Dismissal of a formal complaint.* (i) The recipient must investigate the allegations in a formal complaint. If the conduct alleged in the formal complaint would not constitute sexual harassment as defined in § 106.30 even if proved, did not occur in the recipient's education program or activity, or did not occur against a person in the United States, then the recipient must dismiss the formal complaint with regard to that conduct for purposes of sexual harassment under title IX or this part; such a dismissal does not preclude action under another provision of the recipient's code of conduct.

(ii) The recipient may dismiss the formal complaint or any allegations therein, if at any time during the investigation or hearing: A complainant notifies the Title IX Coordinator in writing that the complainant would like to withdraw the formal complaint or any allegations therein; the respondent is no longer enrolled or employed by the recipient; or specific circumstances prevent the recipient from gathering evidence sufficient to reach a determination as to the formal complaint or allegations therein.

(iii) Upon a dismissal required or permitted pursuant to paragraph (b)(3)(i) or (b)(3)(ii) of this section, the recipient must promptly send written notice of the dismissal and reason(s) therefor simultaneously to the parties.

(4) *Consolidation of formal complaints.* A recipient may consolidate formal complaints as to allegations of sexual harassment against more than one respondent, or by more than one complainant against one or more respondents, or by one party against the other party, where the allegations of sexual harassment arise out of the same facts or circumstances. Where a grievance process involves more than one complainant or more than one respondent, references in this section to the singular "party," "complainant," or "respondent" include the plural, as applicable.

(5) *Investigation of a formal complaint.* When investigating a formal complaint and throughout the grievance process, a recipient must—

(i) Ensure that the burden of proof and the burden of gathering evidence sufficient to reach a determination regarding responsibility rest on the recipient and not on the parties provided that the recipient cannot access, consider, disclose, or otherwise use a party's records that are made or maintained by a physician, psychiatrist, psychologist, or other recognized professional or paraprofessional acting in the professional's or paraprofessional's capacity, or assisting in that capacity, and which are made and maintained in connection with the provision of treatment to the party, unless the recipient obtains that party's voluntary, written consent to do so for a grievance process under this section (if a party is not an "eligible student," as defined in 34 CFR 99.3, then the recipient must obtain the voluntary, written consent of a "parent," as defined in 34 CFR 99.3);

(ii) Provide an equal opportunity for the parties to present witnesses, including fact and expert witnesses, and other inculpatory and exculpatory evidence;

(iii) Not restrict the ability of either party to discuss the allegations under investigation or to gather and present relevant evidence;

(iv) Provide the parties with the same opportunities to have others present during any grievance proceeding, including the opportunity to be accompanied to any related meeting or proceeding by the advisor of their choice, who may be, but is not required to be, an attorney, and not limit the choice or presence of advisor for either the complainant or respondent in any meeting or grievance proceeding; however, the recipient may establish restrictions regarding the extent to which the advisor may participate in the proceedings, as long as the restrictions apply equally to both parties;

(v) Provide, to a party whose participation is invited or expected, written notice of the date, time, location, participants, and purpose of all hearings, investigative interviews, or other meetings, with sufficient time for the party to prepare to participate;

(vi) Provide both parties an equal opportunity to inspect and review any evidence obtained as part of the investigation that is directly related to the allegations raised in a formal complaint, including the evidence upon which the recipient does not intend to rely in reaching a determination regarding responsibility and inculpatory or exculpatory evidence whether obtained from a party or other source, so that each party can meaningfully respond to the evidence prior to conclusion of the investigation. Prior to completion of the investigative report, the recipient must send to each party and the party's advisor, if any, the evidence subject to inspection and review in an electronic format or a hard copy, and the parties must have at least 10 days to submit a written response, which the investigator will consider prior to completion of the investigative report. The recipient must make all such evidence subject to the parties' inspection and review available at any hearing to give each party equal opportunity to refer to such evidence during the hearing, including for purposes of cross-examination; and

(vii) Create an investigative report that fairly summarizes relevant evidence and, at least 10 days prior to a hearing (if a hearing is required under this section or otherwise provided) or other time of determination regarding responsibility, send to each party and the party's advisor, if any, the investigative report in an electronic format or a hard copy, for their review and written response.

(6) *Hearings.* (i) For postsecondary institutions, the recipient's grievance process must provide for a live hearing. At the live hearing, the decision-maker(s) must permit each party's advisor to ask the other party and any witnesses all relevant questions and follow-up questions, including those challenging credibility. Such cross-examination at the live hearing must be conducted directly, orally, and in real

time by the party's advisor of choice and never by a party personally, notwithstanding the discretion of the recipient under paragraph (b)(5)(iv) of this section to otherwise restrict the extent to which advisors may participate in the proceedings. At the request of either party, the recipient must provide for the live hearing to occur with the parties located in separate rooms with technology enabling the decision-maker(s) and parties to simultaneously see and hear the party or the witness answering questions. Only relevant cross-examination and other questions may be asked of a party or witness. Before a complainant, respondent, or witness answers a cross-examination or other question, the decision-maker(s) must first determine whether the question is relevant and explain any decision to exclude a question as not relevant. If a party does not have an advisor present at the live hearing, the recipient must provide without fee or charge to that party, an advisor of the recipient's choice, who may be, but is not required to be, an attorney, to conduct cross-examination on behalf of that party. Questions and evidence about the complainant's sexual predisposition or prior sexual behavior are not relevant, unless such questions and evidence about the complainant's prior sexual behavior are offered to prove that someone other than the respondent committed the conduct alleged by the complainant, or if the questions and evidence concern specific incidents of the complainant's prior sexual behavior with respect to the respondent and are offered to prove consent. Live hearings pursuant to this paragraph may be conducted with all parties physically present in the same geographic location or, at the recipient's discretion, any or all parties, witnesses, and other participants may appear at the live hearing virtually, with technology enabling participants simultaneously to see and hear each other. Recipients must create an audio or audiovisual recording, or transcript, of any live hearing and make it available to the parties for inspection and review.

(ii) For recipients that are elementary and secondary schools, and other recipients that are not postsecondary institutions, the recipient's grievance process may, but need not, provide for a hearing. With or without a hearing, after the recipient has sent the investigative report to the parties pursuant to paragraph (b)(5)(vii) of this section and before reaching a determination regarding responsibility, the decision-maker(s) must afford each party the opportunity to submit written, relevant questions that a party wants asked of any party or witness, provide each party with the answers, and allow for additional, limited follow-up questions from each party. With or without a hearing, questions and evidence about the complainant's sexual predisposition or prior sexual behavior are not relevant, unless such questions and evidence about the complainant's prior sexual behavior are offered to prove that someone other than the respondent committed the conduct alleged by the complainant, or if the questions and evidence concern specific incidents of the complainant's prior sexual behavior with respect to the respondent and are offered to prove consent. The decision-maker(s) must explain to the party proposing the questions any decision to exclude a question as not relevant.

(7) *Determination regarding responsibility.* (i) The decision-maker(s), who cannot be the same person(s) as the Title IX Coordinator or the investigator(s), must issue a written determination regarding responsibility. To reach this determination, the recipient must apply the standard of evidence described in paragraph (b)(1)(vii) of this section.

(ii) The written determination must include—

(A) Identification of the allegations potentially constituting sexual harassment as defined in § 106.30;

(B) A description of the procedural steps taken from the receipt of the formal complaint through the determination, including any notifications to the parties, interviews with parties and witnesses, site visits, methods used to gather other evidence, and hearings held;

(C) Findings of fact supporting the determination;

(D) Conclusions regarding the application of the recipient's code of conduct to the facts;

(E) A statement of, and rationale for, the result as to each allegation, including a determination regarding responsibility, any disciplinary sanctions the recipient imposes on the respondent, and whether remedies designed to restore or preserve equal access to the recipient's education program or activity will be provided by the recipient to the complainant; and

(F) The recipient's procedures and permissible bases for the complainant and respondent to appeal.

(iii) The recipient must provide the written determination to the parties simultaneously. The determination regarding responsibility becomes final either on the date that the recipient provides the parties with the written determination of the result of the appeal, if an appeal is filed, or if an appeal is not filed, the date on which an appeal would no longer be considered timely.

(iv) The Title IX Coordinator is responsible for effective implementation of any remedies.

(8) *Appeals.* (i) A recipient must offer both parties an appeal from a determination regarding responsibility, and from a recipient's dismissal of a formal complaint or any allegations therein, on the following bases:

(A) Procedural irregularity that affected the outcome of the matter;

(B) New evidence that was not reasonably available at the time the determination regarding responsibility or dismissal was made, that could affect the outcome of the matter; and

(C) The Title IX Coordinator, investigator(s), or decision-maker(s) had a conflict of interest or bias for or against complainants or respondents generally or the individual complainant or respondent that affected the outcome of the matter.

(ii) A recipient may offer an appeal equally to both parties on additional bases.

(iii) As to all appeals, the recipient must:

(A) Notify the other party in writing when an appeal is filed and implement appeal procedures equally for both parties;

(B) Ensure that the decision-maker(s) for the appeal is not the same person as the decision-maker(s) that reached the determination regarding responsibility or dismissal, the investigator(s), or the Title IX Coordinator;

(C) Ensure that the decision-maker(s) for the appeal complies with the standards set forth in paragraph (b)(1)(iii) of this section;

(D) Give both parties a reasonable, equal opportunity to submit a written statement in support of, or challenging, the outcome;

(E) Issue a written decision describing the result of the appeal and the rationale for the result; and

(F) Provide the written decision simultaneously to both parties.

(9) *Informal resolution.* A recipient may not require as a condition of enrollment or continuing enrollment, or employment or continuing employment, or enjoyment of any other right, waiver of the right to an investigation and adjudication of formal complaints of sexual harassment consistent with this section. Similarly, a recipient may not require the parties to participate in an informal resolution process under this section and may not offer an informal

resolution process unless a formal complaint is filed. However, at any time prior to reaching a determination regarding responsibility the recipient may facilitate an informal resolution process, such as mediation, that does not involve a full investigation and adjudication, provided that the recipient—

(i) Provides to the parties a written notice disclosing: The allegations, the requirements of the informal resolution process including the circumstances under which it precludes the parties from resuming a formal complaint arising from the same allegations, provided, however, that at any time prior to agreeing to a resolution, any party has the right to withdraw from the informal resolution process and resume the grievance process with respect to the formal complaint, and any consequences resulting from participating in the informal resolution process, including the records that will be maintained or could be shared;

(ii) Obtains the parties' voluntary, written consent to the informal resolution process; and

(iii) Does not offer or facilitate an informal resolution process to resolve allegations that an employee sexually harassed a student.

(10) *Recordkeeping.* (i) A recipient must maintain for a period of seven years records of—

(A) Each sexual harassment investigation including any determination regarding responsibility and any audio or audiovisual recording or transcript required under paragraph (b)(6)(i) of this section, any disciplinary sanctions imposed on the respondent, and any remedies provided to the complainant designed to restore or preserve equal access to the recipient's education program or activity;

(B) Any appeal and the result therefrom;

(C) Any informal resolution and the result therefrom; and

(D) All materials used to train Title IX Coordinators, investigators, decision-makers, and any person who facilitates an informal resolution process. A recipient must make these training materials publicly available on its website, or if the recipient does not maintain a website the recipient must make these materials available upon request for inspection by members of the public.

(ii) For each response required under § 106.44, a recipient must create, and maintain for a period of seven years, records of any actions, including any supportive measures, taken in response to a report or formal complaint of sexual harassment. In each instance, the recipient must document the basis for its conclusion that its response was not deliberately indifferent, and document that it has taken measures designed to restore or preserve equal access to the recipient's education program or activity. If a recipient does not provide a complainant with supportive measures, then the recipient must document the reasons why such a response was not clearly unreasonable in light of the known circumstances. The documentation of certain bases or measures does not limit the recipient in the future from providing additional explanations or detailing additional measures taken.

■ 18. Section 106.46 is revised to read as follows:

§ 106.46 Severability.

If any provision of this subpart or its application to any person, act, or practice is held invalid, the remainder of the subpart or the application of its provisions to any person, act, or practice shall not be affected thereby.

§ 106.47 [Removed]

■ 19. Remove § 106.47.

§ 106.48 [Removed]

■ 20. Remove § 106.48.

■ 21. Section 106.51 is amended by revising paragraph (b)(6) to read as follows:

§ 106.51 Employment.

* * * * *

(b) * * *

(6) Granting and return from leaves of absence, leave for pregnancy, childbirth, false pregnancy, termination of pregnancy, leave for persons of either sex to care for children or dependents, or any other leave;

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■ 22. Section 106.57 is revised to read as follows:

§ 106.57 Marital or parental status.

(a) *General.* A recipient shall not apply any policy or take any employment action:

(1) Concerning the potential marital, parental, or family status of an employee or applicant for employment which treats persons differently on the basis of sex; or

(2) Which is based upon whether an employee or applicant for employment is the head of household or principal wage earner in such employee's or applicant's family unit.

(b) *Pregnancy.* A recipient shall not discriminate against or exclude from employment any employee or applicant for employment on the basis of pregnancy, childbirth, false pregnancy, termination of pregnancy, or recovery therefrom.

(c) *Pregnancy as a temporary disability.* A recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy, and recovery therefrom and any temporary disability resulting therefrom as any other temporary disability for all job related purposes, including commencement, duration and extensions of leave, payment of disability income, accrual of seniority and any other benefit or service, and reinstatement, and under any fringe benefit offered to employees by virtue of employment.

(d) *Pregnancy leave.* In the case of a recipient which does not maintain a leave policy for its employees, or in the case of an employee with insufficient leave or accrued employment time to qualify for leave under such a policy, a recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy and recovery therefrom as a justification for a leave of absence without pay for a reasonable period of time, at the conclusion of which the employee shall be reinstated to the status which she held when the leave began or to a comparable position, without decrease in rate of compensation or loss of promotional opportunities, or any other right or privilege of employment.

■ 23. Section 106.60 is revised to read as follows:

§ 106.60 Pre-employment inquires.

(a) *Marital status.* A recipient shall not make pre-employment inquiry as to the marital status of an applicant for employment, including whether such applicant is ''Miss or Mrs.''

(b) *Sex.* A recipient may make pre-employment inquiry as to the sex of an applicant for employment, but only if such inquiry is made equally of such applicants of both sexes and if the results of such inquiry are not used in connection with discrimination prohibited by this part.

■ 24. Section 106.71 is revised to read as follows:

§ 106.71 Retaliation.

(a) *Retaliation prohibited.* No recipient or other person may intimidate, threaten, coerce, or discriminate against any individual for the purpose of interfering with any right or privilege secured by title IX or this part, or because the individual has made a report or complaint, testified, assisted, or participated or refused to participate in any manner in an investigation, proceeding, or hearing under this part. Intimidation, threats, coercion, or discrimination, including charges against an individual for code of conduct violations that do not involve sex discrimination or sexual harassment, but arise out of the same facts or circumstances as a report or complaint of sex discrimination, or a report or formal complaint of sexual harassment, for the purpose of interfering with any right or privilege secured by title IX or this part, constitutes retaliation. The recipient must keep confidential the identity of any individual who has made a report or complaint of sex discrimination, including any individual who has made a report or filed a formal complaint of sexual harassment, any complainant, any individual who has been reported to be the perpetrator of sex discrimination, any respondent, and any witness, except as may be permitted by the FERPA statute, 20 U.S.C. 1232g, or FERPA regulations, 34 CFR part 99, or as required by law, or to carry out the purposes of 34 CFR part 106, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder. Complaints alleging retaliation may be filed according to the grievance procedures for sex discrimination required to be adopted under § 106.8(c).

(b) *Specific circumstances.* (1) The exercise of rights protected under the First Amendment does not constitute retaliation prohibited under paragraph (a) of this section.

(2) Charging an individual with a code of conduct violation for making a materially false statement in bad faith in the course of a grievance proceeding under this part does not constitute retaliation prohibited under paragraph (a) of this section, provided, however, that a determination regarding responsibility, alone, is not sufficient to conclude that any party made a materially false statement in bad faith.

■ 25. Section 106.81 is revised to read as follows:

§ 106.81 Procedures.

The procedural provisions applicable to title VI of the Civil Rights Act of 1964 are hereby adopted and incorporated herein by reference. These procedures may be found at 34 CFR 100.6–100.11 and 34 CFR part 101. The definitions in § 106.30 do not apply to 34 CFR 100.6–100.11 and 34 CFR part 101.

[FR Doc. 2026–19929 Filed 9–28–26; 8:45 am]

BILLING CODE 4000–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Parts 70 and 71

[EPA–HQ–OAR–2016–0186; FRL–8961.2–02–OAR]

RIN 2060–AX05

Rescission of Title V Emergency Affirmative Defense Rule; Corrections

AGENCY: Environmental Protection Agency (EPA).

ACTION: Correcting amendments.

SUMMARY: On June 1, 2026, the U.S. Environmental Protection Agency (EPA) published a final rule titled ''Rescission of Title V Emergency Affirmative Defense Rule.'' After publication, the EPA discovered inadvertent typographical errors in the action. This document corrects the errors and ensures the regulatory text restored on June 1, 2026, matches the original regulatory text codified in Federal regulations prior to their removal following the 2023 Affirmative Defense Rule. The corrections described in this action do not affect the emergency affirmative defense provisions codified in 40 CFR parts 70 and 71 in a substantive way.

DATES: The correction is effective September 29, 2026.

FOR FURTHER INFORMATION CONTACT: For information about this final action, contact Sydney Lawrence, Permitting and Program Support Division, Office of State Air Partnerships, Environmental Protection Agency, 109 T.W. Alexander Drive, Research Triangle Park, NC 27711; telephone number: (919) 541–4768; email address: *lawrence.sydney@epa.gov.*

SUPPLEMENTARY INFORMATION: The EPA is correcting the final rule, Rescission of Title V Emergency Affirmative Defense Rule, which published in the **Federal Register** on June 1, 2026 (91 FR 32357). Following publication of that document, the EPA discovered inadvertent typographical errors codified in the Agency's operating permit program regulations at 40 CFR 70.6(g)(2) and 71.6(g)(2).

The EPA is correcting the following errors published in **Federal Register** Document Number (FR Doc.) 2026–10875 on June 1, 2026:

- At 91 FR 32360, the regulatory text in 40 CFR 70.6 ''Permit content'' paragraph (g)(2) ''Effect of an emergency'' contains the typographical error ''bought my'' in the first sentence. The EPA now amends the regulatory text to replace the phrase ''bought my'' to ''brought for'' and the sentence shall read as follows, ''An emergency constitutes an affirmative defense to an action brought for noncompliance with such technology-based emission limitations if the conditions of paragraph (g)(3) of this section are met.''
- At 91 FR 32360, the regulatory text in 40 CFR 71.6 ''Permit content'' paragraph (g)(2) ''Effect of an emergency'' contains the typographical error ''bought my'' in the first sentence. The EPA now amends the regulatory text to replace the phrase ''bought my'' to ''brought for'' and the sentence shall read as follows, ''An emergency constitutes an affirmative defense to an action brought for noncompliance with such technology-based emission limitations if the conditions of paragraph (g)(3) of this section are met.''

For the same reasons explained in the Rescission of Title V Affirmative Defense Rule, the EPA is taking this action without providing an opportunity for prior public notice or comment because the Agency finds that the Administrative Procedure Act (APA) ''good cause'' exemption applies.[1] Furthermore, for the same reasons explained in the Rescission of the Title V Affirmative Defense Rule, the EPA finds that good cause exists to make this final rule effective immediately.[2] The EPA is correcting two erroneous uses of the phrase ''bought my'' to the proper phrase ''brought for'' in a rulemaking that carried out the mandate of the U.S. Court of Appeals for the D.C. Circuit in *SSM Litigation Group* v. *EPA,* 150 F.4th 593 (D.C. Cir. 2025) and restoring the text of 40 CFR 70.6(g) and 71.6(g) as these provisions existed before the EPA promulgated the 2023 Affirmative Defense Rule.[3]

List of Subjects

40 CFR Part 70

Environmental protection, Administrative practice and procedure, Air pollution control, Intergovernmental relations, Reporting and recordkeeping requirements.

40 CFR Part 71

Environmental protection, Administrative practice and procedure,

[1] 91 FR 32357, 32358.

[2] *Id.*

[3] ''Removal of Title V Emergency Affirmative Defense Provisions From State Operating Permit Programs and Federal Operating Permit Program.'' 88 FR 47029 (July 21, 2023).

Air pollution control, Reporting and recordkeeping requirements.

Aaron Szabo,

Assistant Administrator, Office of Air and Radiation.

Accordingly, 40 CFR parts 70 and 71 are corrected by making the following correcting amendments:

PART 70—STATE OPERATING PERMIT PROGRAMS

■ 1. The authority citation for part 70 continues to read as follows:

Authority: 42 U.S.C. 7401, *et seq*

■ 2. In § 70.6, revise paragraph (g)(2) to read as follows:

§ 70.6 Permit content.

* * * * *

(g) * * *

(2) *Effect of an emergency.* An emergency constitutes an affirmative defense to an action brought for noncompliance with such technology-based emission limitations if the conditions of paragraph (g)(3) of this section are met.

* * * * *

PART 71—FEDERAL OPERATING PERMIT PROGRAMS

■ 3. The authority citation for part 71 continues to read as follows:

Authority: 42 U.S.C. 7401, *et seq*

■ 4. In § 71.6, revise paragraph (g)(2) to read as follows:

§ 71.6 Permit content.

* * * * *

(g) * * *

(2) *Effect of an emergency.* An emergency constitutes an affirmative defense to an action brought for noncompliance with such technology-based emission limitations if the conditions of paragraph (g)(3) of this section are met.

* * * * *

[FR Doc. 2026–19889 Filed 9–28–26; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 180

[EPA–HQ–OPP–2024–0363; FRL–13147–01–OCSPP]

Sodium Salt of Acifluorfen; Pesticide Tolerance

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This regulation establishes a tolerance for residues of sodium salt of acifluorfen in or on sugar beet. UPL NA, Inc. requested this tolerance under the Federal Food, Drug, and Cosmetic Act (FFDCA).

DATES: This regulation is effective September 29, 2026. Objections and requests for hearings must be received on or before November 30, 2026, and must be filed in accordance with the instructions provided in 40 CFR part 178 (see also Unit I.C. of the **SUPPLEMENTARY INFORMATION**).

ADDRESSES: The docket for this action, identified by docket identification (ID) number EPA–HQ–OPP–2024–0363, is available online at *https://www.regulations.gov.* Additional information about dockets generally, along with instructions for visiting the docket in person, is available at *https://www.epa.gov/dockets.*

FOR FURTHER INFORMATION CONTACT: Charles Smith, Registration Division (7505T), Office of Pesticide Programs, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001; main telephone number: (202) 566–1030; email address: *RDFRNotices@epa.gov.*

SUPPLEMENTARY INFORMATION:

I. General Information

A. Does this action apply to me?

You may be potentially affected by this action if you are an agricultural producer, food manufacturer, or pesticide manufacturer. The following list of North American Industrial Classification System (NAICS) codes is not intended to be exhaustive but rather provides a guide to help readers determine whether this document applies to them. Potentially affected entities may include:

• Crop production (NAICS code 111).

• Animal production (NAICS code 112).

• Food manufacturing (NAICS code 311).

• Pesticide manufacturing (NAICS code 32532).

B. How can I get electronic access to other related information?

You may access a frequently updated electronic version of EPA's tolerance regulations at 40 CFR part 180 through the Office of the Federal Register's e-CFR site at *https://www.ecfr.gov/current/title-40.*

C. How can I file an objection or hearing request?

Under FFDCA section 408(g), 21 U.S.C. 346a(g), any person may file an objection to any aspect of this regulation and may also request a hearing on those objections. You must file your objection or request a hearing on this regulation in accordance with the instructions provided in 40 CFR part 178. To ensure proper receipt by EPA, you must identify the docket ID number EPA–HQ–OPP–2024–0363 in the subject line on the first page of your submission. All objections and requests for a hearing must be in writing and must be received by the Hearing Clerk on or before November 30, 2026. Addresses for mail and hand delivery of objections and hearing requests are provided in 40 CFR 178.25(b).

The EPA's Office of Administrative Law Judges (OALJ), in which the Hearing Clerk is housed, urges parties to file and serve documents by electronic means only, notwithstanding any other particular requirements set forth in other procedural rules governing those proceedings. See ''Revised Order Urging Electronic Filing and Service,'' dated June 22, 2023, which can be found at *https://www.epa.gov/system/files/documents/2023-06/2023-06-22%20-%20revised%20order%20urging%20electronic%20filing%20and%20service.pdf.* Although the EPA's regulations require submission via U.S. Mail or hand delivery, the EPA intends to treat submissions filed via electronic means as properly filed submissions; therefore, the EPA believes the preference for submission via electronic means will not be prejudicial. When submitting documents to the OALJ electronically, a person should utilize the OALJ e-filing system at *https://yosemite.epa.gov/OA/EAB/EAB-ALJ_Upload.nsf/HomePage?ReadForm.*

In addition to filing an objection or hearing request with the Hearing Clerk as described in 40 CFR part 178, please submit a copy of the filing (excluding any Confidential Business Information (CBI)) for inclusion in the public docket. Information not marked confidential pursuant to 40 CFR part 2 may be disclosed publicly by EPA without prior notice. Submit the non-CBI copy of your objection or hearing request, identified by docket ID number EPA–HQ–OPP–2024–0363, by one of the following methods:

• *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the online instructions for submitting comments. Do not submit electronically any information you consider to be CBI or other information whose disclosure is restricted by statute.

• *Mail:* OPP Docket, Environmental Protection Agency Docket Center (EPA/DC), (28221T), 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001.

• *Hand Delivery:* To make special arrangements for hand delivery or delivery of boxed information, please follow the instructions at *https://www.epa.gov/dockets.*

Additional instructions on commenting or visiting the docket, along with more information about dockets generally, is available at *https://www.epa.gov/dockets.*

II. Summary of Petitioned-For Tolerance

In the **Federal Register** of August 27, 2024 (89 FR 68571) (FRL–11682–07–OCSPP), EPA issued a document pursuant to FFDCA section 408(d)(3), 21 U.S.C. 346a(d)(3), announcing the filing of a pesticide petition (PP 4F9117) by UPL NA, Inc., P.O. Box 12219, Research Triangle Park, NC 27709–2219). The petition requested that 40 CFR 180.383 be amended by establishing tolerances for residues of the herbicide acifluorfen in or on sugar beet roots and sugar beet tops at 0.06 parts per million (ppm). That document referenced a summary of the petition prepared by the petitioner, which is available in the docket. There were no comments received in response to the notice of filing.

Based upon review of the data supporting the petition and in accordance with its authority under FFDCA section 408(d)(4)(A)(i), EPA is modifying the tolerance expression and is not establishing proposed-for tolerance in/on sugar beet tops. EPA is also removing the established Section 18 emergency exemption tolerances under 40 CFR 180.383(b) in or on sugar beet, root and sugar beet, leaf at 0.1 ppm. The reasons for these changes are explained in Unit IV.C.

III. Aggregate Risk Assessment and Determination of Safety

Section 408(b)(2)(A)(i) of FFDCA allows EPA to establish a tolerance (the legal limit for a pesticide chemical residue in or on a food) only if EPA determines that the tolerance is ''safe.'' Section 408(b)(2)(A)(ii) of FFDCA defines ''safe'' to mean that ''there is a reasonable certainty that no harm will result from aggregate exposure to the pesticide chemical residue, including all anticipated dietary exposures and all other exposures for which there is reliable information.'' This includes exposure through drinking water and in residential settings but does not include occupational exposure. Section 408(b)(2)(C) of FFDCA requires EPA to give special consideration to exposure of infants and children to the pesticide chemical residue in establishing a tolerance and to ''ensure that there is a reasonable certainty that no harm will result to infants and children from aggregate exposure to the pesticide chemical residue. . . .''

Consistent with FFDCA section 408(b)(2)(D), and the factors specified therein, EPA has reviewed the available scientific data and other relevant information in support of this action. EPA has sufficient data to assess the hazards of and to make a determination on aggregate exposure for sodium salt of acifluorfen including exposure resulting from the tolerances established by this action. EPA's assessment of exposures and risks associated with sodium salt of acifluorfen follows.

In an effort to streamline its publications in the **Federal Register**, EPA is not reprinting sections that repeat what has been previously published for tolerance rulemakings for the same pesticide chemical. Where scientific information concerning a particular chemical remains unchanged, the content of those sections would not vary between tolerance rulemakings, and EPA considers referral back to those sections as sufficient to provide an explanation of the information EPA considered in making its safety determination for the new rulemaking.

EPA has previously published tolerance rulemakings for sodium salt of acifluorfen in which EPA concluded, based on the available information, that there is a reasonable certainty that no harm would result from aggregate exposure to sodium salt of acifluorfen and established tolerances for residues of that chemical. EPA is incorporating previously published sections from these rulemakings as described further in this rulemaking, as they remain unchanged.

A. Toxicological Profile

For a discussion of the toxicological profile of sodium salt of acifluorfen, see Unit III.A. of the final rule published in the **Federal Register** of July 27, 2023 (88 FR 48383) (FRL–11130–01–OCSPP).

B. Toxicological Points of Departure/Levels of Concern

Once a pesticide's toxicological profile is determined, EPA identifies toxicological points of departure (POD) and levels of concern (LOCs) to use in evaluating the risk posed by human exposure to the pesticide. For hazards that have a threshold below which there is no appreciable risk, the toxicological POD is used as the basis for derivation of reference values for risk assessment. PODs are developed based on a careful analysis of the doses in each toxicological study to determine the dose at which no adverse effects are observed (the NOAEL) and the lowest dose at which adverse effects of concern are identified (the LOAEL). Uncertainty/safety factors are used in conjunction with the POD to calculate a safe exposure level, generally referred to as a population-adjusted dose (PAD) or a reference dose (RfD), and a safe margin of exposure (MOE). For non-threshold risks, the Agency assumes that any amount of exposure will lead to some degree of risk. Thus, the Agency estimates risk in terms of the probability of an occurrence of the adverse effect expected in a lifetime. For more information on the general principles EPA uses in risk characterization and a complete description of the risk assessment process, see *http://www2.epa.gov/pesticide-science-and-assessing-pesticide-risks/assessing-human-health-risk-pesticides.*

A summary of the toxicological endpoints and points of departure for sodium salt of acifluorfen used for human health risk assessment can be found in the document, ''Sodium Acifluorfen: Human Health Risk Assessment for Proposed Uses and Tolerances on Sugar Beets'' in docket ID number EPA–HQ–OPP–2024–0363.

C. Exposure Assessment

For a summary of the assumptions used in assessing exposure of sodium salt of acifluorfen, see Unit III.C. of the July 27, 2023 final rule.

1. Dietary exposure. In the July 27, 2023 final rule, EPA assessed acute and chronic dietary (food and drinking water) exposures to sodium salt of acifluorfen from all existing tolerances in 40 CFR 180.383, including for sugar beet commodities which had higher time-limited tolerance levels (0.1 ppm) than the petitioned-for tolerances (0.06 ppm) in this action. Therefore, no new dietary analyses including drinking water were needed.

2. From non-dietary exposure. Sodium salt of acifluorfen is not registered or proposed for any uses that would result in residential exposure; therefore, direct exposure in residential settings are not expected for adults and children.

3. Cumulative effects from substances with a common mechanism of toxicity. EPA has not found sodium salt of acifluorfen to share a common mechanism of toxicity with any other substances, and it does not appear to produce a toxic metabolite produced by other substances. For the purposes of this tolerance action, EPA has assumed that sodium salt of acifluorfen does not have a common mechanism of toxicity with other substances.

D. Safety Factor for Infants and Children

1. In general. FFDCA section 408(b)(2)(C) provides that EPA shall apply an additional tenfold (10X) margin of safety for infants and children in the case of threshold effects to account for prenatal and postnatal toxicity and the completeness of the database on toxicity and exposure unless EPA determines based on reliable data that a different margin of safety will be safe for infants and children. This additional margin of safety is commonly referred to as the Food Quality Protection Act (FQPA) Safety Factor (SF). In applying this provision, EPA either retains the default value of 10X, or uses a different additional safety factor when reliable data available to EPA support the choice of a different factor.

2. Prenatal and postnatal sensitivity. There is evidence of increased susceptibility following *in utero* exposure to sodium salt of acifluorfen in the Sprague Dawley rat developmental toxicity study. However, there is low concern for developmental toxicity because the effects are well characterized with clear no-observed-adverse-effect level (NOAEL) and lowest-observed-adverse-effect level (LOAEL) values and the chosen POD for risk assessment for each scenario are protective of these effects.

3. *Conclusion.* EPA has determined that reliable data show that the safety of infants and children would be adequately protected if the FQPA SF were reduced from 10X to 1X. That decision is based on the following findings:

i. The toxicity database for sodium salt of acifluorfen is complete.

ii. The weight of evidence (WOE) suggests that sodium salt of acifluorfen is not neurotoxic. This conclusion is based on the following: (1) indications of treatment-related toxicity in the acute neurotoxicity study (ACN) are well-characterized, and the decreased motor activity observed could be an indication of systemic toxicity from the bolus dose; (2) the slight effect observed in fetuses in a developmental toxicity study with Sprague-Dawley rats (dilated brain ventricles) were not reproduced in another developmental toxicity study with Wistar rats nor in developmental toxicity studies with rabbits; and (3) there was no indication of treatment-related neurotoxicity observed in any studies for structurally-related chemicals (fomesafen, lactofen, and oxyfluorfen), except for decreased motor activity in an acute neurotoxicity study with fomesafen at the same dose where general systemic toxicity (body weight loss) was observed.

iii. There is evidence that sodium salt of acifluorfen results in increased susceptibility following exposure *in utero* rats in the Sprague Dawley rat prenatal developmental study. However, there is low concern for developmental toxicity because effects are well characterized with clear NOAEL/LOAEL values and the chosen PODs for risk assessment for each scenario are protective of these effects.

iv. There are no residual uncertainties identified in the exposure database. The dietary food exposure assessments were performed based on 100% crop treated assumptions and tolerance-level residues. EPA made conservative (protective) assumptions in the ground and surface water modeling used to assess exposure to sodium salt of acifluorfen in drinking water. These assessments will not underestimate the exposure and risks posed by sodium salt of acifluorfen.

E. Aggregate Risk and Determination of Safety

EPA determines whether acute and chronic dietary pesticide exposures are safe by comparing aggregate exposure estimates to the acute population adjusted dose (aPAD) and the chronic population adjusted dose (cPAD). For linear cancer risks, EPA calculates the lifetime probability of acquiring cancer given the estimated aggregate exposure. Short-, intermediate-, and chronic-term risks are evaluated by comparing the estimated aggregate food, water, and residential exposure to the appropriate PODs to ensure that an adequate MOE exists.

1. Acute risk. Using the exposure assumptions discussed in this unit for acute exposure, EPA has concluded that the acute dietary exposure to sodium salt of acifluorfen from food and drinking water will occupy less than 1% of the aPAD for the general U.S. population and all population subgroups. A separate point of departure was selected for females 13–49 years old and the risk estimate was 3.9% of the aPAD for females 13–49 years old, the population subgroups receiving the greatest exposures. There are no residential uses of sodium salt of acifluorfen; therefore, the acute aggregate risk is equivalent to acute dietary risk estimates, which are below EPA's LOC (<100% of aPAD) and not of concern.

2. Chronic risk. Using the exposure assumptions described in this unit for chronic exposure, EPA has concluded that chronic dietary exposure to sodium salt of acifluorfen from food and drinking water will occupy 87% of the cPAD for all infants less than 1 year old, the population subgroup receiving the greatest exposure. There are no residential uses of sodium salt of acifluorfen; therefore, the chronic aggregate risk is equivalent to the chronic dietary risk estimate, which is below EPA's LOC (<100% cPAD) and not of concern.

3. Short- and intermediate-term risks. Short- and intermediate-term aggregate exposures take into account short- (1 to 30 days) and intermediate-term (30 days to 6 months) residential exposures plus chronic exposure to food and water (considered to be a background exposure level). Short- and intermediate-term adverse effects were identified; however, sodium salt of acifluorfen is not registered for any use patterns that would result in short- or intermediate-term residential exposures. Because there is no short- or intermediate-term residential exposure and chronic dietary exposure has already been assessed under the appropriately protective cPAD (which is at least as protective as the POD used to assess short- or intermediate-term risk), no further assessment of short- or intermediate-term risk is necessary, and EPA relies on the chronic dietary risk assessment for evaluating short- and intermediate-term risks for sodium salt of acifluorfen.

4. Aggregate cancer risk for U.S. population. Sodium salt of acifluorfen is classified as, ''likely to be carcinogenic to humans at high enough doses to cause the biochemical and histopathological changes in livers of rodents, but unlikely to be carcinogenic at doses below those causing these changes.'' EPA determined that the non-linear reference dose (RfD) approach will be protective for chronic effects, including carcinogenicity. Because the chronic risk is below EPA's level of concern, sodium salt of acifluorfen is not expected to pose a cancer risk to humans.

5. Determination of safety. Based on these risk assessments, EPA concludes that there is a reasonable certainty that no harm will result to the general population, or to infants and children, from aggregate exposure to sodium salt of acifluorfen residues.

IV. Other Considerations

A. Analytical Enforcement Methodology

Adequate enforcement methods are available to enforce the tolerances of sodium salt of acifluorfen. The Pesticide Analytical Manual (PAM) Volume II lists Method I, a gas chromatography-electron capture detector (GC–ECD) method for the determination of sodium salt of acifluorfen in plant commodities. Identifications are confirmed by Method A, a gas chromatography-mass spectrometry (GC–MS) method.

B. International Residue Limits

In making its tolerance decisions, EPA seeks to harmonize U.S. tolerances with international standards whenever possible, consistent with U.S. food safety standards and agricultural practices. EPA considers the international maximum residue limits (MRLs) established by the Codex Alimentarius Commission (Codex), as required by FFDCA section 408(b)(4). Codex has not established any MRLs for sodium salt of acifluorfen.

C. Revisions to Petitioned-for Tolerances

The proposed tolerance for the commodity ''sugar beet, tops'' is not needed since it is not considered a significant feed item. This is based on the ''revisions of Feedstuffs in Table 1 OPPTS 860.1000 (June 2008)''. EPA is also revising the tolerance expression in 40 CFR 180.383(a) to General. Tolerances are established for residues of the herbicide sodium acifluorfen (sodium 5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-nitrobenzoate), including its metabolites and degradates, in or on the commodities in the table below. Compliance with the tolerance levels specified below is to be determined by measuring only the sum of acifluorfen acid (5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-nitrobenzoic acid), acifluorfen methyl ester (methyl 5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-nitrobenzoate), acifluorfen amine, (5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-aminobenzoic acid), and acifluorfen amine methyl ester(methyl 5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-aminobenzoate), calculated as the stoichiometric equivalent of acifluorfen acid, in or on the commodities based on current guidance on tolerance expressions.

Additionally, in the **Federal Register** of March 31, 2022 (87 FR 18717) (FRL–9657–01–OCSPP), EPA established time-limited tolerances for residues of sodium salt of acifluorfen in or on beet, sugar, leaves and beet, sugar, roots at 0.1 ppm, which expired on December 31, 2024. In the **Federal Register** of October 25, 2024 (89 FR 85067) (FRL–12300–01–OCSPP), EPA extended the time-limited tolerances for the above commodities until December 31, 2027. EPA is therefore removing the established tolerances for Section 18 emergency exemption tolerances under 40 CFR 180.383(b) in or on sugar beet, root and sugar beet, leaf at 0.1 ppm.

V. Conclusion

Therefore, a tolerance is established for residues of sodium salt of acifluorfen in or on ''beet, sugar, roots'' at 0.06 ppm. In addition, EPA is removing the established Section 18 emergency exemption tolerances under 40 CFR 180.383(b) in or on sugar beet, root and sugar beet, leaf at 0.1 ppm.

VI. Statutory and Executive Order Reviews

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

A. Executive Order 12866: Regulatory Planning and Review

This action is exempt from review under Executive Order 12866 (58 FR 51735, October 4, 1993), because it establishes or modifies a pesticide tolerance or a tolerance exemption under FFDCA section 408 in response to a petition submitted to the Agency. The Office of Management and Budget (OMB) has exempted these types of actions from review under Executive Order 12866.

B. Paperwork Reduction Act (PRA)

This action does not impose an information collection burden under the PRA 44 U.S.C. 3501 *et seq.,* because it does not contain any information collection activities.

C. Regulatory Flexibility Act (RFA)

Since tolerance actions that are established on the basis of a petition under FFDCA section 408(d), such as the tolerance in this final rule, do not require the issuance of a proposed rule, the requirements of the RFA, 5 U.S.C. 601 *et seq.,* do not apply to this action.

D. Unfunded Mandates Reform Act (UMRA)

This action does not contain an unfunded mandate of $100 million or more (in 1995 dollars and adjusted annually for inflation) as described in UMRA, 2 U.S.C. 1531–1538, and does not significantly or uniquely affect small governments. The action imposes no enforceable duty on any state, local or tribal governments or on the private sector.

E. Executive Order 13132: Federalism

This action does not have federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999), because it will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.

F. Executive Order 13175: Consultation and Coordination with Indian Tribal Governments

This action does not have tribal implications as specified in Executive Order 13175 (65 FR 67249, November 9, 2000), because it will not have substantial direct effects on tribal governments, on the relationship between the Federal government and the Indian tribes, or on the distribution of power and responsibilities between the Federal government and Indian tribes.

G. Executive Order 13045: Protection of Children from Environmental Health Risks and Safety Risks

This action is not subject to Executive Order 13045 (62 FR 19885, April 23, 1997) because tolerance actions like this one are exempt from review under Executive Order 12866.

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

This action is not subject to Executive Order 13211 (66 FR 28355) (May 22, 2001) because it is not a significant regulatory action under Executive Order 12866.

I. National Technology Transfer Advancement Act (NTTAA)

This action does not involve technical standards that would require Agency consideration under NTTAA section 12(d), 15 U.S.C. 272.

J. Congressional Review Act (CRA)

This action is subject to the CRA, 5 U.S.C. 801 *et seq.,* and EPA will submit a rule report to each House of the Congress and to the Comptroller General of the United States. This action is not a ''major rule'' as defined by 5 U.S.C. 804(2).

List of Subjects in 40 CFR Part 180

Environmental protection, Administrative practice and procedure, Agricultural commodities, Pesticides and pests, Reporting and recordkeeping requirements.

Authority: 21 U.S.C. 321(q), 346a and 371.

Dated: September 24, 2026.

Charles Smith,

Director, Registration Division, Office of Pesticide Programs.

For the reasons set forth in the preamble, EPA amends 40 CFR chapter I as follows:

PART 180—TOLERANCES AND EXEMPTIONS FOR PESTICIDE CHEMICAL RESIDUES IN FOOD

■ 1. The authority citation for part 180 continues to read as follows:

Authority: 21 U.S.C. 321(q), 346a and 371.

■ 2. Amend § 180.383 by:

■ a. In paragraph (a):

■ i. Revising the introductory text; and

■ ii. In table 1 to paragraph (a), adding in alphabetical order the entry ''Beet, sugar, roots''; and

■ b. Removing and reserving paragraph (b).

The revision and addition read as follows:

§ 180.383 Sodium salt of acifluorfen; tolerances for residues.

(a) *General.* Tolerances are established for residues of the herbicide sodium acifluorfen (sodium 5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-nitrobenzoate), including its metabolites and degradates, in or on the commodities in the following table. Compliance with the tolerance levels specified in the following table is to be determined by measuring only the sum of acifluorfen acid (5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-nitrobenzoic acid), acifluorfen methyl ester(methyl 5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-nitrobenzoate), acifluorfen amine, (5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-aminobenzoic acid), and acifluorfen amine methyl ester(methyl 5-[2-chloro-4-(trifluoromethyl)phenoxy]-2-aminobenzoate), calculated as the stoichiometric equivalent of acifluorfen acid, in or on the commodities.

TABLE 1 TO PARAGRAPH (a)

Commodity	Parts per million
Beet, sugar, roots	0.06
* * * *	*

[FR Doc. 2026–19884 Filed 9–28–26; 8:45 am]

BILLING CODE 6560–50–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Parts 405, 412, 413, 415, 419, 495, and 512

Office of the Secretary

45 CFR Part 170

[CMS–1849–CN3 and CMS–0062–CN]

RIN 0938–AV79 and 0938–AV44

Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals (IPPS) and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year (FY) 2027 Rates; Requirements for Quality Programs; Other Policy Changes; and Adoption of Updated Versions of Certain Health Information Technology Standards; Correction

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Final rule; correction.

SUMMARY: This document corrects technical and typographical errors in the final rule that appeared in the **Federal Register** on August 4, 2026 titled ''Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals (IPPS) and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year (FY) 2027 Rates; Requirements for Quality Programs; Other Policy Changes; and Adoption of Updated Versions of Certain Health Information Technology Standards.''

DATES: This correction is effective October 1, 2026.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Background

In FR Doc. 2026–15833 of August 4, 2026 (91 FR 49570), there were a number of technical and typographical errors that are identified and corrected in this correcting document. The corrections in this correcting document are applicable to discharges occurring on or after October 1, 2026, as if they had been included in the document that appeared in the August 4, 2026 **Federal Register**.

II. Summary of Errors

A. Summary of Errors in the Preamble

On page 49572, we are correcting a typographical error in the year for the reduction required by section 1886(m)(6)(B)(iv) of the Act.

On page 49669, we are correcting the number of new ICD–10–PCS procedure codes and the total number of ICD–10–PCS procedure codes for FY 2027 as referenced in the 2027 Errata available on the CMS website at: *https://www.cms.gov/medicare/coding-billing/icd-10-codes.*

Under our methodologies as finalized in the FY 2027 IPPS/LTCH PPS final rule (91 FR 49570), we exclude rural emergency hospitals (REHs), including hospitals that subsequently became REHs after the period from which the data were taken, from certain data and calculations used in the IPPS ratesetting, including the development of the MS–DRG relative weights for FY 2027 (91 FR 49672) and the calculation of the standardized amount (91 FR 50370). In addition, we stated that any hospital that is designated as an REH by 7 days prior to the publication of the preliminary wage index public use file (PUF) is excluded from the calculation of the wage index (91 FR 49791). We inadvertently treated a current IPPS hospital (CMS Certification Number (CCN) 250078) as a hospital that had converted to REH status, thereby erroneously excluding its data from the MS–DRG relative weight calculation and the wage index. Therefore, we restored the applicable data for this hospital for these and other ratesetting calculations, as discussed further in section II.C. of this correcting document. Therefore, we are making the following corrections:

• On page 49672, we are correcting the number of Medicare discharges from IPPS providers in the FY 2025 MedPAR file used in calculating the relative weights for FY 2027 due to the correction of the number of hospitals with REH status.

• On page 49677, we are correcting the normalization adjustment factor used in calculating the relative weights for FY 2027 due to the correction of the number of hospitals with REH status and the conforming changes to the relative weights.

• On page 49791, we are correcting the total number of hospitals that were removed from the FY 2027 IPPS wage index due to conversion to REH status and making a corresponding correction to the number of hospitals' wage data used to calculate the FY 2027 wage index.

• On page 49798, we are correcting the unadjusted national average hourly wage due to the inadvertent omission of one hospital's wage data (CCN 250078).

• On page 49799, due to the inadvertent omission of one hospital's wage data (CCN 250078), we are correcting the occupational mix adjusted national average hourly wage, the total number of Worksheet S–3, Parts II and III hospitals from which we used wage data and occupational mix surveys used for FY 2027, and we are also correcting certain values in the table listing the FY 2027 national average hourly wages for occupational mix nursing subcategories.

On page 49713 and 49717, we are correcting a typographical error in the ICD–10–CM code for Adult-onset Still's disease.

On page 49750, we are correcting the unique ICD–10–PCS procedure codes for the Infuse™ Bone Graft beginning in FY 2027, as referenced in the 2027 Errata available on the CMS website at: *https://www.cms.gov/medicare/coding-billing/icd-10-codes,* for purposes of new technology add-on payment.

On pages 50036, 50332, and 50453 in the discussions of the Medicare Promoting Interoperability Program, we are correcting several typographical and technical errors.

B. Summary of Errors in the Regulations Text

On page 50340, we are correcting technical errors in the amendatory instructions for § 412.87.

On page 50344, we made errors in the amendatory instructions for § 413.85(d).

On page 50347, in the regulations text for § 495.40, we are correcting a technical error.

C. Summary of Errors in the Addendum

As discussed in section II.A. of this correcting document, we inadvertently treated a current IPPS hospital (CCN 250078) as a hospital that had converted to REH status, thereby erroneously excluding its data from the IPPS ratesetting calculations for FY 2027, including the standardized amount calculations. In addition, we inadvertently treated one urban hospital (CCN 360068) as rural under § 412.103 after it timely canceled its request to reclassify as rural under § 412.103, thereby erroneously including its data in the Ohio rural wage index and rural floor. After restoring the data of the excluded hospital (CCN 250078), including the hospital's Medicare Geographic Classification Review Board (MGCRB) reclassification to Core-Based Statistical Area (CBSA) 25060 for FY 2027, and making a correction to reflect the cancelation of the rural classification for the other hospital (CCN 360068) for FY 2027, we recalculated the MS–DRG relative weights, all wage indexes (and geographic adjustment factors (GAFs)), all budget neutrality factors, the fixed-loss cost threshold, and the national operating standardized amounts and capital Federal rate.

Due to inadvertently treating a current IPPS hospital as a hospital that had converted to REH status as described previously, we updated the calculation of Factor 3 of the uncompensated care payment methodology for FY 2027 to reflect the updated information for that IPPS hospital (CCN 250078). This hospital is now projected to be eligible for Medicare DSH payments for FY 2027, including uncompensated care payments. We recalculated the total uncompensated care amount for all DSH-eligible hospitals for FY 2027 to reflect this change. In addition, because Factor 3 for each hospital reflects that hospital's uncompensated care amount relative to the uncompensated care amount for all subsection (d) hospitals that receive a DSH payment for the fiscal year, we also recalculated Factor 3 for all DSH-eligible hospitals. The hospital-specific Factor 3 determines the total amount of the uncompensated care payment a hospital is eligible to receive for a fiscal year. This hospital-specific payment amount is then used to calculate the amount of the interim uncompensated care payments a hospital receives per discharge. Given the very narrowly targeted update to the information used in the calculation of Factor 3, the change to the previously calculated Factor 3 for the majority of hospitals is of limited magnitude. We incorporated the revised uncompensated care payment amounts for all DSH-eligible hospitals into our recalculation of the FY 2027 fixed-loss threshold and related budget neutrality figures.

On page 50383, we made conforming changes to the operating national average case-weighted cost-to-charge ratios (CCRs) for March 2025 and March 2026, the 1-year national operating CCR adjustment factor, the capital national average case-weighted CCRs for March 2025 and March 2026, and the 1-year national capital CCR adjustment factor to reflect the inclusion of applicable data for the IPPS hospital that had inadvertently been treated as a hospital that converted to an REH.

Due to the correction of the errors involving CCN 250078 and CCN 360068 discussed previously, we made changes to the following:

• On page 50374, the table titled ''Summary of FY 2027 Budget Neutrality Factors''.

• On page 50384, the outlier fixed-loss cost threshold for FY 2027, total operating Federal payments, total operating outlier payments, and the outlier adjustment to the capital Federal rate.

• On page 50386, the table titled ''Changes from FY 2026 Standardized Amounts to the FY 2027 Standardized Amounts''.

On page 50390, in the discussion of the applicable percentage increases to the hospital-specific rates applicable to SCHs and MDHs, in the untitled table we are correcting a typographical error in the applicable percentage increase applied to the standardized amount for a hospital that did not submit quality data and is not a meaningful electronic health records (EHR) user.

On pages 50391 and 50394 through 50396, in the discussion of the determination of the Federal hospital inpatient capital related prospective payment rate update, due to the correction of the errors involving CCN 250078 and CCN 360068 discussed previously, we made conforming corrections to the GAF/DRG budget neutrality factor, the capital Federal rate, and related figures. As a result of these changes, we also made conforming corrections in the table showing the comparison of factors and adjustments for the FY 2026 capital Federal rate and FY 2027 capital Federal rate.

As discussed previously, we inadvertently treated a current IPPS hospital as a hospital that had converted to REH status, thereby erroneously excluding its data from the IPPS wage data used for FY 2027. After restoring the hospital's data (CCN 250078), we recalculated the FY 2027 LTCH PPS area wage index values since they are calculated from the same data we used to compute the FY 2027 acute care hospital inpatient wage index (91 FR 50397). On pages 50396 and 50399, we made conforming corrections to the FY 2027 LTCH PPS standard Federal payment rate area wage level adjustment budget neutrality factor and the FY 2027 LTCH PPS standard Federal payment rate.

On page 50406, we made conforming changes to the applicable HCO threshold for site neutral payment rate cases under the LTCH PPS for FY 2027 since it is calculated as the sum of the site neutral payment rate for the case and the IPPS fixed-loss amount.

On page 50407, in the discussion of computing adjusted LTCH PPS Federal prospective payments for FY 2027, we made conforming changes to the FY 2027 LTCH PPS standard Federal payment rate due to the recalculation of the FY 2027 LTCH PPS standard Federal payment rate area wage level adjustment budget neutrality factor (discussed previously) and other conforming changes to the figures in that discussion.

On page 50409, we are making conforming corrections to the national adjusted operating standardized amounts and capital standard Federal payment rate (which also include the rates payable to hospitals located in Puerto Rico) in Tables 1A, 1B, 1C, and 1D as a result of the conforming corrections to certain budget neutrality factors, as previously described. We are also making conforming corrections to the LTCH PPS standard Federal rate in Table 1E as a result of the conforming corrections to the wage index budget neutrality factor, as previously described.

D. Summary of Errors in the Appendices

On pages 50413, 50415 through 50416, 50419 through 50420, 50424 through 50426, 50446 through 50449, 50451 and 50457 through 50458 in the regulatory impact analyses, we have made conforming corrections to the factors, values, and tables, and the accompanying discussion of the changes to payments for operating costs and uncompensated care payments, capital IPPS, and LTCH PPS payments for FY 2027 as a result of the technical errors that lead to changes in our calculation of certain IPPS budget neutrality factors, MS–DRG relative weights, wage indexes, and other figures as described in sections II.A. and C. of this correcting document, and for the corrections related to uncompensated care payments as described in section II.C. of this correcting document. These conforming corrections include changes to the following:

- On pages 50415 through 50416, the table titled ''Table I—Impact Analysis of Changes on Payments for IPPS Operating Costs and Uncompensated Care Payments for FY 2027''.
- On pages 50419 and 50420, the table titled ''Table II—Impact Analysis of Changes on Average Payments per Discharge for Operating Costs and Uncompensated Care Payments''.
- On pages 50448 through 50449, the table titled ''Table III—Comparison of Total Payments per Case''.
- On pages 50424 through 50426, the discussion of the ''Medicare DSH Uncompensated Care Payments and Supplemental Payment for Indian Health Service Hospitals and Tribal Hospitals and Hospitals Located in Puerto Rico'', including the table titled ''Modeled Uncompensated Care Payments* and Supplemental Payments for Estimated FY 2027 DSHs by Hospital Type.''
- On page 50451, the table titled ''Table IV: Impact Of Payment Rate And Policy Changes To LTCH PPS Payments For LTCH PPS Standard Federal Payment Rate Cases For FY 2027 (Estimated FY 2026 Payments Compared To Estimated FY 2027 Payments)''.
- On pages 50457 and 50458, the table titled ''Table X. Estimated Impact On Small Businesses'' and the accompanying discussion.

E. Summary of Errors in and Corrections to Files and Tables Posted on the CMS website

We are correcting the errors and making conforming corrections in the following IPPS tables that are listed on page 50408 of the FY 2027 IPPS/LTCH PPS final rule and are available on the internet on the CMS website at *https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-ppsFee-for-Service-Payment.* The tables that are available on the internet have been updated to reflect the revisions discussed in this correcting document.

Table 2.—Case-Mix Index and Wage Index Table by CCN—FY 2027 Final Rule. As discussed in the previous section, we inadvertently treated a current IPPS hospital (CCN 250078) as a hospital that had converted to REH status, thereby erroneously excluding its data from the wage index. Therefore, we restored this provider to Table 2, which includes all relevant values for this provider for each column in the table. (We note CCN 250078 has an MGCRB reclassification to CBSA 25060.) In addition, as discussed in the previous section, we inadvertently treated one urban hospital (CCN 360068) as rural under § 412.103 after it timely requested to cancel its request to reclassify as rural under § 412.103, thereby erroneously including its data in the Ohio rural wage index and rural floor. Effective for FY 2027, CCN 360068 is no longer reclassified as rural under § 412.103.

Due to the inadvertent omission of the wage data of one hospital (CCN 250078) and the inadvertent error in the rural reclassification status of a hospital (CCN 360068) for FY 2027, we are correcting the occupational mix adjusted national average hourly wage (as discussed in section II.A. of this correcting document), and we recalculated all of the budget neutrality adjustments (as discussed in section II.C. of this correcting document), including the recalculation of the rural floor budget neutrality factor, which is the only budget neutrality factor applied to the FY 2027 wage indexes. Because these changes affect the calculation of various area wage indexes used to determine certain budget neutrality factors and hospitals' final wage index value for FY 2027, we are also making conforming changes to other impacted wage indexes, including to the imputed floor and outmigration adjustment (as discussed later in this section) for those wage indexes. Therefore, we are revising the values, as applicable, in Table 2 based on all these changes described previously.

Table 3.—Wage Index Table by CBSA—FY 2027 Final Rule. As discussed previously, we inadvertently treated a current IPPS hospital (CCN 250078) as a hospital that had converted to REH status, thereby erroneously excluding its data from the wage index. As also discussed previously, we made an inadvertent error in the rural reclassification status of a hospital (CCN 360068) for FY 2027. Therefore, we restored CCN 250078 to the wage data, revised the treatment of CCN 360068 to rural, and recalculated the FY 2027 wage indexes (see discussion earlier in this section regarding the MGCRB reclassification for CCN 250078).

Due to the inadvertent omission of the wage data of one hospital (CCN 250078) and the inadvertent error in the rural reclassification status of a hospital (CCN 360068), we are correcting the occupational mix adjusted national average hourly wage (as discussed in section II.A. of this correcting document), and we recalculated all of the budget neutrality adjustments (as discussed in section II.C. of this correcting document), including the recalculation of the rural floor budget neutrality factor, which is the only budget neutrality factor applied to the FY 2027 wage indexes. Because these changes affect the area pre- and post-reclassified wage indexes, we are also making conforming changes to other impacted wage indexes, including to the imputed floor for those wage indexes. We also are making corresponding changes to the GAFs for any CBSAs with a wage index that changed. Therefore, we are revising the values in Table 3 in the applicable columns based on all these changes described previously.

Table 4A.—List of Counties Eligible for the Out-Migration Adjustment under Section 1886(d)(13) of the Act—FY 2027 Final Rule. Due to the inadvertent omission of the wage data of one hospital (CCN 250078) and inadvertent error in the rural reclassification status of a hospital (CCN 360068) for FY 2027 discussed previously, we are correcting the occupational mix adjusted national average hourly wage (as discussed in section II.A. of this correcting document), and we recalculated all of the budget neutrality adjustments (as discussed in section II.C. of this correcting document) including the recalculation of the rural floor budget neutrality factor, which is the only budget neutrality factor applied to the FY 2027 wage indexes. Because all these changes affect various area wage indexes (including the post reclassified wage indexes), we are also making conforming changes to the other impacted wage indexes, including the imputed floor. As discussed in the FY 2012 IPPS final rule (76 FR 51601 through 51602) we calculate the out-migration adjustment using the post-reclassified wage indexes. Because the wage indexes are one of the inputs used to determine the out-migration adjustment, the out-migration adjustments for some counties/hospitals changed. Therefore, we are making corresponding changes to certain out-migration adjustments listed in Table 4A.

Table 5.—Final List of Medicare Severity Diagnosis-Related Groups (MS DRGs), Relative Weighting Factors, and Geometric and Arithmetic Mean Length of Stay—FY 2027 Final Rule. We are correcting this table to reflect the recalculation of the relative weights, geometric average length-of-stay (LOS), and arithmetic mean LOS as a result of the correction of the number of hospitals with REH status (as discussed in section II.A. of this correcting document).

Table 8A.—FY 2027 Statewide Average Operating Cost-to-Charge Ratios (CCRs) for Acute Care Hospitals (Urban and Rural)—FY 2027 Final Rule. As discussed in section II.A of this correcting document, we inadvertently treated a current IPPS hospital (CCN 250078) as a hospital that had converted to REH status, thereby erroneously excluding its data from the ratesetting. Therefore, we restored this provider's data and made a conforming change to the FY 2027 Statewide Average Operating cost-to-charge ratios (CCRs) for Urban Mississippi.

Table 8B.—FY 2027 Statewide Average Capital Cost-to-Charge Ratios (CCRs) for Acute Care Hospitals—FY 2027 Final Rule. As discussed in section II.A of this correcting document, we inadvertently treated a current IPPS hospital (CCN 250078) as a hospital that had converted to REH status, thereby erroneously excluding its data from the ratesetting. Therefore, we restored this provider's data and made a conforming change to the FY 2027 Statewide Average Capital cost-to-charge ratios (CCRs) for Mississippi.

Table 18.—FY 2027 Medicare DSH Uncompensated Care Payment Factor 3 Amounts. We made corrections to the calculation of Factor 3 of the uncompensated care payment methodology for FY 2027 to reflect the corrected information for the IPPS hospital (CCN 250078) that had inadvertently been treated as a hospital that had converted to an REH. This hospital is now projected to be eligible for Medicare DSH payments for FY 2027, including uncompensated care payments.

In addition, we made corrections to the calculation of Factor 3 to reflect correct merger information for four hospitals. For two hospitals that merged, CMS inadvertently did not combine the hospitals' data to determine the new, merged hospital's Factor 3 amount. For two other hospitals that merged, the merged hospital was not captured in the final rule's list of merged hospitals due to a CMS data processing time issue. This notice corrects these issues and makes very minor updates to Factor 3 accordingly, for the merged hospitals and other hospitals receiving uncompensated care payments for FY 2027.

We recalculated the total uncompensated care amount for all DSH-eligible hospitals to reflect these updates. In addition, because the Factor 3 calculated for each hospital reflects that hospital's uncompensated care amount relative to the uncompensated care amount for all subsection (d) hospitals that receive a DSH payment for the fiscal year, we also recalculated Factor 3 for all DSH-eligible hospitals. The hospital-specific Factor 3 determines the total amount of the uncompensated care payment a hospital is eligible to receive for the fiscal year. This hospital-specific payment amount is then used to calculate the amount of the interim uncompensated care payments a hospital receives per discharge. Given the very narrowly targeted updates to the information used in the calculation of Factor 3, the change to the previously calculated Factor 3 is of limited magnitude for the majority of hospitals.

In the FY 2027 IPPS/LTCH PPS final rule's Table 18, we published a list of hospitals that we identified to be subsection (d) hospitals and subsection (d) Puerto Rico hospitals projected to be eligible to receive interim uncompensated care payments for FY 2027. We are correcting this list and the calculation of Factor 3 of the uncompensated care payment methodology to reflect the corrected information for the IPPS hospital that was inadvertently treated as a hospital that had converted to an REH and the hospital mergers. We are revising Factor 3 for all hospitals to reflect these corrections. We are also revising the amount of the total uncompensated care payment calculated for each DSH-eligible hospital. The total uncompensated care payment that a hospital receives is used to calculate the amount of the interim uncompensated care payments the hospital receives per discharge.

Due to the inadvertent omission of the wage data of one hospital (CCN 250078), we are also making conforming corrections in the following LTCH PPS tables that are listed on page 50408 of the FY 2027 IPPS/LTCH PPS final rule and are available on the internet on the CMS website at *https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/LongTermCareHospitalPPS/index.html* under the list item for Regulation Number CMS–1849–F. The tables that are available on the internet have been updated to reflect the revisions discussed in this final rule correction.

Table 8C.—FY 2027 Statewide Average Total Cost-to-Charge Ratios (CCRs) for LTCHs (Urban and Rural)—FY 2027 Final Rule. As discussed in the previous section, we inadvertently treated a current IPPS hospital as a hospital that had converted to REH status, thereby erroneously excluding its data from the ratesetting (CCN 250078). Therefore, we restored this provider's data and made a conforming change to the FY 2027 Statewide Average Total cost-to-charge ratios (CCR) for LTCHs for Urban Mississippi.

Table 12A.—LTCH PPS Wage Index for Urban Areas for Discharges Occurring from October 1, 2026, through September 30, 2027. As discussed previously, we inadvertently excluded a hospital (CCN 250078) from the IPPS wage data used to calculate the FY 2027 LTCH PPS wage index and we are correcting the unadjusted national average hourly wage (as discussed in section II.A. of this correcting document). This resulted in a correction to the urban wage index values in Table 12A.

Table 12B.—LTCH PPS Wage Index for Rural Areas for Discharges Occurring from October 1, 2026, through September 30, 2027. As discussed previously, we inadvertently excluded a hospital (CCN 250078) from the IPPS wage data used to calculate the FY 2027 LTCH PPS wage index and we are correcting the unadjusted national average hourly wage (as discussed in section II.A. of this correcting document). This resulted in a correction to the rural wage index values in Table 12B.

III. Waiver of Proposed Rulemaking and Delay in Effective Date

Section 1871(b)(1) of the Social Security Act (the Act) requires the Secretary to provide for notice of a proposed rule in the **Federal Register** and provide a period of not less than 60 days for public comment. In addition, section 1871(e)(1)(B)(i) of the Act mandates a 30-day delay in effective date after issuance or publication of a rule. Section 1871(b)(2)(C) of the Act provides an exception from the notice and 60-day comment period and delay in effective date requirements of the Act, under the good cause standard set forth in 5 U.S.C. 553(b)(B). Section 1871(e)(1)(B)(ii) of the Act provides an exception from the delay in effective date requirements of the Act as well. Section 553(b)(B) authorizes an agency to dispense with normal notice and comment rulemaking procedures for good cause if the agency makes a finding that the notice and comment process is impracticable, unnecessary, or contrary to the public interest, and includes a statement of the finding and the reasons for it in the rule. In addition, section 1871(e)(1)(B)(ii) of the Act allows the agency to avoid the 30-day delay in effective date where the waiver is necessary to comply with statutory requirements or such delay is contrary to the public interest and the agency includes in the rule a statement of the finding and the reasons for it. We believe that this final rule correction does not constitute a rule that would be subject to the notice and comment or delayed effective date requirements. This document corrects technical and typographical errors in the preamble, regulations text, addendum, tables, and appendices included or referenced in the FY 2027 IPPS/LTCH PPS final rule but does not make substantive changes to the policies or payment methodologies that were adopted in the final rule. As a result, this final rule correction is intended to ensure that the information in the FY 2027 IPPS/LTCH PPS final rule accurately reflects the policies adopted in that document.

In addition, even if this were a rule to which the notice and comment procedures and delayed effective date requirements applied, we find that there is good cause to waive such requirements. Undertaking further notice and comment procedures to incorporate the corrections in this document into the final rule or delaying the effective date would be contrary to the public interest because it is in the public's interest for providers to receive appropriate payments in as timely a manner as possible, and to ensure that the FY 2027 IPPS/LTCH PPS final rule accurately reflects our policies. Furthermore, such procedures would be unnecessary, as we are not altering our payment methodologies or policies, but rather, we are simply implementing correctly the methodologies and policies that we previously proposed, requested comment on, and subsequently finalized. This final rule correction is intended solely to ensure that the FY 2027 IPPS/LTCH PPS final rule accurately reflects these payment methodologies and policies. Therefore, we believe we have good cause to waive the notice and comment and effective date requirements.

IV. Correction of Errors

In FR Doc. 2026–15833 of August 4, 2026 (91 FR 49570), we are making the following corrections:

A. Corrections of Errors in the Preamble

1. On page 49572, first column, last bullet, last line, the figure ''2027'' is corrected to read ''2026''.

2. On page 49669,

a. Third column, first full paragraph, line 10, the figure ''79,256'' is corrected to read ''79,258''.

b. Middle of the page, in the untitled table, second column,

(1) Second row, the figure ''101'' is corrected to read ''103''.

(2) Last row, the figure ''79,256'' is corrected to read ''79,258''.

3. On page 49672, first column, second full paragraph, line 3, the figure ''6,961,093'' is corrected to read ''6,967,557''.

4. On page 49677, first column, first partial paragraph, line 6, the figure ''1.945743'' is corrected to read ''1.945875''.

5. On page 49713,

a. In the table, the first column, second row, ''M06.10'' is corrected to read ''M06.1''.

b. Following the table, the table is corrected by adding a table note to read as follows:

''We note that the table in the proposed rule listed the ICD–10–CM code for Adult-onset Still's disease as M06.10 (Adult-onset Still's disease). The correct code is M06.1 (Adult-onset Still's disease).''

6. On page 49717, in the table, first column, second row, ''M06.10'' is corrected to read ''M06.1''.

7. On page 49750, lower two-thirds of the page, third column, second paragraph,

a. Lines 14 and 15, the phrase ''a unique ICD–10–PCS procedure code'' is corrected to read ''unique ICD–10–PCS procedure codes''.

b. Lines 21 through 27, the phrase ''code XW0U0CC (Introduction of recombinant human bone morphogenetic protein-2 with collagen scaffold into joints, open approach, new technology group 12), in combination with any of the following ICD–10–PCS procedure codes:'' is corrected to read ''codes XW0U0CC (Introduction of recombinant human bone morphogenetic protein-2 with collagen scaffold into joints, open approach, new technology group 12), XW0U3CC (Introduction of recombinant human bone morphogenetic protein-2 with collagen scaffold into joints, percutaneous approach, new technology group 12), or XW0U4CC (Introduction of recombinant human bone morphogenetic protein-2 with collagen scaffold into joints, percutaneous endoscopic approach, new technology group 12) in combination with any of the following ICD–10–PCS procedure codes:''.

8. On page 49791, upper third of the page,

a. Second column, second paragraph, line 18, the figure ''7'' is corrected to read as ''6''.

b. Third column, first partial paragraph, last line, the figure ''3,006'' is corrected to read as ''3,007''.

9. On page 49798, top half of the page, in the untitled table, the figure ''$58.89'' is corrected to read ''$58.88''.

10. On page 49799,

a. Top quarter of the page,

(1) Second column, second partial paragraph:

(a) Line 3, the figure ''3006'' is corrected to read as ''3007''.

(b) Line 4, the figure ''2921'' is corrected to read as ''2922''.

(2) Third column, first partial paragraph, line 1, the figures ''(2921/3006)'' is corrected to read as ''(2922/3007)''.

(3) In the untitled table, the figure ''$58.83'' is corrected to read ''$58.82''.

b. Middle of the page, the untitled table regarding ''Occupational Mix Nursing Subcategory'' is corrected to read:

Occupational mix nursing subcategory	Average hourly wage
National RN	$60.41
National LPN and Surgical Technician	35.01
National Nurse Aide, Orderly, and Attendant	23.53
National Medical Assistant	23.13
National Nurse Category	50.05

11. On page 50036, second column, second full paragraph, lines 8 and 9, ''so not to underscore'' is corrected to read ''to underscore.''.

12. On page 50332, third column, last partial paragraph, lines 8 and 9, ''the criteria at 45 CFR 170.315(g)(31), (32), and (33)'' is corrected to read ''one or more of the criteria at 45 CFR 170.315(g)(31) through (33)''.

13. On page 50453, third column, last full paragraph, line 10, the reference ''section XIII.B.7.'' is corrected to read ''section XII.B.7.''.

B. Corrections of Errors in the Regulations Text

■ 14. On page 50340, third column, second full paragraph (amendatory instruction 12 (§ 412.87)), lines 1 through 3, the sentence ''Section 412.87 is amended by revising paragraphs (c) introductory text, (d), and (f) to read as follows:'' is corrected to read as follows:

''Section 412.87 is amended by—

a. Revising paragraphs (c) introductory text, (c)(1), (d) introductory text, (d)(1), (f) paragraph heading, and (f)(2); and

b. Removing paragraph (f)(3).

The revisions read as follows.''

■ 15. On page 50344, second column, second full paragraph, line 5 (amendatory instruction 28.b), the phrase ''b. Revising paragraphs (d)(2) and (e)'' is corrected to read ''b. Revising paragraphs (d)(2)(i), (d)(2)(ii), and (e)''.

■ 16. On page 50347, first column, § 495.40, line 5, the phrase ''Through CY 2026, to engage'' is corrected to read ''Through the EHR reporting period in CY 2025, to engage.''

C. Corrections of Errors in the Addendum

17. On page 50374, the table titled ''Summary of FY 2027 Budget Neutrality Factors'' is corrected to read as follows:

SUMMARY OF FY 2027 BUDGET NEUTRALITY FACTORS

MS-DRG Reclassification and Recalibration Budget Neutrality Factor	0.998746
Cap Policy MS–DRG Weights Budget Neutrality Factor	0.999730
Wage Index Budget Neutrality Factor	1.000196
Reclassification Budget Neutrality Factor	0.949333
* Rural Floor Budget Neutrality Factor	0.973452
Cap Policy Wage Index Budget Neutrality Factor	0.999384
Continued Transition for the Discontinuation of the Low-Wage Index Hospital Policy Budget Neutrality Factor	0.999778

* The rural floor budget neutrality factor is applied to the national wage indexes while the rest of the budget neutrality adjustments are applied to the standardized amounts.

18. On page 50383,

a. Second column, last partial paragraph, line 4, the figure ''0.240425'' is corrected to ''0.240448''.

b. Third column:

1. Partial paragraph:

(a) Line 1, the figure ''0.233434'' is corrected to ''0.233484''.

(b) Last line, the figure ''0.970922'' is corrected to ''0.971037''.

2. First full paragraph:

(a) Line 5, the figure ''0.016402'' is corrected to ''0.016396''.

(b) Line 6, the figure ''0.01528'' is corrected to ''0.015278''.

(c) Last line, the figure ''0.931594'' is corrected to ''0.931813''.

19. On page 50384,

a. Top half of the page,

(1) First column, partial paragraph:

(a) Line 24, the figure ''$49,346'' is corrected to ''$49,331''.

(b) Lines 25 and 26, the figure ''$4,660,920,375'' is corrected to ''$4,665,006,980'', and

(c) Line 27, the figure ''$86,015,121,737'' is corrected to ''$86,090,968,717''.

(2) Second column, first partial paragraph:

(a) Line 13, the figure ''$49,728'' is corrected to ''$49,713''.

(b) Line 22, the figure ''$49,346'' is corrected to ''$49,331''.

b. Middle of the page, in the untitled table, first row, third column (Capital Federal Rate*), the figure ''0.967684'' is corrected to read ''0.967699''.

20. On page 50386, the table titled ''Changes From FY 2026 Standardized Amounts To The FY 2027 Standardized Amounts'' is corrected to read as follows:

CHANGES FROM FY 2026 STANDARDIZED AMOUNTS TO THE FY 2027 STANDARDIZED AMOUNTS

	Hospital submitted quality data and is a meaningful EHR user	Hospital submitted quality data and is not a meaningful EHR user	Hospital did not submit quality data and is a meaningful EHR user	Hospital did not submit quality data and is not a meaningful EHR user
FY 2026 Base Rate after removing:	If Wage Index is Greater Than 1.0000:	If Wage Index is Greater Than 1.0000:	If Wage Index is Greater Than 1.0000:	If Wage Index is Greater Than 1.0000:
1. FY 2026 Geographic Reclassification Budget Neutrality (0.956835).	Labor (66.0%): $4,914.60	Labor (66.0%): $4,914.60	Labor (66.0%): $4,914.60	Labor (66.0%): $4,914.60.
2. FY 2026 Operating Outlier Offset (0.949)	Nonlabor (34.0%): $2,531.76.	Nonlabor (34.0%): $2,531.76.	Nonlabor (34.0%): $2,531.76.	Nonlabor (34.0%): $2,531.76.
3. FY 2026 Cap Policy Wage Index Budget Neutrality Factor (0.999397).	If Wage Index is less Than or Equal to 1.0000:	If Wage Index is less Than or Equal to 1.0000:	If Wage Index is less Than or Equal to 1.0000:	If Wage Index is less Than or Equal to 1.0000:
4. Transition for the Discontinuation of the Low Wage Index Hospital Policy Budget Neutrality Factor (0.999726).	Labor (62%): $4,616.74	Labor (62%): $4,616.74	Labor (62%): $4,616.74	Labor (62%): $4,616.74.
5. FY 2026 Rural Demonstration Budget Neutrality Factor (0.999552).	Nonlabor (38%): $2,829.62.	Nonlabor (38%): $2,829.62.	Nonlabor (38%): $2,829.62.	Nonlabor (38%): $2,829.62.
FY 2027 Update Factor	1.023	0.999	1.015	0.991.
FY 2027 MS-DRG Reclassification and Recalibration Budget Neutrality Factor Before Cap.	0.998746	0.998746	0.998746	0.998746.

CHANGES FROM FY 2026 STANDARDIZED AMOUNTS TO THE FY 2027 STANDARDIZED AMOUNTS—Continued

	Hospital submitted quality data and is a meaningful EHR user	Hospital submitted quality data and is not a meaningful EHR user	Hospital did not submit quality data and is a meaningful EHR user	Hospital did not submit quality data and is not a meaningful EHR user
FY 2027 Cap Policy MS–DRG Weight Budget Neutrality Factor.	0.999730	0.999730	0.999730	0.999730.
FY 2027 Wage Index Budget Neutrality Factor	1.000196	1.000196	1.000196	1.000196.
FY 2027 Reclassification Budget Neutrality Factor	0.949333	0.949333	0.949333	0.949333.
FY 2027 Cap Policy Wage Index Budget Neutrality Factor.	0.999384	0.999384	0.999384	0.999384.
FY 2027 Transition for the Discontinuation of the Low Wage Index Hospital Policy Budget Neutrality Factor.	0.999778	0.999778	0.999778	0.999778.
FY 2027 Operating Outlier Factor	0.949	0.949	0.949	0.949.
National Standardized Amount for FY 2027 if Wage Index is Greater Than 1.0000; Labor/Non-Labor Share Percentage (66.0/34.0).	Labor: $4,519.68 Nonlabor: $2,328.32	Labor: $4,413.65 Nonlabor: $2,273.70	Labor: $4,484.34 Nonlabor: $2,310.11	Labor: $4,378.30. Nonlabor: $2,255.49.
National Standardized Amount for FY 2027 if Wage Index is Less Than or Equal to 1.0000; Labor/Non-Labor Share Percentage (62/38).	Labor: $4,245.76 Nonlabor: $2,602.24	Labor: $4,146.16 Nonlabor: $2,541.19	Labor: $4,212.56 Nonlabor: $2,581.89	Labor: $4,112.95. Nonlabor: $2,520.84.

21. On page 50390, bottom half of page, the untitled table is corrected to read as follows:

FY 2027	Hospital submitted quality data and is a meaningful EHR user	Hospital submitted quality data and is not a meaningful EHR user	Hospital did not submit quality data and is a meaningful EHR user	Hospital did not submit quality data and is not a meaningful EHR user
Market Basket Rate-of-Increase	3.2	3.2	3.2	3.2
Adjustment for Failure to Submit Quality Data under Section 1886(b)(3)(B)(viii) of the Act	0	0	−0.8	−0.8
Adjustment for Failure to be a Meaningful EHR User under Section 1886(b)(3)(B)(ix) of the Act	0	−2.4	0	−2.4
Productivity Adjustment under Section 1886(b)(3)(B)(xi) of the Act	−0.9	−0.9	−0.9	−0.9
Applicable Percentage Increase Applied to Standardized Amount	2.3	−0.1	1.5	−0.9

22. On page 50391:

a. First column, third full paragraph:

(1) Line 6, the figure ‘‘3.03 percent’’ is corrected to read ‘‘3.01 percent’’.

(2) Line 10, the figure ‘‘3.0’’ is corrected to read ‘‘2.9’’.

23. On page 50394,

a. First column, first full paragraph, lines 7 and 8, the mathematical phrase, ‘‘(0.9916) is 0.9901 (0.9984 × 0.9916)’’ is corrected to read ‘‘(0.9915) is 0.9899 (0.9984 × 0.9915)’’.

b. Second column:

(1) First full paragraph, line 2, the figure ‘‘0.9901’’ is corrected to read ‘‘0.9899’’.

(2) Second paragraph, line 8, the figure ‘‘$540.03’’ is corrected to read ‘‘$539.95’’.

c. Third column:

(1) Last bulleted paragraph, line 10, the figure ‘‘0.9901’’ is corrected to read ‘‘0.9899’’.

(2) Last paragraph:

(a) Line 12, the figure ‘‘0.99’’ is corrected to read ‘‘1.0’’.

(b) Line 22, the figure ‘‘3.03’’ is corrected to read ‘‘3.01’’.

d. Bottom of the page, the table titled ‘‘Comparison Of Factors And Adjustments: FY 2026 Capital Federal Rate And The FY 2027 Capital Federal Rate’’ is corrected to read as follows:

COMPARISON OF FACTORS AND ADJUSTMENTS: FY 2026 CAPITAL FEDERAL RATE AND THE FY 2027 CAPITAL FEDERAL RATE

	FY 2026	FY 2027	Change	Percent change
Update Factor [1]	1.0280	1.034	1.034	3.4
GAF/DRG Adjustment Factor [1]	0.9918	0.9899	0.9899	−1.0
GAF Cap/Transition Adjustment Factor [2]	0.9989	0.9990	1.0001	0.01
Outlier Adjustment Factor [3]	0.9616	0.9677	1.0063	0.63
Capital Federal Rate	$524.15	539.95	1.0301	3.01

[1] The update factor and the GAF/DRG budget neutrality adjustment factors are built permanently into the capital Federal rate. Thus, for example, the incremental change from FY 2026 to FY 2027 resulting from the application of the 0.9899 GAF/DRG budget neutrality adjustment factor for FY 2027 is a net change of 0.9899 (or −1.0 percent).

[2] The GAF Cap/Transition budget neutrality adjustment factor is not built permanently into the capital Federal rate; that is, the factor is not applied cumulatively in determining the capital Federal rate. Thus, for example, the net change resulting from the application of the FY 2027 GAF Cap/Transition budget neutrality adjustment factor is 0.9990/0.9989 or 1.0001 (or 0.01 percent).

[3] The outlier reduction factor is not built permanently into the capital Federal rate; that is, the factor is not applied cumulatively in determining the capital Federal rate. Thus, for example, the net change resulting from the application of the FY 2027 outlier adjustment factor is 0.9677/0.9616 or 1.0063 (or 0.63 percent).

[4] Percent change may not sum due to rounding.

24. On page 50395, first column, first paragraph, last line, the figure ''$49,346'' is corrected to read ''$49,331''.

25. On page 50396, first column, second paragraph:

a. Line 35, the figure ''1.002679'' is corrected to read ''1.0025669''.

b. Line 47, the figure ''$52,132.76'' is corrected to read ''$52,126.94''.

c. Line 48, the figure ''1.002679'' is corrected to read ''1.0025669''.

d. Line 54, the figure ''$51,113.55'' is corrected to read ''$51,107.84''.

e. Last line, the figure ''1.002679'' is corrected to read ''1.0025669''.

26. On page 50399, second column, first full paragraph, lines 6 and 9, the figure ''1.002679'' is corrected to read ''1.0025669''.

27. On page 50406, second column, first full paragraph,

a. Line 8, the figure ''$49,346'' is corrected to read ''$49,331''.

b. Last line, the figure ''$49,346'' is corrected to read ''$49,331''.

28. On page 50407, third column,

a. First partial paragraph, line 11, the figure ''$52,132.76'' is corrected to read ''$52,126.94''.

b. Second paragraph, line 7, the figure ''1.0102'' is corrected to read ''1.0104''.

c. Third paragraph:

(1) Line 7, the figure ''$52,132.76'' is corrected to read ''$52,126.94''.

(2) Line 9, the figure ''1.0102'' is corrected to read ''1.0104''.

(3) Line 19, the figure ''$50,829.77'' is corrected to read ''$50,831.46''.

d. Bottom of page, the table titled ''Example: LTCH's Total Adjusted Federal Prospective Payment'' is corrected to read as follows:

EXAMPLE—LTCH'S TOTAL ADJUSTED FEDERAL PROSPECTIVE PAYMENT

Unadjusted LTCH PPS Standard Federal Prospective Payment Rate	$52,126.94
Labor – Related Share	× 0.730
Labor – Related Portion of the LTCH PPS Standard Federal Payment Rate	= $38,052.67
Wage Index (CBSA 16984)	× 1.0104
Wage – Adjusted Labor Share of the LTCH PPS Standard Federal Payment Rate	= $38,448.42
Nonlabor – Related Portion of the LTCH PPS Standard Federal Payment Rate ($52,126.94 × 0.270)	+ $14,074.27
Adjusted LTCH PPS Standard Federal Payment Amount	= $52,522.69
MS–LTC–DRG 189 Relative Weight	× 0.9678
Total Adjusted LTCH PPS Standard Federal Prospective Payment	= $50,831.46

29. On page 50409,

a. The table titled ''Table 1A.—National Adjusted Operating Standardized Amounts, Labor/Nonlabor (66.0 Percent Labor Share/34.0 Percent Nonlabor Share If Wage Index Is Greater Than 1)—FY 2027 Final Rule'' is corrected to read as follows:

TABLE 1A—NATIONAL ADJUSTED OPERATING STANDARDIZED AMOUNTS, LABOR/NONLABOR (66.0 PERCENT LABOR SHARE/34.0 PERCENT NONLABOR SHARE IF WAGE INDEX IS GREATER THAN 1)—FY 2027 FINAL RULE

Hospital submitted quality data and is a meaningful EHR user (update = 2.3 percent)		Hospital submitted quality data and is not a meaningful EHR user (update = −0.1 percent)		Hospital did not submit quality data and is a meaningful EHR user (update = 1.5 percent)		Hospital did not submit quality data and is not a meaningful EHR user (update = −0.9 percent)	
Labor	Nonlabor	Labor	Nonlabor	Labor	Nonlabor	Labor	Nonlabor
$4,519.68	$2,328.32	$4,413.65	$2,273.70	$4,484.34	$2,310.11	$4,378.30	$2,255.49

b. The table titled ''Table 1B.—National Adjusted Operating Standardized Amounts, Labor/Nonlabor (62 Percent Labor Share/38 Percent Nonlabor Share If Wage Index Is Less Than Or Equal To 1)—FY 2027 Final Rule'' is corrected to read as follows:

TABLE 1B—NATIONAL ADJUSTED OPERATING STANDARDIZED AMOUNTS, LABOR/NONLABOR (62 PERCENT LABOR SHARE/38 PERCENT NONLABOR SHARE IF WAGE INDEX IS LESS THAN OR EQUAL TO 1)—FY 2027 FINAL RULE

Hospital submitted quality data and is a meaningful EHR user (update = 2.3 percent)		Hospital submitted quality data and is not a meaningful EHR user (update = −0.1 percent)		Hospital did not submit quality data and is a meaningful EHR user (update = 1.5 percent)		Hospital did not submit quality data and is not a meaningful EHR user (update = −0.9 percent)	
Labor	Nonlabor	Labor	Nonlabor	Labor	Nonlabor	Labor	Nonlabor
$4,245.76	$2,602.24	$4,146.16	$2,541.19	$4,212.56	$2,581.89	$4,112.95	$2,520.84

c. The table titled ''Table 1C.—Adjusted Operating Standardized Amounts For Hospitals In Puerto Rico, Labor/Nonlabor (National: 62 Percent Labor Share/38 Percent Nonlabor Share Because Wage Index Is Less Than Or Equal To 1);—FY 2027 Final Rule'' is corrected to read as follows:

TABLE 1C—ADJUSTED OPERATING STANDARDIZED AMOUNTS FOR HOSPITALS IN PUERTO RICO, LABOR/NONLABOR (NATIONAL: 62 PERCENT LABOR SHARE/38 PERCENT NONLABOR SHARE BECAUSE WAGE INDEX IS LESS THAN OR EQUAL TO 1);—FY 2027 FINAL RULE

	Rates if wage index greater than 1		Hospital is a meaningful EHR user and wage index less than or equal to 1 (update = 2.3 percent)		Hospital is not a meaningful EHR user and wage index less than or equal to 1 (update = −0.1 percent)	
	Labor	Nonlabor	Labor	Nonlabor	Labor	Nonlabor
National [1]	Not Applicable	Not Applicable	$4,245.76	$2,602.24	$4,146.16	$2,541.19

[1] For FY 2027, there are no CBSAs in Puerto Rico with a national wage index greater than 1.

d. The table titled ''Table 1D.—Capital Standard Federal Payment Rate—FY 2027 Final Rule'' is corrected to read as follows:

TABLE 1D—CAPITAL STANDARD FEDERAL PAYMENT RATE—FY 2027 FINAL RULE

	Rate
National	$539.95

e. The table titled ''Table 1E.—LTCH PPS Standard Federal Payment Rate—FY 2027 Final Rule'' is corrected to read as follows:

TABLE 1E—LTCH PPS STANDARD FEDERAL PAYMENT RATE—FY 2027 FINAL RULE

	Full update (2.3 percent)	Reduced update* (0.3 percent)
Standard Federal Rate	$52,126.94	$51,107.84

*For LTCHs that fail to submit quality reporting data for FY 2027 in accordance with the LTCH Quality Reporting Program (LTCH QRP), the annual update is reduced by 2.0 percentage points as required by section 1886(m)(5) of the Act.

D. Correction of Errors in the Appendices

30. On page 50413, second column, last paragraph, line 1, the figure ''3,005'' is corrected to read ''3,006''.

31. On pages 50415 through 50416, the table titled ''Table I.—Impact Analysis Of Changes On Payments For IPPS Operating Costs And Uncompensated Care Payments For FY 2027'' is corrected to read as follows:

TABLE I—IMPACT ANALYSIS OF CHANGES ON PAYMENTS FOR IPPS OPERATING COSTS AND UNCOMPENSATED CARE PAYMENTS FOR FY 2027

	Number of hospitals [1]	FY 2027 outlier payments (1) [2]	FY 2027 hospital rate update (2) [3]	MDH expiration (3) [4]	FY 2027 uncompensated care payments (4) [5]	FY 2027 weights and DRG changes with application of recalibration budget neutrality (5) [6]	FY 2027 wage index (6) [7]	All FY 2027 changes (7) [8]
All Hospitals	3,006	−0.6	2.2	−0.1	0.2	0.0	0.0	1.7
By Geographic Location:								
Urban hospitals	2,358	−0.7	2.2	−0.1	0.2	0.0	0.0	1.8
Rural hospitals	648	−0.2	2.2	−0.5	−0.1	−0.4	0.0	1.1
Bed Size (Urban):								
0–99 beds	640	−0.5	2.2	−1.4	0.1	0.0	−0.2	0.1
100–199 beds	673	−0.6	2.2	−0.1	0.1	−0.2	0.0	1.5
200–299 beds	400	−0.5	2.2	0.0	0.2	−0.1	−0.1	1.6
300–499 beds	394	−0.6	2.2	0.0	0.2	0.0	−0.1	1.6
500 or more beds	249	−0.7	2.1	0.0	0.4	0.2	0.2	2.1
Bed Size (Rural):								
0–49 beds	309	−0.2	2.1	−0.9	0.0	−0.5	−0.1	0.3
50–99 beds	174	−0.2	2.2	−1.2	0.0	−0.5	0.1	0.5
100–149 beds	95	−0.2	2.2	0.0	−0.1	−0.4	−0.1	1.4
150–199 beds	41	−0.2	2.2	0.0	−0.3	−0.3	0.1	1.4
200 or more beds	29	−0.4	2.2	0.0	0.0	−0.2	0.2	1.9
Urban by Region:								
New England	102	−0.6	2.2	−0.1	0.1	0.0	0.3	1.9
Middle Atlantic	272	−0.7	2.2	−0.1	0.3	−0.1	1.0	2.7
East North Central	364	−0.5	2.2	−0.2	0.0	0.0	0.7	2.2
West North Central	155	−0.5	2.2	0.0	−0.1	0.1	−0.9	0.7
South Atlantic	393	−0.6	2.1	−0.1	0.3	0.0	0.5	2.3
East South Central	140	−0.6	2.1	0.0	0.3	0.1	−1.0	0.9
West South Central	356	−0.5	2.0	0.0	0.8	0.1	−0.3	2.0
Mountain	177	−0.6	2.2	0.0	0.4	0.1	−0.8	1.4
Pacific	347	−1.0	2.2	0.0	0.1	0.0	−1.0	0.4
Rural by Region:								
New England	19	−0.5	2.3	−1.1	0.1	−0.3	1.0	1.6
Middle Atlantic	46	−0.3	2.2	−0.1	0.1	−0.4	−0.1	1.4
East North Central	104	−0.3	2.2	−1.2	−0.1	−0.3	0.9	1.2
West North Central	71	−0.2	2.2	−0.3	−0.2	−0.3	−0.5	0.7
South Atlantic	110	−0.2	2.1	−0.5	−0.3	−0.4	0.5	1.1
East South Central	119	−0.2	2.1	−0.3	0.1	−0.3	−0.9	0.5
West South Central	114	−0.2	2.1	−0.1	−0.2	−0.3	−0.4	0.9
Mountain	41	−0.1	2.3	0.0	0.2	−0.1	0.1	2.3
Pacific	24	−0.2	2.3	0.0	0.0	−0.6	−0.4	1.2
Puerto Rico								
Puerto Rico Hospitals	52	−0.3	1.4	0.0	0.2	−0.1	−1.8	−0.5
By Payment Classification:								
Urban hospitals	1,526	−0.6	2.2	0.0	0.3	−0.1	−0.3	1.5
Rural areas	1,480	−0.6	2.2	−0.1	0.2	0.0	0.2	1.9

TABLE I—IMPACT ANALYSIS OF CHANGES ON PAYMENTS FOR IPPS OPERATING COSTS AND UNCOMPENSATED CARE PAYMENTS FOR FY 2027—Continued

	Number of hospitals [1]	FY 2027 outlier payments (1) [2]	FY 2027 hospital rate update (2) [3]	MDH expiration (3) [4]	FY 2027 uncompensated care payments (4) [5]	FY 2027 weights and DRG changes with application of recalibration budget neutrality (5) [6]	FY 2027 wage index (6) [7]	All FY 2027 changes (7) [8]
Teaching Status:								
Nonteaching	1,696	−0.6	2.2	−0.3	0.1	−0.1	−0.1	1.2
Fewer than 100 residents	1,004	−0.6	2.2	−0.1	0.1	−0.1	−0.1	1.6
100 or more residents	306	−0.7	2.1	0.0	0.4	0.2	0.2	2.2
Urban DSH:								
Non−DSH	370	−0.6	2.3	−0.1	0.0	0.0	0.2	1.9
100 or more beds	829	−0.7	2.1	0.0	0.4	−0.1	−0.4	1.4
Less than 100 beds	327	−0.5	2.1	0.0	0.1	−0.3	−0.2	1.1
Rural DSH:								
Non−DSH	130	−0.5	2.3	−1.3	0.0	0.0	0.2	0.7
SCH	212	−0.1	2.2	0.0	0.0	−0.4	0.2	2.0
RRC	922	−0.6	2.1	0.0	0.2	0.1	0.2	1.9
100 or more beds	31	−0.6	2.1	−0.1	0.3	0.1	0.9	2.7
Less than 100 beds	185	−0.2	2.1	−2.4	0.0	−0.5	0.1	−1.1
Urban teaching and DSH:								
Both teaching and DSH	482	−0.6	2.1	0.0	0.4	−0.1	−0.2	1.7
Teaching and no DSH	68	−0.6	2.3	−0.3	0.0	−0.1	0.3	1.7
No teaching and DSH	674	−0.7	2.2	0.0	0.2	−0.2	−0.6	0.9
No teaching and no DSH	302	−0.6	2.3	0.0	0.0	0.2	0.2	2.1
Special Hospital Types:								
SCH	419	−0.2	2.3	0.0	0.0	−0.3	0.1	1.9
MDH	166	−0.2	2.2	−8.3	0.0	−0.4	0.1	−6.7
Type of Ownership:								
Voluntary	1,905	−0.6	2.2	−0.1	0.2	0.0	0.1	1.7
Proprietary	693	−0.4	2.2	0.0	0.1	0.0	−0.4	1.4
Government	406	−0.7	2.0	0.0	0.7	0.1	−0.1	2.0
Medicare Utilization as a Percent of Inpatient Days:								
0–25	1,664	−0.6	2.1	0.0	0.4	0.0	0.0	1.9
25–50	1,266	−0.6	2.2	−0.2	0.0	−0.1	0.1	1.5
50–65	41	−0.4	2.3	−0.1	0.0	0.0	0.6	2.3
Over 65	9	−0.2	2.3	−4.6	0.0	0.7	−0.2	−2.1
Medicaid Utilization as a Percent of Inpatient Days:								
0–25	2,038	−0.6	2.2	−0.1	0.1	0.0	0.1	1.7
25–50	860	−0.7	2.1	0.0	0.3	0.1	−0.1	1.8
50–65	84	−0.7	1.8	0.0	1.4	−0.2	−0.7	1.7
Over 65	24	−0.9	2.1	0.0	0.2	−0.2	−1.6	−0.4
FY 2027 Reclassifications:								
All Reclassified Hospitals	1,104	−0.6	2.2	−0.1	0.2	0.0	0.2	1.9
Non−Reclassified Hospitals	1,902	−0.6	2.1	−0.1	0.2	−0.1	−0.2	1.5
Urban Hospitals Reclassified	977	−0.6	2.2	−0.1	0.2	0.1	0.2	1.9
Urban Non−reclassified Hospitals	1,399	−0.7	2.2	0.0	0.3	−0.1	−0.3	1.4
Rural Hospitals Reclassified Full Year	272	−0.2	2.2	−0.2	−0.1	−0.4	−0.1	1.2
Rural Non−reclassified Hospitals Full Year	358	−0.3	2.2	−0.6	0.0	−0.4	0.3	1.2
All hospitals that reclassified from urban to rural in accordance with section 1886(d)(8)(E) as implemented at 42 CFR 412.103	884	−0.6	2.2	−0.1	0.2	0.1	0.2	1.9
Other Reclassified Hospitals (Section 1886(d)(8)(B), also known as Lugar hospitals)	52	−0.3	2.2	−1.6	0.1	−0.5	0.0	−0.1

[1] Because data necessary to classify some hospitals by category were missing, the total number of hospitals in each category may not equal the national total. Discharge data are from FY 2025, and hospital cost report data are from the latest available reporting periods.

[2] This column displays the effects of estimated outlier payments returning to their targeted levels in FY 2027 as compared to the estimated outlier payments for FY 2026.

[3] This column displays the payment impact of the hospital rate update, including the 2.3 percent update to the national standardized amount and the hospital-specific rate (the 3.2 percent IPPS market basket rate-of-increase reduced by the 0.9 percentage point for the productivity adjustment).

[4] This column displays the impact of the expiration of the MDH status on January 1, 2027, a non-budget neutral payment provision.

[5] This column displays the effects of the changes to estimated uncompensated care payments in FY 2027 as compared to FY 2026 as a percent change in estimated total payments. See also the table in section I.G.2 of this Appendix.

[6] This column displays the payment impact of Version 44 GROUPER, the changes to the relative weights and the recalibration of the MS–DRG weights based on FY 2025 MedPAR data, and the 10-percent cap where the relative weight for a MS–DRG will decrease by more than ten percent in a given fiscal year. This column displays the application of the recalibration budget neutrality factor and the 10-percent cap budget neutrality factor (which can be found in section II.A.4 of the Addendum of this final rule).

[7] This column displays the effects of the changes to the FY 2027 wage index. This includes: (1) the update to wage index data using FY 2023 cost report data, the application of the wage index budget neutrality factor and the update to the labor and nonlabor shares; (2) the effects of geographic reclassifications by the Medicare Geographic Classification Review Board (MGCRB), showing the payment impact of going from FY 2026 reclassifications to the reclassifications scheduled to be in effect for FY 2027; (3) the effects of the application of the rural floor; (4) the effects of urban to rural reclassifications under section 1886(d)(8) of the Act on the wage index; (5) the effects of the application of "LUGAR" status under section 1886(d)(10) of the Act on the wage index; and (6) the adjustments to the wage index driven by non-budget neutral policies. These non-budget neutral policies include: (a) the imputed floor for all-urban states; (b) the policy that requires hospitals located in frontier States have a wage index no less than 1.0; and (c) the policy which provides for an increase in a hospital's wage index if a threshold percentage of residents of the county where the hospital is located commute to work at hospitals in counties with higher wage indexes. The budget neutrality factors for the effects that are budget neutral can be found in section II.A.4 of the Addendum of this final rule. This column also displays the redistributive effects of the budget neutral transition for the discontinuation of the low wage index hospital policy from hospitals that do not benefit from the transition to hospitals that do benefit (primarily all the hospitals located in Puerto Rico) due to the associated budget neutrality factor. The budget neutrality factor for the transition can be found in section II.A.4 of the Addendum of this final rule.

[8] This column shows the estimated change in payments from FY 2026 to FY 2027.

32. On pages 50419 through 50420, the table titled ''Table II.—Impact Analysis Of Changes On Average Payments Per Discharge For Operating Costs And Uncompensated Care'' is corrected to read as follows:

TABLE II—IMPACT ANALYSIS OF CHANGES ON AVERAGE PAYMENTS PER DISCHARGE FOR OPERATING COSTS AND UNCOMPENSATED CARE

	Number of hospitals (1)	Estimated average FY 2026 payment per discharge (2)	Estimated average FY 2027 payment per discharge (3)	FY 2027 changes (4)
All Hospitals	3,006	18,992	19,318	1.7
By Geographic Location:				
Urban hospitals	2,358	19,469	19,811	1.8
Rural hospitals	648	13,490	13,637	1.1
Bed Size (Urban):				
0–99 beds	640	13,825	13,846	0.1
100–199 beds	673	15,182	15,410	1.5
200–299 beds	400	17,002	17,278	1.6
300–499 beds	394	18,931	19,238	1.6
500 or more beds	249	24,833	25,361	2.1
Bed Size (Rural):				
0–49 beds	309	11,569	11,607	0.3
50–99 beds	174	12,829	12,888	0.5
100–149 beds	95	12,787	12,960	1.4
150–199 beds	41	14,516	14,726	1.4
200 or more beds	29	16,529	16,840	1.9
Urban by Region:				
New England	102	20,665	21,048	1.9
Middle Atlantic	272	22,780	23,400	2.7
East North Central	364	18,363	18,767	2.2
West North Central	155	17,986	18,116	0.7
South Atlantic	393	17,334	17,731	2.3
East South Central	140	15,875	16,014	0.9
West South Central	356	18,616	18,997	2.0
Mountain	177	18,567	18,822	1.4
Pacific	347	23,120	23,205	0.4
Rural by Region:				
New England	19	18,019	18,300	1.6
Middle Atlantic	46	15,327	15,547	1.4
East North Central	104	12,966	13,124	1.2
West North Central	71	13,543	13,638	0.7
South Atlantic	110	12,712	12,851	1.1
East South Central	119	11,920	11,984	0.5
West South Central	114	11,759	11,860	0.9
Mountain	41	15,069	15,409	2.3
Pacific	24	17,509	17,710	1.2
Puerto Rico				
Puerto Rico Hospitals	52	15,440	15,358	−0.5
By Payment Classification:				
Urban hospitals	1,526	16,848	17,094	1.5
Rural areas	1,480	20,375	20,753	1.9
Teaching Status:				
Nonteaching	1,696	13,967	14,135	1.2
Fewer than 100 residents	1,004	16,799	17,061	1.6
100 or more residents	306	28,424	29,039	2.2
Urban DSH:				
Non-DSH	370	13,641	13,901	1.9
100 or more beds	829	17,833	18,084	1.4
Less than 100 beds	327	13,244	13,389	1.1
Rural DSH:				
Non-DSH	130	16,157	16,273	0.7
SCH	212	14,356	14,639	2.0
RRC	922	21,174	21,582	1.9
100 or more beds	31	19,357	19,881	2.7
Less than 100 beds	185	11,102	10,979	−1.1
Urban teaching and DSH:				
Both teaching and DSH	482	19,443	19,765	1.7
Teaching and no DSH	68	15,058	15,309	1.7
No teaching and DSH	674	14,726	14,859	0.9
No teaching and no DSH	302	12,628	12,895	2.1
Special Hospital Types:				
SCH	419	15,951	16,260	1.9
MDH	166	12,812	11,949	−6.7
Type of Ownership:				
Voluntary	1,905	18,663	18,983	1.7
Proprietary	693	16,911	17,149	1.4
Government	406	23,572	24,039	2.0

TABLE II—IMPACT ANALYSIS OF CHANGES ON AVERAGE PAYMENTS PER DISCHARGE FOR OPERATING COSTS AND UNCOMPENSATED CARE—Continued

	Number of hospitals (1)	Estimated average FY 2026 payment per discharge (2)	Estimated average FY 2027 payment per discharge (3)	FY 2027 changes (4)
Medicare Utilization as a Percent of Inpatient Days:				
0–25	1,664	20,940	21,330	1.9
25–50	1,266	16,762	17,013	1.5
50–65	41	15,903	16,269	2.3
Over 65	9	12,061	11,802	−2.1
Medicaid Utilization as a Percent of Inpatient Days:				
0–25	2,038	16,833	17,115	1.7
25–50	860	22,874	23,282	1.8
50–65	84	29,386	29,893	1.7
Over 65	24	20,125	20,035	−0.4
FY 2027 Reclassifications:				
All Reclassified Hospitals	1,104	19,972	20,346	1.9
Non-Reclassified Hospitals	1,902	17,729	17,993	1.5
Urban Hospitals Reclassified	977	21,043	21,449	1.9
Urban Non-reclassified Hospitals	1,399	16,832	17,064	1.4
Rural Hospitals Reclassified Full Year	272	13,626	13,784	1.2
Rural Non-reclassified Hospitals Full Year	358	13,296	13,460	1.2
All hospitals that reclassified from urban to rural in accordance with section 1886(d)(8)(E) as implemented at 42 CFR 412.103	884	21,317	21,725	1.9
Other Reclassified Hospitals (Section 1886(d)(8)(B), also known as Lugar hospitals)	52	12,668	12,653	−0.1

33. On pages 50424 through 50425, the table titled ''Modeled Uncompensated Care Payments* And Supplemental Payments For Estimated FY 2027 DSHs By Hospital Type'' is corrected to read as follows:

MODELED UNCOMPENSATED CARE PAYMENTS* AND SUPPLEMENTAL PAYMENTS FOR ESTIMATED FY 2027 DSHS BY HOSPITAL TYPE

	Number of estimated DSHs (1)	FY 2026 estimated uncompensated care payments and supplemental payments ($ in millions) (2)	FY 2027 estimated uncompensated care payments and supplemental payments** ($ in millions) (3)	Dollar Difference: FY 2026–FY 2027 ($ in millions) (4)	Percent change*** (5)
Total	2,274	7,821	8,049	228	2.9%
By Geographic Location					
Urban Hospitals	1,840	7,384	7,633	249	3.4
Other Urban Areas	950	3,240	3,289	50	1.5
Large Urban Areas	890	4,144	4,344	199	4.8
Rural Hospitals	434	437	416	−21	−4.8
Bed Size (Urban)					
0 to 99 Beds	345	316	307	−9	−2.9
100 to 249 Beds	744	1,578	1,605	26	1.7
250+ Beds	751	5,490	5,722	232	4.2
Bed Size (Rural)					
0 to 99 Beds	322	232	223	−9	−3.9
100 to 249 Beds	102	165	153	−12	−7.4
250+ Beds	10	40	40	0	0.8
Urban by Region					
New England	82	203	210	7	3.4
Middle Atlantic	213	867	935	68	7.9
South Atlantic	290	738	723	−15	−2.0
East North Central	99	363	349	−15	−4.1
East South Central	301	1,896	1,931	35	1.8
West North Central	120	471	483	12	2.6
West South Central	244	1,729	1,838	109	6.3
Mountain	142	348	376	28	8.2
Pacific	305	670	689	19	2.8
Puerto Rico	44	98	98	0	0.5
Rural by Region					
New England	7	11	9	−2	−21.0
Middle Atlantic	34	25	26	2	6.1
South Atlantic	65	55	52	−3	−5.8
East North Central	26	27	23	−4	−15.3
East South Central	82	124	120	−4	−3.0
West North Central	94	82	76	−6	−7.7
West South Central	99	92	89	−3	−2.9
Mountain	19	13	13	−1	−4.5

MODELED UNCOMPENSATED CARE PAYMENTS* AND SUPPLEMENTAL PAYMENTS FOR ESTIMATED FY 2027 DSHS BY HOSPITAL TYPE—Continued

	Number of estimated DSHs (1)	FY 2026 estimated uncompensated care payments and supplemental payments ($ in millions) (2)	FY 2027 estimated uncompensated care payments and supplemental payments ** ($ in millions) (3)	Dollar Difference: FY 2026–FY 2027 ($ in millions) (4)	Percent change *** (5)
Pacific	8	7	8	1	7.3
By Payment Classification					
Urban Hospitals	1,130	3,180	3,299	119	3.7
Large Urban Areas	605	1,926	2,018	93	4.8
Other Urban Areas	525	1,255	1,281	26	2.1
Rural Hospitals	1,144	4,641	4,749	109	2.3
Teaching Status					
Nonteaching	1,150	1,766	1,771	5	0.3
Fewer than 100 residents	825	2,811	2,862	51	1.8
100 or more residents	299	3,244	3,416	172	5.3
Type of Ownership					
Voluntary	1,469	4,474	4,596	122	2.7
Proprietary	453	1,070	1,053	−17	−1.6
Government	352	2,276	2,400	123	5.4
Medicare Utilization Percent ****					
0 to 25	1,466	6,339	6,605	266	4.2
25 to 50	794	1,477	1,440	−38	−2.5
50 to 65	13	5	4	−1	−13.4
Greater than 65	1			0	0.0
Medicaid Utilization Percent ****					
0 to 25	1,358	3,646	3,674	29	0.8
25 to 50	805	3,464	3,619	155	4.5
50 to 65	86	686	730	44	6.4
Greater than 65	25	25	25	0	1.7

Source: Dobson | DaVanzo analysis of 2021, 2022 and 2023 Hospital Cost Reports.
* Dollar UCP calculated by [0.75 * estimated section 1886(d)(5)(F) payments * Factor 2 * Factor 3]. When summed across all hospitals projected to receive DSH payments, UCP and supplemental payments are estimated to be $7.821 million in FY 2026, and UCP and supplemental payments are estimated to be $8.049 million in FY 2027.
** For IHS/Tribal hospitals and Puerto Rico hospitals, this impact table reflects the supplemental payments.
*** Percentage change is determined as the difference between Medicare UCP and supplemental payments modeled for this FY 2027 IPPS/LTCH PPS final rule (column 3) and Medicare UCP and supplemental payments modeled for the FY 2026 IPPS/LTCH PPS final rule (column 2) divided by Medicare UCP and supplemental payments modeled for the FY 2026 IPPS/LTCH PPS final rule (column 2) times 100 percent.
**** Hospitals with missing or unknown Medicare utilization or Medicaid utilization are not shown in the table.

34. On page 50425,

a. Second column, first full paragraph, line 5, the figure ''4.6'' is corrected to read ''4.8''.

b. Third column, first full paragraph:

(1) Line 4, the figure ''−3.7'' is corrected to read ''−3.9''.

(2) Line 5,

(a) The figure ''−7.2'' is corrected to read ''−7.4''.

(b) The figure ''1.0'' is corrected to read ''0.8''.

(3) Line 7, the phrase ''hospitals, those with 250+ beds and 100–249 beds, are projected to receive an above average increase in payments of 4.1.'' is corrected to read ''hospitals (those with 250+ beds) are projected to receive an above average increase in payments of 4.2.''.

(4) Line 13, the figure ''1.9'' is corrected to read ''1.7''.

(5) Line 14, the figure ''−2.2'' is corrected to read ''−3.0''.

35. On page 50426, first column,

a. First full paragraph:

(1) Line 7, the figure ''4.9'' is corrected to read ''4.8''.

(2) Line 10, the figure ''1.8'' is corrected to read ''2.1''.

b. Second full paragraph:

(1) Line 4:

(a) The figure ''0.5'' is corrected to read ''0.3''.

(b) The figure ''1.8'' is corrected to read ''1.8''.

((2) Line 10, the figure ''2.9'' is corrected to read ''2.7''

(3) Line 11, the figure ''−1.3'' is corrected to read ''−1.6''.

(4) Line 14, the figure ''5.0'' is corrected to read ''5.4''.

c. Third full paragraph:

(1) Line 4, the figure ''4.3'' is corrected to read ''4.2''.

(2) Line 7:

(a) The figure ''2.9'' is corrected to read ''2.5''.

(b) The figure ''13.2'' is corrected to read ''13.4''.

(3) Line 20, the figure ''6.0'' is corrected to read ''6.4''.

(4) Line 25, the figure ''0.8'' is corrected to read ''0.8''.

(5) Line 26, the figure ''1.9'' is corrected to read ''1.7''.

36. On page 50446, third column,

a. Second bulleted paragraph, line 4, the figure ''0.9901'' is corrected to read ''0.9899''.

b. Third paragraph, line 6, the figure ''3,005'' is corrected to read ''3,006''.

c. Fourth paragraph, line 3, the figure ''3.0 percent'' is corrected to read ''2.9 percent''.

d. Last paragraph, line 2, the figure ''3.0 percent'' is corrected to read ''2.9 percent''.

37. On page 50447:

a. First column, line 4, the figure ''3.0 percent'' is corrected to read ''2.9 percent''.

b. Third column, line 9, the figure ''3.2 percent'' is corrected to read ''3.1 percent''.

c. Third column, last line in the paragraph, the figure ''3.0 percent'' is corrected to read ''3.2 percent''.

38. On pages 50448 through 50449, the table titled ''Table III—Comparison of Total Payments per Case'' is corrected to read as follows:

TABLE III—COMPARISON OF TOTAL PAYMENTS PER CASE

FY 2026 Payments compared to FY 2027 payments	Number of hospitals	Average FY 2026 payments/case	Average FY 2027 payments/case	Change
All Hospitals	3,006	1,241	1,277	2.9
By Geographic Location:				
Urban hospitals	2,358	1,275	1,312	2.9
Rural hospitals	648	848	874	3.1
Bed Size (Urban):				
0–99 beds	640	965	977	1.2
100–199 beds	673	1,062	1,094	3.0
200–299 beds	400	1,155	1,189	2.9
300–499 beds	394	1,264	1,302	3.0
500 or more beds	249	1,529	1,575	3.0
Bed Size (Rural):				
0–49 beds	309	705	722	2.4
50–99 beds	174	812	835	2.8
100–149 beds	95	824	849	3.0
150–199 beds	41	909	936	3.0
200 or more beds	29	1,033	1,069	3.5
Urban by Region:				
New England	102	1,364	1,410	3.4
Middle Atlantic	272	1,445	1,496	3.5
East North Central	364	1,179	1,228	4.2
West North Central	155	1,210	1,236	2.1
South Atlantic	393	1,133	1,175	3.7
East South Central	140	1,036	1,056	1.9
West South Central	356	1,175	1,199	2.0
Mountain	177	1,267	1,294	2.1
Pacific	347	1,591	1,618	1.7
Rural by Region:				
New England	19	1,097	1,150	4.8
Middle Atlantic	46	991	1,022	3.1
East North Central	104	837	871	4.1
West North Central	71	863	876	1.5
South Atlantic	110	763	797	4.5
East South Central	119	757	769	1.6
West South Central	114	754	774	2.7
Mountain	41	922	933	1.2
Pacific	24	1,067	1,097	2.8
Puerto Rico:				
Puerto Rico Hospitals	52	611	603	−1.3
By Payment Classification:				
Urban hospitals	1,526	1,158	1,187	2.5
Rural areas	1,480	1,295	1,336	3.2
Teaching Status:				
Nonteaching	1,696	1,004	1,029	2.5
Fewer than 100 residents	1,004	1,150	1,186	3.1
100 or more residents	306	1,665	1,715	3.0
Urban DSH:				
Non-DSH	370	1,058	1,081	2.2
100 or more beds	829	1,203	1,234	2.6
Less than 100 beds	327	870	890	2.3
Rural DSH:				
Non-DSH	130	1,135	1,172	3.3
SCH	212	874	900	3.0
RRC	922	1,340	1,382	3.1
100 or more beds	31	1,195	1,244	4.1
Less than 100 beds	185	697	718	3.0
Urban teaching and DSH:				
Both teaching and DSH	482	1,259	1,293	2.7
Teaching and no DSH	68	1,106	1,143	3.3
No teaching and DSH	674	1,063	1,088	2.4
No teaching and no DSH	302	1,023	1,037	1.4
Special Hospital Types:				
SCH	419	993	1,025	3.2
MDH	166	786	812	3.3
Type of Ownership:				
Voluntary	1,905	1,238	1,277	3.2
Proprietary	693	1,159	1,185	2.2
Government	406	1,355	1,391	2.7
Medicare Utilization as a Percent of Inpatient Days:				
0–25	1,664	1,290	1,327	2.9

TABLE III—COMPARISON OF TOTAL PAYMENTS PER CASE—Continued

FY 2026 Payments compared to FY 2027 payments	Number of hospitals	Average FY 2026 payments/case	Average FY 2027 payments/case	Change
25–50	1,266	1,186	1,221	3.0
50–65	41	1,146	1,191	3.9
Over 65	9	844	880	4.3
Medicaid Utilization as a Percent of Inpatient Days:				
0–25	2,038	1,146	1,180	3.0
25–50	860	1,419	1,459	2.8
50–65	84	1,567	1,587	1.3
Over 65	24	1,345	1,360	1.1
FY 2027 Reclassifications:				
All Reclassified Hospitals	1,104	1,287	1,328	3.2
Non-Reclassified Hospitals	1,902	1,182	1,212	2.5
Urban Hospitals Reclassified	977	1,345	1,387	3.1
Urban Non-Reclassified Hospitals	1,399	1,157	1,185	2.4
Rural Hospitals Reclassified Full Year	272	863	889	3.0
Rural Non-Reclassified Hospitals Full Year	358	822	848	3.2
All Section 401 Rural Reclassified Hospitals	884	1,357	1,400	3.2
Other Reclassified Hospitals (Section 1886(d)(8)(B))	52	869	896	3.1

39. On page 50449, bottom half of page,

a. Second column, last bulleted partial paragraph, line 4, the figure ''$52,132.76'' is corrected to read ''$52,126.94''.

b. Third column, first partial paragraph,

(1) Line 2, the figure ''1.002679'' is corrected to read ''1.0025669'',

(2) Line 6, the figure ''$51,113.55'' is corrected to read ''$51,107.84''.

40. On page 50451, the table titled ''Table IV: Impact of Payment Rate and Policy Changes to LTCH PPS Payments for LTCH PPS Standard Federal Payment Rate Cases for FY 2027 (Estimated FY 2026 Payments Compared to Estimated FY 2027 Payments)'' is corrected to read as follows:

TABLE IV—IMPACT OF PAYMENT RATE AND POLICY CHANGES TO LTCH PPS PAYMENTS FOR LTCH PPS STANDARD FEDERAL PAYMENT RATE CASES FOR FY 2027

[Estimated FY 2026 Payments Compared to Estimated FY 2027 Payments]

LTCH classification	Number of LTCHS	Number of LTCH PPS standard payment rate cases	Average FY 2026 LTCH PPS payment per standard payment rate	Average FY 2027 LTCH PPS payment per standard payment rate [1]	Percent change due to the annual update to the standard federal rate [2]	Percent change due to changes to area wage adjustment with wage budget neutrality [3]	Percent change due to all standard payment rate changes [4]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL PROVIDERS	319	41,580	58,586	59,881	2.2	0.0	2.2
BY LOCATION:							
RURAL	16	1,032	47,271	48,059	2.2	−0.3	1.7
URBAN	303	40,548	58,874	60,182	2.2	0.0	2.2
BY OWNERSHIP TYPE:							
VOLUNTARY	53	4,933	59,132	60,203	2.2	−0.3	1.8
PROPRIETARY	257	36,119	58,266	59,569	2.2	0.0	2.2
GOVERNMENT	9	528	75,399	78,223	2.2	1.1	3.7
BY REGION:							
NEW ENGLAND	9	1,299	49,082	50,212	2.2	0.7	2.3
MIDDLE ATLANTIC	20	3,003	69,794	72,151	2.2	1.1	3.4
SOUTH ATLANTIC	60	9,293	57,085	58,207	2.2	−0.3	2.0
EAST NORTH CENTRAL	46	5,059	61,409	62,481	2.2	−0.4	1.7
EAST SOUTH CENTRAL	32	3,107	51,875	52,569	2.2	−0.8	1.3
WEST NORTH CENTRAL	22	2,124	53,603	54,802	2.2	0.2	2.2
WEST SOUTH CENTRAL	82	9,524	51,091	51,974	2.2	−0.2	1.7
MOUNTAIN	25	2,227	57,878	59,442	2.2	0.0	2.7
PACIFIC	23	5,944	72,508	74,668	2.2	0.6	3.0
BY BED SIZE:							

TABLE IV—IMPACT OF PAYMENT RATE AND POLICY CHANGES TO LTCH PPS PAYMENTS FOR LTCH PPS STANDARD FEDERAL PAYMENT RATE CASES FOR FY 2027—Continued

[Estimated FY 2026 Payments Compared to Estimated FY 2027 Payments]

LTCH classification	Number of LTCHS	Number of LTCH PPS standard payment rate cases	Average FY 2026 LTCH PPS payment per standard payment rate	Average FY 2027 LTCH PPS payment per standard payment rate [1]	Percent change due to the annual update to the standard federal rate [2]	Percent change due to changes to area wage adjustment with wage budget neutrality [3]	Percent change due to all standard payment rate changes [4]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BEDS: 0–24	34	2,019	60,063	61,556	2.2	0.2	2.5
BEDS: 25–49	151	15,578	52,674	53,655	2.2	−0.2	1.9
BEDS: 50–74	75	10,580	60,072	61,439	2.2	0.0	2.3
BEDS: 75–124	41	8,349	66,152	67,802	2.2	0.1	2.5
BEDS: 125+	18	5,054	60,611	62,055	2.2	0.3	2.4

[1] Estimated FY 2027 LTCH PPS payments for LTCH PPS standard Federal payment rate criteria based on the payment rate and factor changes applicable to such cases presented in the preamble of and the Addendum to this final rule.

[2] Percent change in estimated payments per discharge for LTCH PPS standard Federal payment rate cases from FY 2026 to FY 2027 due to the annual update to the LTCH PPS standard Federal payment rate.

[3] Percent change in estimated payments per discharge for LTCH PPS standard Federal payment rate cases from FY 2026 to FY 2027 due to the changes to the area wage level adjustment under § 412.525(c) (that is, the updated hospital wage data and the labor-related share) with budget neutrality.

[4] Percent change in estimated payments per discharge for LTCH PPS standard Federal payment rate cases from FY 2026 (shown in Column 4) to FY 2027 (shown in Column 5), due to all of the changes to the rates and factors applicable to such cases presented in the preamble and the Addendum to this final rule.

41. On page 50457,

a. The table titled ''Table X: Estimated Impact On Small Businesses*'' is corrected to read as follows:

TABLE X—ESTIMATED IMPACT ON SMALL BUSINESSES *

	Total facilities	Estimated small businesses	Total impact ($1 million)	Estimated impact to small businesses	Estimated average impact per small business
IPPS Hospitals	3,006	1,386	$2,900	$52,200,000	$37,662
LTCHs	319	147	54	1,000,000	6,803

* Based on the assumptions that small firms represent 46.1 percent of affected entities and account for approximately 1.8 percent of total industry revenues using the SBA size standards.

b. Bottom half of page, second column, first full paragraph:

(1) Line 2, the figure ''3,005'' is corrected to read ''3,006'',

(2) Line 15, the figure ''6.8'' is corrected to read ''6.7''.

42. On page 50458, first column, first full paragraph, line 14, the figure ''3,005'' is corrected to read ''3,006''.

Liesl I. Fowler,

Executive Secretary to the Department, Department of Health and Human Services.

[FR Doc. 2026–19946 Filed 9–28–26; 8:45 am]

BILLING CODE 4169–69–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 660

[Docket No. 241022–0278; RIN 0648–BO14]

Magnuson-Stevens Act Provisions; Fisheries Off West Coast States; Pacific Coast Groundfish Fishery; 2025–2026 Biennial Specifications and Management Measures; Inseason Adjustments; Correction

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

ACTION: Final rule; inseason adjustments to biennial groundfish management measures; correction.

SUMMARY: NMFS is taking inseason action to correct its prior omissions in implementing the routine inseason adjustments to management measures in commercial groundfish fisheries published on August 20, 2026. This action revises regulations to include adjusted limited entry and open access sablefish trip limits between 40°10′ North latitude (N lat.) and 36° N lat., which were inadvertently omitted.

DATES: This final rule is effective September 29, 2026.

FOR FURTHER INFORMATION CONTACT: Megan Mackey, Fishery Management Specialist, at 206–526–6140 or *megan.mackey@noaa.gov.*

SUPPLEMENTARY INFORMATION:

Need for Inseason Action

NMFS published the final rule to implement harvest specifications and management measures for the 2025–2026 biennium for most species managed under the Pacific Coast Groundfish Fishery Management Plan (Groundfish FMP) on December 16, 2024 (89 FR 101514). That final rule was effective on January 1, 2025. Since January 2025, the Pacific Fishery Management Council (Council) has recommended, and NMFS has implemented, several inseason adjustments to management measures.

The Council recommended an inseason action at its June 2026 meeting in Spokane, Washington. That action included two inseason adjustments: (1) an increase in sablefish trip limits in the limited entry (LE) and open access (OA) sectors north and south of 36° N lat., and (2) a reduction in vermilion/sunset rockfish sub-trip limits within the shelf rockfish complex in the LE and OA sectors south of 34°27′ N lat. That inseason action was published in a final rule on August 20, 2026 (91 FR 53737) (August 2026 final rule). After publication of that August 2026 final rule, NMFS noted the need for corrections to accurately implement the sablefish trip limits as evaluated by the Council and approved by NMFS.

Corrections

The August 2026 final rule inadvertently omitted sablefish trip limits between 40°10′ N lat. and 36° N lat. in Table 2b South to 50 CFR part 660 subpart E and Table 3b South to 50 CFR part 660 subpart F. The limit for ''Sablefish (40°10′ N lat. – 36° N lat.)'' in Table 2b South to part 660 subpart E will now read ''7,000 lb/week not to exceed 14,000 lb/2 months.'' rather than the current incorrect ''5,500 lb/week not to exceed 11,000 lb/2 months.'' The limit for ''Sablefish (40°10′ N lat. – 36° N lat.)'' in Table 3b South to part 660 subpart F will now read ''5,000 lb/week not to exceed 10,000 lb/2 months.'' rather than the current incorrect ''4,000 lb/week not to exceed 8,000 lb/2 months.'' These corrections accurately reflect the Council's recommended trip limit increases for LE and OA sablefish 40°10′ N lat. – 36° N lat., as shown in table 1, which were intended to be approved by NMFS in the August 20, 2026 final rule (91 FR 53737).

TABLE 1—NEW LE AND OA SABLEFISH TRIP LIMITS (40°10′ N LAT. –36° N LAT.)

Fishery	Area	New trip limits
LE	40°10′ N lat. – 36° N lat	7,000 lb (3,175 kg)/week not to exceed 14,000 lb (6,350 kg)/2 months.
OA	40°10′ N lat. – 36° N lat	5,000 lb (2,268 kg)/week not to exceed 10,000 lb (4,536 kg)/2 months.

Classification

This final rule makes routine inseason adjustments to groundfish fishery management measures, based on the best scientific information available, consistent with the Groundfish FMP and its implementing regulations.

This action is taken under the authority of 50 CFR 660.60(c) and is exempt from review under Executive Order 12866.

Pursuant to 5 U.S.C. 553(b)(B), the NMFS Assistant Administrator for Fisheries (AA) finds there is good cause to waive prior notice and an opportunity for public comment on this action, as notice and comment would be unnecessary and contrary to public interest in clear and accurate regulations. This action corrects inadvertent errors and implements the original intent of the August 2026 final rule. Expeditious correction of the errors and clarification is necessary to prevent confusion among participants in the fishery, which has already begun. In addition, notice and comment is unnecessary because this action makes only minor changes to correct inadvertent errors and routine inseason adjustments related to the final rule implementing harvest specifications and management measures for the 2025–2026 biennium (89 FR 101514, December 16, 2024). That rule was subject to notice and comment rulemaking, as well as opportunity for public comment through the Council development process, including at meetings in June 2023, September 2023, November 2023, March 2024, April 2024, and June 2024. These inseason adjustments to trip limits will not affect the results of analyses conducted to support management decisions in the Pacific Coast groundfish fishery. The adjustments are consistent with the public process regarding the regulations and to accurately implement the 2025–2026 specifications as evaluated by the Council and approved by NMFS in December 2024, and as intended to be adjusted by the Council and approved by NMFS through inseason action in August 2026. Accordingly, the public expects the regulations to be written as in this inseason rule. No change in operating practices in the fishery is required.

Similarly, the AA has determined good cause exists to waive the 30-day delay in effectiveness pursuant to 5 U.S.C. 553(d). The changes in this action should be effective immediately to prevent further confusion among participants in the fishery. This notice makes only minor, routine adjustments to the final rule which was effective January 1, 2025, consistent with the inseason rule which was effective August 20, 2026. Delaying effectiveness of this action would result in perceived conflicts in the regulations and confusion among fishery participants.

List of Subjects in 50 CFR Part 660

Fisheries, Fishing, Indian fisheries.

Dated: September 24, 2026.

Shannon Bettridge,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

For the reasons set out in the preamble, NMFS amends 50 CFR part 660 as follows:

PART 660–FISHERIES OFF WEST COAST STATES

■ 1. The authority citation for part 660 continues to read as follows:

Authority: 16 U.S.C. 1801 *et seq.,* 16 U.S.C. 773 *et seq.,* and 16 U.S.C. 7001 *et seq.*

■ 2. Amend table 2b (South) to part 660, subpart E by revising the entry for ''Sablefish (40°10′ N lat. – 36° N lat.)'' to read as follows:

TABLE 2b (SOUTH) TO PART 660, SUBPART E—TRIP LIMITS FOR LIMITED ENTRY NON-TRAWL SOUTH OF 40°10′ N LAT.

Species	Trip limit
* * *	* *
Sablefish (40°10′ N lat. – 36° N lat.).	7,000 lb/week not to exceed 14,000 lb/2 months.
* * *	* *

■ 3. Amend table 3b (South) to part 660, subpart F by revising the entry for ''Sablefish (40°10′ N lat. – 36° N lat.)'' to read as follows:

TABLE 3b (SOUTH) TO PART 660, SUBPART F—TRIP LIMITS FOR OPEN ACCESS SOUTH OF 40°10′ N. LAT.

Species	Trip limit
* * *	* *
Sablefish (40°10′ N lat. – 36° N lat.).	5,000 lb/week not to exceed 10,000 lb/2 months.
* * *	* *

* * * * *

[FR Doc. 2026–19901 Filed 9–28–26; 8:45 am]

BILLING CODE 3510–22–P

Proposed Rules

Federal Register

Vol. 91, No. 187

Tuesday, September 29, 2026

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF HOMELAND SECURITY

8 CFR Part 100

U.S. Customs and Border Protection

19 CFR Part 122

[Docket No. USCBP–2026–0892]

RIN 1651–AB51

Withdrawal of International Airport Designation of Chalk Seaplane Base

Correction

In proposed rule document 2026–17108, beginning on page 54249, in the issue of Friday, August 21, 2026, make the following correction:

The heading should read as set forth above.

[FR Doc. C1–2026–17108 Filed 9–28–26; 8:45 am]

BILLING CODE 0099–10–D

FEDERAL RESERVE SYSTEM

12 CFR Parts 247 and 262

[Docket No. R–1900]

RIN 7100–AH30

Application Procedures for Board-Supervised Insured Depository Institutions Seeking Approval for a Subsidiary To Issue Payment Stablecoins

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) proposes to issue regulations that would establish procedures to be followed by an insured State member bank that seeks to obtain Board approval for a subsidiary to issue payment stablecoins pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act).

DATES: Comments must be received by the Board on or before November 30, 2026.

ADDRESSES: You may submit comments, identified by Docket No. R–1900 and RIN 7100–AH30, by any of the following methods:

- *Agency website: https://www.federalreserve.gov/apps/proposals/.* Follow the instructions for submitting comments, including attachments. *Preferred Method.*
- *Mail:* Benjamin W. McDonough, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.
- *Hand Delivery/Courier:* Same as mailing address.
- *Other Means: publiccomments@frb.gov.* You must include the docket number in the subject line of the message.

Comments received are subject to public disclosure. In general, comments received will be made available on the Board's website at *https://www.federalreserve.gov/apps/proposals/* without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure. Public comments may also be viewed electronically or in person in Room M–4365A, 2001 C St. NW, Washington, DC 20551, between 9 a.m. and 5 p.m. during Federal business weekdays.

FOR FURTHER INFORMATION CONTACT: Lucy Chang, Assistant General Counsel, (202) 475–6331, Kelley O'Mara, Assistant General Counsel, (202) 430–0911, Isabel Echarte, Senior Attorney, (202) 945–2412, and Harrison Clanton, Attorney, (202) 923–7765, Legal Division; or Vaishali Sack, Deputy Associate Director, (202) 579–6684, Patrick Grant, Manager, (202) 714–4532, and Alex Noussias, Senior Analyst, (240) 517–9688, Division of Supervision and Regulation. For users of TTY–TRS, please call 711 from any telephone, anywhere in the United States or (202) 263–4869.

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Introduction

The Board of Governors of the Federal Reserve System (Board) is issuing this notice of proposed rulemaking (proposed rule) to implement certain application provisions in the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the GENIUS Act or the Act).[1] The Board proposes to issue the proposed rule as subpart D to Regulation UU in 12 CFR part 247.[2] The proposed rule would establish a tailored application process for an insured State member bank (applicant) to obtain approval from the Board for a subsidiary to issue payment stablecoins.[3] The application process in the proposed rule is designed to enable the Board to

[1] Public Law 119–27, 139 Stat. 419 (codified at 12 U.S.C. 5901 *et seq.*).

[2] In this proposed rule, other portions of 12 CFR part 247 are being reserved. The Board is concurrently proposing regulations to implement the other portions of the GENIUS Act at 12 CFR part 247 as Regulation UU.

[3] The Board is proposing to define the term "payment stablecoin" consistent with the definition of the term in section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)). The GENIUS Act defines a payment stablecoin as a digital asset (i) that is, or is designed to be, used as a means of payment or settlement, and (ii) the issuer of which (A) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value and (B) represents or creates the reasonable expectation that it will maintain a stable value relative to a fixed amount of monetary value. 12 U.S.C. 5901(22)(A). The GENIUS Act further provides that the term payment stablecoin does not include a digital asset that is a national currency, a deposit, or a security. 12 U.S.C. 5901(22)(B).

effectively evaluate the safety and soundness of the applicant's proposed activities based on the factors set out in the GENIUS Act, while minimizing unnecessary regulatory burden on applicants.

II. Background and Legal Authority

Under the GENIUS Act, subject to certain exceptions, only a permitted payment stablecoin issuer (PPSI) may issue payment stablecoins in the United States.[4] A PPSI is a person formed in the United States that is (i) a subsidiary of an insured depository institution that has been approved to issue payment stablecoins by its primary Federal payment stablecoin regulator; (ii) a Federal qualified payment stablecoin issuer approved by the Office of the Comptroller of the Currency (OCC); or (iii) a State-qualified payment stablecoin issuer approved by its State payment stablecoin regulator.[5] The primary Federal payment stablecoin regulator of a PPSI that is a subsidiary of an insured depository institution is the appropriate Federal banking agency of the insured depository institution, as that term is defined in section 3 of the Federal Deposit Insurance Act (FDI Act),[6] or the National Credit Union Administration in the case of a subsidiary of an insured credit union, as that term is defined in section 2 of the GENIUS Act.[7] Accordingly, an insured State member bank must obtain the prior approval of the Board for a subsidiary to become a Board-supervised PPSI[8] and issue payment stablecoins.

Section 5(a)(1) of the GENIUS Act provides that the Board shall receive, review, and consider applications from any insured State member bank that seeks approval for a subsidiary to become a Board-supervised PPSI and issue payment stablecoins.[9] The GENIUS Act requires the Board to promulgate rules for processing applications submitted under section 5 of the GENIUS Act.[10] The framework established by the Board, including with respect to licensing, must prioritize the safety and soundness of the applicant, including its Board-supervised PPSI subsidiary.[11] Additionally, the Federal Reserve Act and other Federal statutes provide the Board with authority over the supervision and regulation of State member banks, including with respect to their investments in, and the activities of, subsidiaries.[12]

The Board is required to evaluate and make a determination on a ''substantially complete application'' using the factors listed in section 5(c) of the GENIUS Act, including the proposed Board-supervised PPSI's ability to meet statutory and regulatory requirements, as well as other factors related to management and safety and soundness.[13] As described in greater detail below, upon the receipt of a substantially complete application, the Board must render a decision on the application within 120 days.[14] Additionally, as described in greater detail below, the Board may deny a substantially complete application only upon determining that the activities of the applicant, including the activities of the proposed Board-supervised PPSI, would be unsafe or unsound based on the factors set out in the GENIUS Act.[15] The GENIUS Act sets out a process by which applicants may appeal a denial, as discussed in greater detail in section III.D of this Supplementary Information.[16]

The GENIUS Act also provides the Board and other Federal regulators authority to issue other rules, including prudential requirements, for PPSIs.[17] The Board is concurrently proposing additional rules in a separate notice to implement those provisions of the GENIUS Act.

III. Proposed Rule

The proposed rule would set out a process for insured State member banks to apply to the Board for prior approval for a subsidiary to issue payment stablecoins using the applications process and requirements set out in the GENIUS Act. The proposed rule would: (i) describe the scope of the application requirements; (ii) set out rules of procedure governing such applications; (iii) specify the information that applicants must submit; and (iv) establish a process governing the appeal, hearings, and final determination for applications. These provisions in the proposal would not apply to uninsured State member banks.[18]

A. Applicants

The GENIUS Act provides that when an insured State member bank seeks approval for a subsidiary to issue payment stablecoins, the insured State member bank is the entity that must file an application with the Board. Section 247.2 of the proposed rule defines ''applicant'' to mean an insured State member bank that has submitted an application for a subsidiary to issue payment stablecoins pursuant to section 5 of the GENIUS Act and section 247.30 of the proposed rule.

The GENIUS Act and section 247.2 of the proposed rule define the term ''subsidiary'' by reference to the FDI Act, which states that a subsidiary includes any company which is owned or controlled directly or indirectly by another company.[19] In the FDI Act, the term ''control'' is defined by reference to the Bank Holding Company Act (BHC Act).[20] The Board's Regulation Y sets out the Board's presumptions of control and noncontrol under the controlling influence prong of the BHC Act definition of ''control.''[21] The Board proposes to evaluate whether an applicant would control a proposed Board-supervised PPSI under the framework set out in the BHC Act and the Board's Regulation Y. Accordingly, section 247.2 of the proposed rule would define the term ''control'' such that a person[22] (the ''first person'') would control another person (the ''second person'') if: (i) the first person directly or indirectly or acting through one or more persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the second person, (ii) the first person controls in any manner the election of

[4] 12 U.S.C. 5902, 5916.

[5] 12 U.S.C. 5901(23).

[6] *See* 12 U.S.C. 5901(1), (25).

[7] *See* 12 U.S.C. 5901(25), (33).

[8] Proposed section 247.2 defines ''Board-supervised PPSI'' to mean a PPSI supervised and regulated by the Board pursuant to the GENIUS Act (12 U.S.C. 5901 *et seq.*).

[9] 12 U.S.C. 5904(a)(1). The Board is proposing to define the term ''State member bank'' to mean a State-chartered bank that has been approved for membership in the Federal Reserve System. This term is similar to the definition of ''State member bank'' as set forth in section 3(d) of the Federal Deposit Insurance Act (12 U.S.C. 1813(d)(2)).

[10] 12 U.S.C. 5904(a)(2)(A); *see also* 5 U.S.C. 552(a)(1).

[11] 12 U.S.C. 5904(a)(1)(B).

[12] *See, e.g.,* 12 U.S.C. 248, 321–339a, 483, 602, 1818, 1828, 1831o, 1831p-1 (implemented in 12 CFR part 208).

[13] 12 U.S.C. 5904(a)(3), (c).

[14] 12 U.S.C. 5904(d)(1)(A).

[15] 12 U.S.C. 5904(d)(2)(A)(i).

[16] 12 U.S.C. 5904(d)(2)(C).

[17] *See, e.g.,* 12 U.S.C. 5903(h) and 5913.

[18] An uninsured State member bank may apply to its home State payment stablecoin regulator in order to become a PPSI that is a State qualified payment stablecoin issuer. 12 U.S.C. 5901(31). In such case, although no application need be submitted to the Board by the bank under the GENIUS Act, the uninsured State member bank would remain subject to requirements otherwise applicable to State member banks, in addition to requirements applicable to the entity as a State-qualified payment stablecoin issuer.

[19] *See* 12 U.S.C. 5901(32) (''The term ''subsidiary'' has the meaning given that term in [12 U.S.C. 1813].''); *see also* 12 U.S.C. 1813(w)(4).

[20] 12 U.S.C. 1813(w)(5).

[21] *See* 12 CFR part 225, subpart D.

[22] The Board is proposing to define the term ''person'' as the term is defined in section 2(24) of the GENIUS Act (12 U.S.C. 5901(24)). As proposed, the term ''person'' would mean an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

a majority of the directors or trustees of the second person, or (iii) the Board determines, after notice and opportunity for hearing, that the first person directly or indirectly exercises a controlling influence over the management or policies of the second person.[23] This approach would be consistent with the statutory definitions in the GENIUS Act.

Question 1: What additional clarification, if any, would be helpful regarding when an insured State member bank would be considered to control a proposed Board-supervised PPSI?

Question 2: Under the GENIUS Act, the definition of ''subsidiary'' incorporates the definition of ''control'' under the BHC Act. The Board's Regulation Y provides a regulatory framework for implementing the statutory definition of ''control.'' What, if any, clarifications to Board's control framework would be appropriate to address issues specific to PPSIs and, in particular, insured State member banks that seek approval for a subsidiary to issue payment stablecoins?

Question 3: How does the statutory requirement that an insured State member bank control its proposed Board-supervised PPSI create challenges or opportunities for a consortium model of stablecoin issuance?

B. Rules of Procedure

The proposed rule would set out rules of procedure for applications made to the Board under section 5 of the GENIUS Act.[24] Section 247.30(b)(1) of the proposed rule would provide that the applicant must submit its application to the appropriate Federal Reserve Bank, which will promptly send a copy of the application to the Board. The applicant would submit information in the form of an application by letter containing the information listed in the regulation, as described in greater detail below. Section 247.30(b)(2) of the proposed rule would provide that the application must (i) be signed by a duly authorized agent of the applicant; (ii) describe the proposal, including all relevant facts, and the action requested; and (iii) indicate the reasons why the application should be approved, addressing the factors set out in section 5(c) of the GENIUS Act, which are discussed in greater detail in section III.C.2 of this Supplementary Information.[25] The proposed rule also identifies, and would require the submission of, information necessary for the Board to evaluate the statutory factors that it must consider under the GENIUS Act and the proposed rule, as discussed in greater detail in section III.C.3 of this Supplementary Information.

Section 247.30(h) of the proposed rule would further specify that the Board may, in exceptional circumstances and to the extent consistent with the GENIUS Act, waive the requirements in this proposed rule or adopt different procedures. For example, the Board may elect to waive or change the requirements for an application involving structures where the applicant does not propose to own 100 percent of the proposed Board-supervised PPSI, including structures involving more than one bank. If a proposed payment stablecoin is to be issued by a subsidiary of multiple banks through a consortium, the Board may agree to accept and process a single application on behalf of all insured State member banks of the consortium if the consortium could be considered a subsidiary of each.

State member banks may request feedback prior to submitting a potential application for a subsidiary to issue payment stablecoins.[26] In general, the pre-filing process can be beneficial to entities submitting complex proposals or seeking feedback on specific areas regarding a proposal.

Question 4: What other considerations should the Board and the other agencies take into account in processing applications involving a consortium of insured depository institutions? What are approaches the agencies could take to coordinate review of filings involving multiple insured depository institutions with different primary Federal regulators?

Question 5: What are the advantages and disadvantages of having a consortium-owned PPSI submit relevant application(s) on behalf of its members versus each insured depository institution individually submitting an application to its primary Federal regulator?

C. Framework for Receiving and Reviewing Applications

1. Timing and Informational Completeness

The GENIUS Act states that an application shall be considered substantially complete if it contains sufficient information for the Board to render a decision on whether the applicant satisfies the factors described in section 5(c) of the GENIUS Act.[27] Section 5(d)(1)(B)(ii) of the GENIUS Act provides that, not later than 30 days after receiving an application, the Board must notify the applicant as to whether the Board considers the application to be substantially complete and, if the application is not substantially complete, specify the additional information the applicant shall provide in order for the application to be considered substantially complete.[28] An application will be considered substantially complete as of the date that the appropriate Federal Reserve Bank received the final materials necessary for the application to be deemed substantially complete (the ''submission date''), not the date on which the Board sends a notification to the applicant regarding the substantially complete determination. Section 5(d)(1)(A) of the GENIUS Act provides that the Board shall render a decision on the application not later than 120 days after the submission date.[29] Under section 5(d)(3) of the GENIUS Act, if the Board fails to render a decision on a complete application within 120 days of the submission date, the application shall be deemed approved.[30]

Paragraphs (c) and (e) of section 247.30 of the proposed rule would generally restate the timing and informational completeness requirements of the GENIUS Act. Further, section 247.30(c)(1) of the proposed rule would clarify that an application would not be considered substantially complete if the applicant has omitted any information necessary for evaluating the statutory factors that the Board must consider under section 5 of the GENIUS Act. Examples of instances where the Board might not consider an application to be substantially complete include, but are not limited to, (i) if the application does not provide all of the information required by the proposed rule; (ii) if the information provided in the application contains significant gaps or is unclear in any material respect related to the

[23] *See* 12 U.S.C. 1841(a)(2).

[24] The proposed rule would also amend 12 CFR 262.3 to clarify that the existing applications processes set out in that section do not apply to an application by an insured State member bank that seeks approval for a subsidiary to issue payment stablecoins pursuant to the GENIUS Act. Instead, the more specific procedures in the proposed rule would apply.

[25] 12 U.S.C. 5904(c).

[26] The Board has an existing process for State member banks and others to seek feedback in advance of submitting an application. *See* SR 12–12/CA 12–11, Implementation of a New Process for Requesting Guidance from the Federal Reserve Regarding Bank and Nonbank Acquisitions and Other Proposals (July 11, 2012).

[27] 12 U.S.C. 5904(d)(1)(B)(i).

[28] 12 U.S.C. 5904(d)(1)(B)(ii).

[29] 12 U.S.C. 5904(d)(1)(A).

[30] 12 U.S.C. 5904(d)(3).

statutory factors; or (iii) if the Board determines that there are issues or deficiencies in the information provided that must be resolved (including through the submission of additional information) in order for the Board to consider the statutory factors.

Section 5(d)(1)(iii) of the GENIUS Act provides that an application considered substantially complete remains substantially complete unless there is a material change in circumstances that requires the Board to treat the application as a new application.[31] Under section 247.30(c)(2) of the proposed rule, an application that has been considered substantially complete may be considered to no longer be substantially complete if the Board becomes aware that, due to a material change in circumstances, the information received as of the submission date is no longer sufficient for the Board to evaluate all statutory factors with respect to the application. A material change in circumstances may arise, for example, if (i) the applicant's financial condition deteriorates, (ii) the applicant materially alters the business plan of the proposed Board-supervised PPSI, or (iii) there are changes to the ownership structure of the proposed Board-supervised PPSI (such as new principal shareholders). Upon the appropriate Federal Reserve Bank's receipt of supplementary information that provides the Board with information necessary to render a decision under the statute and the proposed rule, the Board will assign a new submission date, and the 120-day clock will restart as of the new submission date.[32]

Additionally, section 247.30(c)(4) of the proposed rule would clarify that information submitted within business hours on a business day in the time zone of the appropriate Federal Reserve Bank will be deemed to have been received by the appropriate Federal Reserve Bank on that day.[33] Information submitted on a non-business day or outside business hours would be deemed to be received on the next business day. This approach generally is consistent with the Board's current practice on other applications matters.

2. Statutory Factors

Section 5(c) of the GENIUS Act sets out a list of factors that the Board must consider when reviewing an application.[34] These factors are restated in section 247.30(d) of the proposed rule and are explained briefly below.

Ability to Meet Requirements Under Section 4 of the GENIUS Act. Under section 5(c)(1) of the GENIUS Act, the Board must evaluate the ability of the proposed Board-supervised PPSI,[35] based on financial condition and resources, to meet the requirements set forth under section 4 of the GENIUS Act.[36] Among other things, section 4 of the GENIUS Act requires that a PPSI must: (i) maintain identifiable reserves backing the outstanding payment stablecoins on at least a one-to-one basis, comprising specified categories of reserves; (ii) publish the composition of reserves on a monthly basis; (iii) adhere to capital, liquidity, and risk management requirements promulgated by the Board; (iv) comply with applicable Bank Secrecy Act[37] requirements and other requirements relating to economic sanctions, the prevention of money laundering and countering the financing of terrorism, and customer identification and due diligence; (v) observe limitations on permissible activities; (vi) comply with provisions prohibiting specific conduct or activities, such as the prohibition on the use of deceptive names; and (vii) have the technological capability to comply, and actually comply, with the terms of any lawful order.[38] The Board is concurrently proposing rules to implement section 4 of the GENIUS Act. The ability to comply with any such rules will be part of the Board's evaluation under this factor.

As part of the evaluation of this statutory factor, the proposed rule would provide that an applicant must demonstrate that a proposed Board-supervised PPSI has the ability to come into compliance with any capital rules applicable to Board-supervised PPSIs, once such rules become effective.[39] Until capital requirements applicable to Board-supervised PPSIs become effective, an applicant would need to demonstrate that the proposed Board-supervised PPSI would have sufficient initial capital, net of any organizational expenses that would be charged to the PPSI's capital after it begins operations, to support the proposed Board-supervised PPSI's projected volume and type of business as outlined in the business plan. An applicant should also provide to the Board a longer-term capital plan that indicates that the Board-supervised PPSI would have sufficient financial, managerial, and operational resources to support the future projected volume and type of business.

Factors Related to Management. The Board must also consider certain factors related to management described in section 5(c)(2) and 5(c)(3) of the GENIUS Act. Under section 5(c)(2) of the GENIUS Act, the Board must consider whether an individual who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud is serving as an officer or director[40] of the proposed Board-

[31] 12 U.S.C. 5904(d)(1)(iii).

[32] In such cases, the applicant will not need to withdraw the application; rather, once the necessary information has been provided, the Board will process the application consistent with the new submission date and related 120-day period.

[33] Applicants are encouraged to submit applications through FedEZFile, which can be accessed through *https://www.federalreserve.gov/supervisionreg/afi/fedezfile-fluent.htm.*

[34] 12 U.S.C. 5904(c).

[35] As discussed in section III.A of this Supplementary Information above, the ''applicant'' for purposes of section 5 of the GENIUS Act and the proposed rule is an insured State member bank seeking approval for a subsidiary to issue payment stablecoins. However, in paragraph 5(c)(1) of the GENIUS Act, the term ''applicant'' is clarified to refer to the PPSI subsidiary of an applicant that is an insured depository institution. The proposed rule interprets this clarification to apply to all of the factors in subsection 5(c) of the GENIUS Act that use the term ''applicant.'' This approach would align the scope of the statutory factor in section 5(c)(2) of the GENIUS Act to the substantive requirement in section 4(f) of the GENIUS Act, which prohibits any individual who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud from serving as an officer or director of a PPSI. 12 U.S.C. 5903(f), 5904(c)(2). Additionally, it would align the statutory factor in section 5(c)(4) of the GENIUS Act to section 4(a)(1)(B) of the GENIUS Act, which requires a PPSI to have a redemption policy meeting certain specified requirements. 12 U.S.C. 5903(a)(1)(B), 5904(c)(4).

[36] 12 U.S.C. 5903.

[37] The ''Bank Secrecy Act'' is defined to refer to (1) section 21 of the FDI Act (12 U.S.C. 1829b); (2) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and (3) subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*). 12 U.S.C. 5901(2). The proposal would add the phrase ''and notes thereto'' as a clarification.

[38] *See generally* 12 U.S.C. 5903(a).

[39] The Board is concurrently proposing rules to implement the other provisions of the GENIUS Act, including the Act's provisions regarding capital. *See* proposed sections 247.15-.18.

[40] The proposed rule would define the term ''director'' to mean an individual who serves on the board of directors of an entity, except an advisory director who (1) is not elected by the shareholders of the entity, (2) does not have the authority to vote on matters before the board of directors or any committee of the board of directors, and (3) provides solely general policy advice to the board of directors or any committee. The proposed rule would define the term ''board of directors'' to mean an entity's board of directors or the group of individuals that serve the nearest equivalent function of acting as the governing body of an entity. These definitions are generally consistent with definitions of these terms in other rules. *See, e.g.,* 12 CFR 215.2(d)(1) (director); 225.31(e)(1) (board of directors), and would address the various organizational forms used by entities, including those that do not have a traditional board of directors.

supervised PPSI.[41] Under section 5(c)(3) of the GENIUS Act, the Board must consider the competence, experience, and integrity of the officers, directors, and principal shareholders of the proposed Board-supervised PPSI, its subsidiaries, and parent company, including—(A) the record of those officers, directors, and principal shareholders of compliance with laws and regulations; and (B) the ability of those officers, directors, and principal shareholders to fulfill any commitments to, and any conditions imposed by, their primary Federal payment stablecoin regulator in connection with the application at issue and any prior applications.[42]

Redemption Policy. Under section 5(c)(4) of the GENIUS Act, the Board must also consider whether the redemption policy of the proposed Board-supervised PPSI meets the standards under 12 U.S.C. 5903(a)(1)(B).[43] The GENIUS Act requires that a PPSI publicly disclose its redemption policy. The GENIUS Act also provides that the redemption policy must: (i) establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins; and (ii) publicly, clearly, and conspicuously disclose, in plain language, all fees associated with purchasing or redeeming its payment stablecoins, provided that such fees can only be changed with not less than seven days' prior notice to consumers.[44]

3. Information Submitted as Part of an Application

Under the proposed rule, the applicant would submit information to the appropriate Federal Reserve Bank in the form of an application by letter that would contain all applicable information listed in the regulation. The Board is not proposing to issue a separate form at this time. The Board is adopting a tailored approach whereby applicants that are proposing to own 100 percent of a Board-supervised PPSI would generally not be expected to submit certain information, including information that is already available to the Board. However, the Board may seek additional information where necessary to evaluate the statutory factors (see section 247.30(b)(3)(ii), (b)(5) of the proposed rule). Further, whenever possible, the Board would utilize information already available to it as the primary Federal regulator of the applicant, such as supervisory and examination information, rather than requiring submission of duplicative information as part of an application.

Under section 247.30(b)(2) of the proposed rule, the application must include a business plan; financial information; relevant policies, procedures, terms, and agreements; documentation relating to the capital structure of the proposed Board-supervised PPSI; biographical reports; certifications regarding certain felony offenses; and a certification that the filing submitted to the Board, including any supporting materials, contains no material misrepresentations or omissions. This information is necessary to evaluate the factors in section 5(c) of the GENIUS Act and to determine whether the activities of the applicant, including the activities of the proposed Board-supervised PPSI, would be unsafe or unsound.[45]

Business Plan. As set out in section 247.30(b)(2)(i) of the proposed rule, the business plan should include descriptions of: (i) the proposed business model, including the proposed products, services, and activities of the proposed Board-supervised PPSI, and the legal basis under applicable Federal and State law for each proposed activity, including any activities other than those enumerated in section 4(a)(7)(A) of the GENIUS Act that would be conducted by the proposed Board-supervised PPSI;[46] (ii) contemplated affiliate[47] transactions and relationships, including a description of how the proposed Board-supervised PPSI would be controlled by the applicant; (iii) the proposed organizational and governance structure;[48] (iv) any material third-party relationships; (v) identities, roles, and responsibilities of all entities involved in the proposed related activities; and (vi) how the proposed Board-supervised PPSI would maintain compliance with the key requirements of the GENIUS Act and its implementing regulations. The business plan should include information on how the applicant plans for the payment stablecoin to maintain a stable value, including a description of any applicant guarantees, intercompany agreements, or relationships with third parties that would distribute or participate in price discovery of or market-making for the stablecoins issued by the proposed Board-supervised PPSI, or any third parties that have control of the proposed Board-supervised PPSI's private keys or the ability to directly mint and redeem stablecoins on behalf of the proposed Board-supervised PPSI.

Financial Information. Additionally, under section 247.30(b)(2)(ii) of the proposed rule, applicants must include financial information relevant to the proposed Board-supervised PPSI, including: (i) a description of how the proposed Board-supervised PPSI would be funded initially and on an ongoing basis, including whether it is anticipated that an applicant or any individual would make a financial guarantee or otherwise act to financially support the proposed Board-supervised PPSI (including any related intercompany agreements);[49] (ii) projected stablecoin reserve assets and their composition;[50] (iii) reserve management plans; and (iv) financial projections, with accompanying assumptions, for the first three years of operations for the proposed Board-supervised PPSI. Such information would generally align with the Board's practice of requesting three years of *pro forma* financial statements as a component of other applications, such as for applications for *de novo* State member banks.

Policies and Procedures. Section 247.30(b)(2)(iii) of the proposed rule would provide that the application should include relevant policies and procedures; customer agreements, terms of use, or other disclosures provided to customers; agreements with affiliates or third parties; or other information that

[41] 12 U.S.C. 5904(c)(2); *see also* 12 U.S.C. 5903(f).

[42] 12 U.S.C. 5904(c)(3).

[43] 12 U.S.C. 5904(c)(4). The Board is concurrently proposing rules to implement the other provisions of the GENIUS Act, including the Act's provisions regarding redemption policies and disclosures. *See* proposed section 247.12.

[44] 12 U.S.C. 5903(a)(1)(B).

[45] 12 U.S.C. 5904(c) (factors), 5904(d)(2)(A) (grounds for denial).

[46] 12 U.S.C. 5903(a)(7)(A).

[47] The proposed rule would define the term "affiliate" to mean a person that controls, is controlled by, or is under common control with another person, which is generally consistent with the definition in 12 U.S.C. 1841(k) and 12 CFR 225.2(a).

[48] If a proposed payment stablecoin is to be issued by a Board-supervised PPSI that is a subsidiary of more than one bank, the Board would expect the application to include the governance structure of such arrangement, including expected activities of the other banks.

[49] With respect to a planned capital and liquidity structure, the Board may consider any planned financial commitments from the applicant's or proposed Board-supervised PPSI's officers, directors, and principals or shareholders, or if there is a plan to launch the payment stablecoin as part of a consortium approach.

[50] The Board would expect that information provided on reserve assets and composition and their associated asset management plan to include a description of the reserves, if any, that are proposed to be in tokenized form and also a discussion of the scenarios under which the reserve asset mix could change and what situations might prompt that change. The Board is concurrently proposing rules to implement the other provisions of the GENIUS Act, including the Act's provisions regarding reserve assets, including monthly disclosures and principles-based reserve asset diversification standards, among other things. *See* proposed section 247.11.

would be necessary for evaluating the application. This would include documents relating to (i) redemption; [51] (ii) maintenance of required reserve assets; [52] (iii) custody of customer assets; [53] (iv) recordkeeping, reconciliation, and transaction processing; and (v) compliance with Bank Secrecy Act, sanctions compliance program, anti-money laundering, and countering the financing of terrorism requirements.[54] Draft or proposed documents may be submitted as part of the application.

Capital Structure. Under section 247.30(b)(2)(iv) of the proposed rule, if the proposed Board-supervised PPSI is not wholly owned by the applicant, the applicant must also provide documentation regarding the capital structure of the proposed Board-supervised PPSI, including the shares of each class of securities and total equity controlled by each shareholder on a fully diluted and undiluted basis, general background information for each shareholder with more than five percent of voting securities, and the organizational documents and other agreements governing the securities of the proposed Board-supervised PPSI.

Biographical and Personal Financial Information. Under section 247.30(b)(3) of the proposed rule, applicants also would be expected to submit a biographical report and other information necessary to initiate name checks [55] for principal shareholders that are not State member banks, as well as for the top two decision-makers of the proposed Board-supervised PPSI. Individuals submitting this information would be expected to submit legible electronic fingerprints for a biometric-based criminal history search, consistent with current Board practices, to complete background checks.[56] This information is necessary for evaluating the factors which the Board must consider when evaluating an application under the GENIUS Act, including evaluating the competence, experience, and integrity of the officers,[57] directors, and principal shareholders of a proposed Board-supervised PPSI, its subsidiaries, and its parent company.[58] Principal shareholders and the top two decision-makers of the proposed Board-supervised PPSI would generally be required to submit the Biographical Report and Certifications, but not the Financial Report or Supporting Schedules, of the Interagency Biographical and Financial Report—FR 2081c (''IBFR'').[59] Under section 247.30(b)(3)(iii) of the proposed rule, the Board may waive these requirements in its discretion, such as for individuals that have submitted an IBFR to the Board and undergone name checks within the last five years, consistent with the Board's procedures on other applications matters.

The proposed rule would define a principal shareholder as a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family,[60] will own, control, or hold the power to vote 10 percent or more of any class of voting securities of an entity, or any person that the Board determines has the power, directly or indirectly, to exercise a controlling influence over the management or policies of an entity. This definition is substantially similar to the definition in the IBFR instructions and the Board's Regulation Y, 12 CFR 225.2(n)(2). The proposed rule would state that an applicant may identify the top two decision-makers of the proposed Board-supervised PPSI; however, the Board reserves the right to determine that other persons are the top two decision-makers.

In section 247.30(d)(3)(ii) of the proposed rule, the Board has reserved authority to seek additional biographical or personal financial information with respect to officers, directors, and principal shareholders of a PPSI, its subsidiaries, or its parent companies, as necessary to evaluate the statutory factors. In general, when a proposed Board-supervised PPSI would be wholly owned by a State member bank and its officers and directors are already employed by the State member bank, the Board expects that additional biographical and personal financial information will not need to be collected or reviewed. However, the Board may seek additional information, including requesting the Financial Report or Supporting Schedules of the IBFR, in certain cases as needed to evaluate the statutory factors. Such information may be necessary, for example, (i) with respect to individuals that are not contemporaneously employed by the State member bank; (ii) when the proposed Board-supervised PPSI would not be wholly owned by the State member bank; (iii) when an individual is making a financial guarantee or otherwise agreeing to act to financially support the proposed Board-supervised PPSI; or (iv) in other exceptional circumstances.

Certifications. Relatedly, section 247.30(b)(4)(i) of the proposed rule would require all officers and directors of the proposed Board-supervised PPSI to certify that they have not been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud.[61] This certification would help the Board to monitor compliance with section 4(f) of the GENIUS Act.[62] Section 247.30(b)(4)(ii) would require an authorized officer of the applicant to certify in writing that the filing submitted to the Board, including any supporting materials, contains no material misrepresentations or omissions. It would also provide that the Board may review and verify any information filed in connection with a notice or an application, and that any person responsible for any material misrepresentation or omission in a filing or supporting materials may be subject to enforcement action and other penalties, including criminal penalties provided in 18 U.S.C. 1001.

Additional Information. Section 247.30(b)(5) of the proposed rule provides that the Board may, at any time, request additional information that the Board, in its sole discretion, deems necessary for evaluating the factors the Board must consider under

[51] *See* 12 U.S.C. 5904(c)(4). *See also supra* n.43.

[52] *See* 12 U.S.C. 5903(a)(1)–(2).

[53] *See* 12 U.S.C. 5909.

[54] *See* 12 U.S.C. 5903(a)(5)–(6).

[55] *See* SR Letter 15–8: Name Check Process for Domestic and International Applicants (June 25, 2015).

[56] *See* SR Letter 20–20: Updated Fingerprinting Process Related to Applications Reviewed by the Federal Reserve (August 14. 2020).

[57] The proposed rule would define the term ''officer'' to mean the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term includes any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation. The term ''officer'' would also be defined to include any other person identified by the Board or appropriate Federal Reserve Bank, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the entity. This definition is generally consistent with the definition of senior executive officer in 12 CFR 225.71(c).

[58] 12 U.S.C. 5904(c)(3).

[59] Available at *https://www.federalreserve.gov/apps/reportingforms/Report/Index/FR_2081c.*

[60] The Board is proposing to define the term ''immediate family'' to mean the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) having their domicile in the individual's home. This term is consistent with the definition in the Board's Regulation O, 12 CFR part 215.

[61] 12 U.S.C. 5904(c)(2).

[62] 12 U.S.C. 5903(f). Section 4(f) of the GENIUS Act provides that if a Federal payment stablecoin regulator has a reason to believe that any person has knowingly violated that prohibition, the Federal payment stablecoin regulator shall refer the matter to the Attorney General. *Id.*

section 5(c) of the GENIUS Act.[63] As applications often present distinct facts and circumstances, the Board may need to request additional information after receipt of the application to evaluate an application under the statutory factors. In some cases, applicants may require additional time to prepare and share certain information or documents.

4. Initial Action on an Application

Section 5(d)(2)(A) GENIUS Act provides that the Board shall only deny a substantially complete application if the Board determines that the activities of the applicant, including the activities of its proposed Board-supervised PPSI subsidiary, would be unsafe or unsound based on the factors in section 5(c) of the GENIUS Act.[64] Section 5(d)(2)(B) of the GENIUS Act further provides that, if the Board denies a complete application, the Board shall provide the applicant with written notice explaining the denial with specificity not later than 30 days after the date of such denial. The written explanation must include all findings made by the Board with respect to all identified material shortcomings in the application, including actionable recommendations on how the applicant could address the identified material shortcomings.[65] Section 247.30(f) of the proposed rule would restate these requirements.

For avoidance of doubt, section 247.30(f)(1) of the proposed rule would clarify that inconsistency with any one of the factors in 12 U.S.C. 5904(c) may be sufficient to warrant denial to the extent that the proposed activities of the applicant, including the activities of its proposed Board-supervised PPSI, would be unsafe or unsound. Additionally, the Board may deny an application or defer action on such application if the record is not substantially complete and does not provide information necessary to assess whether an application is consistent with each statutory factor.[66]

With respect to approvals, the Board reserves the right to impose conditions or commitments.[67] Specifically, section 247.30(g) of the proposed rule provides that the Board may impose conditions on any approval, including conditions to address financial, managerial, safety and soundness, compliance, or other concerns to ensure that approval is consistent with the relevant statutory factors and other provisions of the GENIUS Act.

5. Safe Harbor for Pending Applications

Section 5(f) of the GENIUS Act provides that the Board may waive the application of the requirements of the GENIUS Act for a period not to exceed 12 months beginning on the effective date of the GENIUS Act, with respect to a proposed Board-supervised PPSI, if the applicant has an application pending for the subsidiary to become a Board-supervised PPSI on that effective date.[68] The Board would invite such an applicant to submit, together with an application, a written request for a waiver that explains the basis for the request, the extent of the requirement(s) to be waived, and the time period requested, as well as the applicant's plan for coming into compliance with the relevant requirement(s).

Question 6: What additional clarification, if any, is needed regarding when an application would be considered substantially complete or regarding when a material change may arise? What additional clarification, if any, is needed with respect to the statutory deadline for initial action on an application?

Question 7: What additional clarification, if any, would be beneficial regarding the applications process generally?

Question 8: The proposed rule would require applicants to submit an application by letter containing specified information. Should the Board consider requiring applicants to instead submit a structured form? What are the advantages and disadvantages of each approach?

Question 9: Section 5(c) of the GENIUS Act states that the Board may establish any other factors to be considered. Should the Board consider establishing any additional factors? For example, consistent with the framework's prioritization of the safety and soundness of insured State member banks that seek to issue payment stablecoins through a Board-supervised PPSI, should the Board consider evaluating as a separate factor whether, in the judgment of the Board, the proposed activities of the Board-supervised PPSI would negatively impact the safety and soundness of the applicant? The Board welcomes comments on the advantages and disadvantages of adding such a factor. To the extent the Board should consider other factors, please describe the additional factors that the Board should consider and why those factors would be necessary to consider whether the activities of the applicant, including the activities of its proposed Board-supervised PPSI, would potentially be unsafe or unsound.

Question 10: Does the proposed rule request the types of policies, procedures, terms, and customer agreements of the applicant or proposed Board-supervised PPSI necessary to evaluate the factors? Should the Board consider any additional documents that would be necessary to evaluate the statutory factors, or should it adjust or further clarify the documents presently proposed for inclusion?

Question 11: What types of information should applicants submit to the Board to substantiate the sufficiency of the capital or liquidity structures of their proposed Board-supervised PPSI? What information would best demonstrate the appropriate composition, custody, and valuation of the reserve assets backing a payment stablecoin? How should the Board evaluate this information in the period prior to rules setting out prudential requirements for Board-supervised PPSIs being finalized?

Question 12: In addition to the informational requirements discussed in section III.C.3 of this Supplementary Information, what information, if any, should the Board request to evaluate ownership or control structures with respect to Board-supervised PPSIs that are not wholly owned by a single State member bank, consistent with the statutory factors?

Question 13: The proposed rule would require principal shareholders that are not State member banks as well as the top two decision-makers of the proposed Board-supervised PPSI to submit the Biographical Report and Certifications of the IBFR and legible electronic fingerprints for a biometric-based criminal history search. Under the proposed rule, the Board would also reserve the right to request additional biographical or personal financial information with respect to officers, directors, and principal shareholders of the PPSI, its subsidiaries, or its parent companies as necessary to evaluate the statutory factors. Should the proposed rule instead require all officers, directors, and principal shareholders to submit a full IBFR? What are the advantages and disadvantages of this alternative approach? To what extent would such information be beneficial or unnecessary to evaluate the statutory factors?

[63] 12 U.S.C. 5904(c).

[64] 12 U.S.C. 5904(d)(2)(A)(i). The Act also states that the issuance of a payment stablecoin on an open, public, or decentralized network shall not be a valid ground for denial of an application. 12 U.S.C. 5904(d)(2)(A)(ii).

[65] 12 U.S.C. 5904(d)(2)(B).

[66] *See* 12 U.S.C. 5904(a)(3).

[67] *See* 12 U.S.C. 5903(h)(1), 5904(c)(3)(B). Conditions imposed in writing in connection with any application or other request may be enforced in proceedings under applicable law. *See* 12 U.S.C. 5905(b)(2).

[68] 12 U.S.C. 5904(f).

Question 14: How, if at all, could the Board further streamline informational requirements set out in the rule with respect to insured State member banks that propose to own 100 percent of a Board-supervised PPSI?

Question 15: More generally, how, if at all, should the informational expectations described in the proposal be altered to enable the Board to evaluate the factors while minimizing the applicant's burden?

Question 16: The Board is not proposing to include a provision in the proposed regulatory text regarding procedures for requesting a waiver under the GENIUS Act's safe harbor provision due to the temporary nature of the provision and the case-by-case analysis required for any waiver. Should the Board include regulatory text on this provision? Why or why not? In what circumstances might an applicant request a waiver of provisions of the GENIUS Act, and what provisions would the applicant be likely to request to be waived?

Question 17: Certain stablecoin issuers currently issue more than one payment stablecoin; for example, some stablecoin issuers provide "white label" services for stablecoin issuance. How should the Board review applications from entities proposing to issue more than one payment stablecoin? What are the advantages and disadvantages of requiring a new application, as part of this proposed rule or as a condition of the approval of an application, for each new stablecoin issued by a Board-supervised PPSI? What are the advantages and disadvantages of requiring applicants applying for approval under section 5 of the GENIUS Act to submit information regarding proposals or plans to issue multiple payment stablecoins, or to submit such information going forward following approval?

Question 18: Is the term "director" sufficiently clear? How could the Board further clarify the term?

Question 19: Should the definition of "principal shareholder" or any other definitions explicitly incorporate governance instruments other than securities providing voting rights with respect to the activities of a Board-supervised PPSI? In particular, are there governance instruments that may not qualify as securities that the Board should incorporate or instruments common to partnerships that the Board should consider?

D. Opportunity for a Hearing and Final Determination

1. Overview

If the Board denies an application by an insured State member bank for a subsidiary to issue payment stablecoins, section 5(d)(2)(C) of the GENIUS Act provides that an applicant may request, in writing, an opportunity for a written or oral hearing before the Board to appeal the denial not later than 30 days after the applicant receives notice of the denial.[69] Upon receipt of a timely request for a hearing, the Board shall notice a time, not later than 30 days after the date of receipt of the request, and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument.[70] Not later than 60 days after the date of that hearing, the Board shall notify the applicant of a final determination, which shall contain a statement of the basis for that determination, with specific findings.[71] If an applicant does not make a timely request for a hearing, the Board shall notify the applicant, not later than 10 days after the date by which the applicant may request a hearing, in writing, that the denial of the application is a final determination of the Board.[72] Section 5(d)(4) of the GENIUS Act states that denial of an application by an insured State member bank seeking approval for a subsidiary to issue payment stablecoins shall not prohibit an applicant from filing a subsequent application.[73]

The Board must establish a process and framework regarding applications by insured State member banks seeking approval for a subsidiary to issue payment stablecoins, including with respect to hearings, appeals, and final determinations.[74] Section 247.31 of the proposed rule would set out rules of procedure governing written and oral hearings and would set a standard for reversing any denial.[75]

[69] 12 U.S.C. 5904(d)(2)(C)(i).

[70] 12 U.S.C. 5904(d)(2)(C)(ii).

[71] 12 U.S.C. 5904(d)(2)(C)(iii).

[72] 12 U.S.C. 5904(d)(2)(C)(iv).

[73] 12 U.S.C. 5904(d)(4).

[74] 12 U.S.C. 5904(a)(1)(B); *see also* 5 U.S.C. 552(a)(1).

[75] For avoidance of doubt, a State member bank requesting a hearing regarding a denial of an application submitted pursuant to section 5 of the GENIUS Act would be required to use the hearings, appeals, and final determinations process set out in this rule and may not appeal that denial using the internal appeals process for material supervisory determinations set out in SR Letter 20–28/CA Letter 20–14: Internal Appeals Process for Material Supervisory Determinations and Policy Statement Regarding the Ombudsman for the Federal Reserve System (December 4, 2020).

2. Rules of Procedure for Hearings

The proposed rule would restate the hearing, appeals, and final determination processes provided for in section 5(d)(2)(C) of the GENIUS Act and summarized above, with additional clarifying information regarding those processes.[76] Section 247.31(a) of the proposed rule would state that not later than 30 days after the date on which the applicant receives a notice denying an application under section 247.30(f) of the proposed rule, the applicant may submit a written request to the appropriate Federal Reserve Bank[77] requesting an opportunity for a written or oral hearing before the Board to appeal the denial. Section 247.31(a) of the proposed rule would also provide that an applicant must specify the reasons why the Board should reconsider its denial, addressing the factors the Board may consider (described in greater detail below) and provide any supporting documentation.

Section 247.31(b)(1) of the proposed rule would state that upon receipt of a timely request for a hearing, the Board shall notice a time, not later than 30 days after the Board receives the request, and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. Section 247.31(b)(2) of the proposed rule would state that the applicant must submit all written materials, arguments, and relevant documentation to the appropriate Federal Reserve Bank on or before the time of the hearing. Section 247.31(b)(2) of the proposed rule would also state that to the extent the applicant provides new information, the applicant must explain why such information was not provided prior to the date of action on the application. The Board may, in its discretion, consider any written materials, arguments, or relevant documentation submitted after the applicable date.

The proposed rule would set a standard for when the Board may, in a final determination following such hearing, approve an application that was previously denied. Section 247.31(c) of the proposed rule would

[76] These rules of procedure are consistent with the requirements for informal adjudications under the Administrative Procedure Act, including 12 U.S.C. 555. The use of informal procedures also would be consistent with other banking applications. *See, e.g.,* 12 CFR 262.3(k). For avoidance of doubt, any hearings under section 5 of the GENIUS Act would not be subject to the Board's Uniform Rules of Practice and Procedure in 12 CFR part 263. *See* 12 CFR 263.1.

[77] Applicants are encouraged to submit such requests through FedEZFile.

state that the Board may approve an application that was denied if the applicant presented relevant facts that, for good cause shown, were not previously presented to the Board, and, based on such new information, the application is consistent with approval under the statutory factors. The proposed rule would specify that the Board also may approve an application that was denied for any other reason the Board determines justifies relief. These standards are consistent with the Board's standard for evaluating reconsideration requests under its rules of procedure governing other applications.[78] Specifying these standards in the proposed rule would improve transparency regarding how the Board would evaluate information submitted in connection with a hearing. In the Board's experience acting on reconsideration requests in other contexts, these standards would appropriately balance an applicant's interest in a fair process with the considerations related to appropriate management of Board resources.

The proposed rule would also restate the timing for notifying the applicant of its final determination in section 5(d)(2)(C)(iii)–(iv) of the GENIUS Act. Specifically, section 247.31(d)(1) of the proposed rule would state that not later than 60 days after the time of the hearing under this section, the Board shall notify the applicant of a final determination, which shall contain a statement of the basis for that determination, with specific findings. Section 247.31(d)(2) of the proposed rule would state that if an applicant does not make a timely request for a hearing, the Board shall notify the applicant, not later than 10 days after the date by which the applicant may request a hearing, in writing, that the denial of the application is a final determination of the Board. Consistent with section 5(d)(4) of the GENIUS Act, section 247.31(e) would state that the denial of an application shall not prohibit the applicant from filing a subsequent application.

Question 20: In what additional circumstances, if any, should the Board consider approving an application that was previously denied?

Question 21: What additional clarification, if any, would be necessary or helpful regarding the hearing, appeal, and final determination processes, and why?

Question 22: Does the proposed appeal process effectively protect an applicant's due process rights, minimize regulatory burden, and meet the requirements of the GENIUS Act? Are there any other possible processes that the Board should consider using for appeals of denied applications?

IV. Impact of Proposed Rule

The Board is proposing regulations to implement application requirements and procedures for insured State member banks to request approval for a subsidiary to issue payment stablecoins in accordance with provisions of the GENIUS Act. The proposed rule would establish application requirements and procedures to address the factors for consideration as outlined in 12 U.S.C. 5904(c).

Baseline. This analysis considers a pre-GENIUS Act baseline. The GENIUS Act provides regulatory clarity regarding the ability of insured depository institutions to control a subsidiary that issues payment stablecoins, and the regulatory framework that applies to such subsidiaries.

Entities Affected. The proposed rule would apply to all insured State member banks that seek approval for a subsidiary to issue payment stablecoins. As of the quarter ending December 31, 2025, there were 703 insured State member banks.[79] There is uncertainty regarding the number of Board-supervised institutions that may seek approval for a subsidiary to issue payment stablecoins in future periods and, thereby, be directly affected by the proposed rule.

Benefits. The proposed rule provides clarity as to how the Board will implement the GENIUS Act's application requirements and processes. The proposed rule would, for example, provide transparency regarding the types of information the Board will need to collect and review, as well as how the Board will make determinations that an application is ''substantially complete,'' whether there has been a ''material change,'' and how the Board would apply the statutory factors in relation to the denial standard. This information will provide increased certainty to insured State member banks considering whether to apply to the Board to seek approval for a subsidiary to issue payment stablecoins.

Costs. The compliance costs for the proposed rule are predominately one-time paperwork costs, which are described in section V.B of this Supplementary Information below on the Paperwork Reduction Act. Generally, the Board expects the costs of complying with the proposed rule to be relatively small in relation to the establishment and operation of a subsidiary that issues payment stablecoins. To the extent possible, the proposed rule would tailor and streamline the application process and would use information already available to the Board as the primary Federal regulator of the applicant, rather than requiring duplicative information to be submitted as part of an application. The Board believes that the application requirements as proposed effectively balance the collection of information necessary to address the factors for consideration established by the GENIUS Act while containing burden on the applicant. Applicants that are approved will incur ongoing compliance costs related to the regulatory framework established under the GENIUS Act, but such costs will be considered in rulemakings where such requirements are imposed.

Question 23: Would the proposed rule have any costs, benefits, or other effects that the Board has not identified?

V. Administrative Law Matters

A. Solicitation of Comments and Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act[80] requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Board has sought to present the proposed rule in a simple and straightforward manner and invites comment on the use of plain language. For example:

- Has the Board organized the material to suit your needs? If not, how could they present the proposed rule more clearly?
- Are the requirements in the proposed rule clearly stated? If not, how could the proposed rule be more clearly stated?
- Does the proposed regulation contain technical language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the proposed regulation easier to understand? If so, what changes would achieve that?
- Would more, but shorter, sections be better? If so, which sections should be changed?
- What other changes can the Board incorporate to make the proposed regulation easier to understand?

B. Paperwork Reduction Act

Certain provisions of the proposed rule contain ''collections of

[78] *See* 12 CFR 262.3(k).

[79] Call Report Data, December 31, 2025.

[80] Public Law 106–102, sec. 722, 113 Stat. 1338, 1471 (1999), 12 U.S.C. 4809.

information'' within the meaning of the Paperwork Reduction Act (PRA) of 1995.[81] In accordance with the requirements of the PRA, the Board 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 Board has reviewed the proposed rule under authority delegated to the Board by the OMB. The proposed rule contains a new information collection and revisions to a current information collection subject to the PRA. To implement these requirements, the Board would implement (1) the Reporting Requirements Associated with Regulation UU (FR UU; OMB No. 7100–NEW); and (2) revise and extend for three years the Interagency Notice of Change in Control, Interagency Notice of Change in Director or Senior Executive Officer, and Interagency Biographical and Financial Report (FR 2081a, b, and c; OMB No. 7100–0134).

Comments are invited on:

(a) whether the collections of information are necessary for the proper performance of the Board's functions, including whether the information has practical utility;

(b) the accuracy of the estimates of the burden of the information collections, including the validity of the methodology and assumptions used;

(c) ways to enhance the quality, utility, and clarity of the information to be collected;

(d) ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments on aspects of this document that may affect reporting, recordkeeping, or disclosure requirements and burden estimates should be sent to the addresses listed in the **ADDRESSES** section. A copy of the comments may also be submitted to the OMB desk officer: By mail to U.S. Office of Management and Budget, 725 17th Street NW, #10235, Washington, DC 20503 or by facsimile to (202) 395–5806, Attention, Federal Banking Agency Desk Officer.

Proposed Implementation of the Following Information Collection

Collection title: Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation UU.

Collection identifier: FR UU.

OMB Number: 7100–NEW.

General description of collection: The FR UU collection comprises the information requirements of the proposed Regulation UU that would be found in 12 CFR part 247. This information would be used to carry out the Board's responsibilities under the GENIUS Act, including (i) to establish regulatory framework applicable to Board-supervised PPSIs, including requirements related to reserves, capital, activities, and risk management; (ii) to implement rules regarding State-qualified PPSIs setting forth (a) the unusual and exigent circumstances in which the Board may exercise its back-up enforcement authority with respect to any State-qualified PPSI, and (b) the transition and waiver process for covered PPSIs with an outstanding issuance value of more than $10 billion; (iii) to implement rules for Board-supervised entities seeking to provide custodial services for reserves backing payment stablecoins and certain other assets; (iv) to make certain changes to its rules for banking organizations, including bank capital requirements and activities rules, to facilitate banking organization participation in payment stablecoin activities; and (v) to promulgate a framework related to the GENIUS Act's prohibition on tying, which would apply to all PPSIs (including PPSIs for which the Board is not the primary regulator).

Reporting Requirements

The proposed rule and associated **SUPPLEMENTARY INFORMATION** include provisions requiring applicants to submit certain information to the Board as part of an application by letter. The information collection requirements associated with the FR UU are event generated. The application requirements collect information concerning proposed PPSI subsidiaries. Under the proposed rule, an application must include a business plan; financial information; relevant policies, procedures, terms, and agreements; documentation relating to the capital structure of the PPSI in certain circumstances; biographical reports; and certifications regarding certain felony offenses of individuals associated with the proposed Board-supervised PPSI.

The **SUPPLEMENTARY INFORMATION** to the proposed FR UU provides that an applicant may request a waiver of the requirements of the GENIUS Act under certain circumstances. The **SUPPLEMENTARY INFORMATION** to the proposed FR UU states that the Board would invite an applicant to submit, together with an application, a written request for a waiver that explains the basis for the request, the extent of the requirement(s) to be waived, and the time period requested, as well as the applicant's plan for coming into compliance with the relevant requirement(s) to be waived.

The proposed rule would also provide that, in the situation where an application has been denied and an applicant wishes to appeal that determination, an applicant must submit to the appropriate Federal Reserve Bank information specifying the reasons why the Board should reconsider its denial and provide supporting documentation necessary to reconsider the Board's decision. The applicant would be permitted to submit additional relevant information or documentation in advance of or during the hearing and must explain why such information was not provided prior to action on the application.

The information requested by the FR UU is necessary for the Board to fulfill its responsibilities under the GENIUS Act and the proposed Regulation UU to evaluate an application by an insured State member bank that seeks approval for a subsidiary to issue payment stablecoins, and to provide for a process for appealing of an initial determination denying an application submitted pursuant to the GENIUS Act.

Frequency: Event-generated.

Respondents: Insured State member banks that seek approval for a subsidiary to issue payment stablecoins.

Total estimated number of respondents:

Reporting

Sections 247.30(b) and (c)—5.

Sections 247.31(a) and (b)—1.

Estimated average hours per response:

Reporting

Sections 247.30(b) and (c)—80.

Sections 247.31(a) and (b)—5.

Total estimated annual burden hours: 405.

Total cost: $30,112.

Current actions: The proposed rule would establish procedures to be followed by insured State member banks that seek to obtain Board approval for a subsidiary to issue payment stablecoins pursuant to the GENIUS Act. The Board is proposing to establish the information that is to be submitted by an insured State member bank that seeks approval for a subsidiary to issue payment stablecoins. The Board is also proposing to establish the information that is to be submitted by an insured State member bank that seeks to appeal an initial determination denying an

[81] 44 U.S.C. 3501–3521.

application submitted pursuant to the GENIUS Act. Further, the Board is proposing to establish the information that is to be submitted by an insured State member bank that seeks to request a waiver of the requirements of the GENIUS Act. The information collected by the FR UU is necessary for the Board to fulfill its responsibilities under the GENIUS Act and the proposed Regulation UU to evaluate an application by an insured State member bank.

Methodology and assumptions: There is considerable uncertainty regarding the number of firms that would engage in the activities or make investments that would cause the firms to become subject to the requirements of this proposed rule. The Board is not aware of any method of determining the number of insured State member banks that will seek approval for a subsidiary to issue payment stablecoins, given that there are no such entities at this time and it is difficult to predict how this market will develop. The Board considered the estimates of the number of PPSI respondents in the notices of proposed rulemaking issued by other Federal payment stablecoin regulators and the number of insured State member banks compared to the number of other IDIs. As a result, the Board assumes that five insured State member banks would seek approval for a subsidiary to issue payment stablecoins in the first few years after the finalization of the proposed rule. The population of insured State member banks that will seek approval for a subsidiary to issue payment stablecoins could be higher or lower depending on market demand, strategic operational choices of eligible institutions, and future developments in the digital landscape. For reporting, recordkeeping, and disclosure requirements that would apply to less than all such insured State member banks applicants under the rule (such as requirements that depend on actions or choices in the discretion of the insured State member bank), the Board assumes that one such insured State member bank would be subject to the requirement.

The burden hours estimated for each reporting, recordkeeping, or disclosure requirement reflects the amount of time the Board estimates will be expended by the relevant respondent to maintain, retain, or disclose or provide information to the Board. Where possible, the estimates were benchmarked against the estimates provided by other agencies in their notices of proposed rulemaking implementing the GENIUS Act and the estimates of burden for comparable or similar requirements in other of the Board's information collections. The total burden is calculated as the sum of the estimated average hours per response multiplied by the number of respondents for each reporting, recordkeeping, or disclosure requirement and frequency.

Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at $25, 45% Financial Managers at $90, 15% Lawyers at $89, and 10% Chief Executives at $130). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS).[82] Occupations are defined using the BLS Standard Occupational Classification System.[83]

Proposed Extension for Three Years, With Revision, of the Following Information Collection

Collection title: Interagency Notice of Change in Control, Interagency Notice of Change in Director or Senior Executive Officer, and Interagency Biographical and Financial Report.

Collection identifier: FR 2081a, b, and c.

OMB control number: 7100–0134.

General description of collection: The FR 2081a must be submitted in connection with the acquisition or, in certain circumstances, the retention of control of a State member bank (SMB), savings and loan holding company (SLHC), or bank holding company (BHC) (or group of BHCs or SLHCs) by an individual, a group of individuals, a company, or a group of companies that would not be BHCs or SLHCs after consummation of the proposed transaction. The notice must be submitted to the appropriate Federal Reserve Bank and include a description of the proposed transaction, the purchase price and funding source, the personal and financial information of the proposed acquirer(s), and any proposed new management.

The FR 2081b is used, under certain circumstances, to notify the appropriate Federal Reserve Bank of a proposed change to an institution's board of directors or senior executive officers. The notice must be filed if the institution is not in compliance with all minimum capital requirements, is in troubled condition, or is otherwise required by the Board to provide such notice. The reporting form may be filed by the relevant SMB, SLHC, or BHC, or by the affected individual.

The FR 2081c is used by certain shareholders, directors, and executive officers in connection with the FR 2081a, FR 2081b; applications for BHC and SLHC formations, acquisitions, and mergers; applications by insured State member banks that seek Board approval for a subsidiary to issue payment stablecoins; and other filings. Information requested on this reporting form is subject to verification and requests for clarification or supplementation may be necessary. The FR 2081c requests the following information: (1) certain biographical information, such as personal information, employment records, education and professional credentials, and business and banking affiliations; (2) certain legal and related information; and (3) a financial report on the notificant, including a balance sheet, a cash flow statement, and various supporting schedules.

Frequency: Event-generated.

Respondents: SMBs, BHCs, SLHCs, and associated individuals.

Total estimated change in respondents: 15.

Total estimated number of respondents:

Reporting
FR 2081a—168.
FR 2081b—77.
FR 2081c—981.
Recordkeeping
FR 2081a—168.

Estimated average hours per response:

Reporting
FR 2081a—17.
FR 2081b—2.
FR 2081c—5.
Recordkeeping
FR 2081a—1.

Total estimated change in burden: 75.

Total estimated annual burden hours: 8,083.

Total cost: $600,971.

Proposed revisions: The Board is proposing to revise the scope of the applications for which the FR 2081c is used by adding applications by insured State member banks that seek Board approval for a subsidiary to issue payment stablecoins, pursuant to Regulation UU. The information collected by the FR 2081c is necessary for the Board to fulfill its responsibilities under the GENIUS Act and the proposed Regulation UU to evaluate an application by insured State member banks that seek Board approval

[82] Occupational Employment and Wages, May 2025, published May 15, 2026, *https://www.bls.gov/news.release/ocwage.t01.htm.*

[83] *https://www.bls.gov/soc/.*

for a subsidiary to issue payment stablecoins. The Board is not proposing revisions to the FR 2081c instructions or reporting form at this time.

There are no proposed revisions to the FR 2081a or FR 2081b.

C. Regulatory Flexibility Act

The Board is providing an initial regulatory flexibility analysis (IRFA) with respect to this proposed rule. The Regulatory Flexibility Act (RFA),[84] requires an agency to consider the impact of its proposed rules on small entities. Under regulations issued by the U.S. Small Business Administration (SBA), a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of $850 million or less. [85] For purposes of this section, any reference to ''small'' entities is a reference to this definition.

In connection with a proposed rule, the RFA requires an agency to prepare an initial regulatory flexibility analysis describing the impact of the rule on small entities, unless the head of the agency certifies that the proposed rule, if promulgated, will not have a significant economic impact on a substantial number of small entities and publishes such certification along with a statement providing the factual basis for such certification in the **Federal Register**. An IRFA must contain: (1) a description of the reasons why action by the agency is being considered; (2) a succinct statement of the objectives of, and legal basis for, the proposed rule; (3) a description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply; (4) a description of the projected reporting, recordkeeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record; (5) an identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap with, or conflict with the proposed rule; and (6) a description of any significant alternatives to the proposed rule which accomplish its stated objectives and minimize any significant economic impact of the proposed rule on small entities.[86]

[84] 5 U.S.C. 601 *et seq.*

[85] *See* 13 CFR 121.201. Consistent with the SBA's General Principles of Affiliation, the Board includes the assets of all domestic and foreign affiliates toward the applicable size threshold when determining whether to classify a particular entity as a small entity. *See* 13 CFR 121.103.

[86] 5 U.S.C. 603(b)–(c).

The Board has considered the potential impact of the proposed rule on small entities in accordance with the RFA. Based on its analysis and for the reasons stated below, the proposal is not expected to have a significant economic impact on a substantial number of small entities. Nevertheless, the Board is publishing and inviting comment on this IRFA.

1. Reasons Why Action Is Being Considered by the Board

The GENIUS Act was enacted in July 2025 to provide a framework for the regulation of payment stablecoins. The Act requires the Board to promulgate rules for processing applications from insured State member banks that seek approval for a subsidiary to issue payment stablecoins.[87] The GENIUS Act's effective date is the earlier of 18 months after the enactment date of July 18, 2025, or 120 days after the primary Federal payment stablecoin regulators issue any final regulations implementing the Act.

2. The Objectives of, and Legal Basis for, the Proposed Rule

The proposed rule would set out a process for insured State member banks to apply to the Board for prior approval for a subsidiary to issue payment stablecoins using the applications process and requirements set out in the GENIUS Act. The proposed rule would: (i) describe the scope of the application requirements; (ii) set out rules of procedure governing such applications; (iii) specify the information that applicants must submit; and (iv) establish a process governing the appeal, hearings, and final determination for applications. As required by statute, the proposal would establish a tailored application process that prioritizes the safety and soundness of the applicant, including its proposed Board-supervised PPSI subsidiary.[88]

3. Description of the Compliance Requirements of the Proposal and Estimate of the Number of Small Entities

As previously discussed, the proposed rule would apply to all insured State member banks that seek approval for a subsidiary to issue payment stablecoins. As of December 31, 2025, there were 703 insured State member banks.[89] Of those institutions, 439 are considered ''small'' for the purposes of RFA.[90]

[87] 12 U.S.C. 5904(a)(2)(A).

[88] 12 U.S.C. 5904(a)(1).

[89] Call Report Data, December 31, 2025.

[90] Call Report Data, December 31, 2025.

The Board recognizes considerable uncertainty regarding the number of firms that would engage in activities or make investments that would subject the firms to the requirements of this proposed rule. For this analysis, the Board estimates that between 5 and 10 insured State member banks may seek approval for a subsidiary to issue payment stablecoins. Given the early stages of the payment stablecoin market, this range accounts for uncertainty regarding the volume of future participants. The population of insured State member banks seeking such approval could be higher or lower depending on market demand, strategic operational choices of eligible institutions, and future developments in the digital landscape. By utilizing this range, the Board aims to establish an estimate that serves as the basis for evaluating the economic effects of the proposed rule, while acknowledging the inherent uncertainty resulting from a lack of historical precedent.

The Board expects that insured State member banks that are most likely to seek to form a Board-supervised PPSI subsidiary initially will be larger institutions with the compliance infrastructure and capital necessary to support payment stablecoin issuance. As such, the Board anticipates that most, if not all, insured State member banks seeking approval for a subsidiary to issue payment stablecoins would not be small entities as defined by the SBA. Even assuming the unlikely scenario that all, *i.e.,* the upper-bound number of 10 insured State member banks, would be small and that all 10 insured State member banks would be significantly impacted by the proposed rule, these impacted entities would comprise a very small percentage of small insured State member banks.

Applicants would expend 80 labor hours each to comply with the proposed application requirements. The proposed rule would result in application compliance costs of $5,772 per small, Board-supervised institution, or $28,860 in aggregate, on average.[91]

[91] Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at $24, 45% Financial Managers at $87, 15% Lawyers at $88, and 10% Chief Executives at $126). Hourly rates for each occupational group are the (rounded) mean hourly wages from the BLS, *Occupational Employment and Wages, May 2024,* published April 2, 2025, *https://www.bls.gov/news.release/ocwage.t01.htm.* Occupations are defined using the BLS Standard Occupational Classification System, *https://www.bls.gov/soc/.*

4. Consideration of Duplicative, Overlapping, or Conflicting Rules and Significant Alternatives to the Proposal

The Board is aware of no other Federal rules that duplicate, overlap, or conflict with the proposal. While other Federal and State regulators are required to adopt similar rules, each set of rules would apply to a different and defined scope of institutions. The GENIUS Act requires the Board to issue the rules described above.[92] The Board is seeking comment on certain potential alternative approaches to discrete aspects of the final rule, as discussed elsewhere in this Supplementary Information, that would not significantly change the estimated economic impact of the proposed rule.

5. Conclusion

Based on its analysis and for the reasons stated above, the Board believes that the proposed rule is unlikely to have a significant economic impact on substantial number of small entities. The Board welcomes comment on all aspects of its analysis. In particular, the Board requests that commenters describe the nature of any impact on small entities and provide empirical data to illustrate and support the extent of the impact. Additionally, the Board requests that commenters describe the number of small entities under the RFA and the impact on small entities.

D. Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (RCDRIA),[93] in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions,[94] each Federal banking agency must consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on affected depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition, section 302(b) of the RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on insured depository institutions generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form. The Board invites comments that further will inform its consideration of the RCDRIA.[95]

E. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of the proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note).

In summary, the Board of Governors of the Federal Reserve System (Board) proposes to issue regulations that would establish procedures to be followed by an insured State member bank that seeks to obtain Board approval for a subsidiary to issue payment stablecoins pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act).

The proposal and such a summary can be found at *https://www.regulations.gov* and *https://www.federalreserve.gov/apps/proposals/.*

List of Subjects

12 CFR Part 247

Administrative practice and procedure; Banks, banking; Federal Reserve System; Stablecoins, Stablecoin Issuers

12 CFR Part 262

Administrative practice and procedure; Banks, banking; Federal Reserve System.

PART 247—STABLECOINS (REGULATION UU)

■ 1. The authority citation for part 247 reads as follows:

Authority: 12 U.S.C. 12 U.S.C. 248, 321–339a, 483, 602, 1818, 1828, 1831o, 1831p–1, and 5901 *et seq.*

■ 2. Add Subpart A, consisting of §§ 247.1 through 247.9.

■ 3. In Subpart A:

■ a. Add §§ 247.1 through 247.2 to read as follows; and

■ b. Reserve §§ 247.3 through 247.9.

Subpart A—Authority, Purpose, Scope, and Definitions

§ 247.1 Authority, purpose, and scope.

(a) *Authority.* This part is issued pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (12 U.S.C. 5901 *et seq.*).

(b) *Purpose and scope.* This part implements certain provisions of the GENIUS Act (12 U.S.C. 5901 *et seq.*). Subpart D implements section 5 of the GENIUS Act, which requires the Board to establish applications procedures applicable to insured State member banks seeking approval for a subsidiary to issue payment stablecoins.

§ 247.2 Definitions.

As used in this part:

Affiliate means a person that controls, is controlled by, or is under common control with another person.

Applicant means an insured State member bank that has submitted an application for a subsidiary to issue payment stablecoins pursuant to section 5 of the GENIUS Act and section 30 of this part.

Bank Secrecy Act means:

(1) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(2) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and

(3) subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*).

Board means the Board of Governors of the Federal Reserve System.

Board of directors means an entity's board of directors or the group of individuals that serve the nearest equivalent function of acting as the governing body of an entity.

Board-supervised PPSI means a permitted payment stablecoin issuer supervised and regulated by the Board pursuant to the GENIUS Act (12 U.S.C. 5901 *et seq.*).

Control. A person controls another person if:

(1) the person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person;

(2) the person controls in any manner the election of a majority of the directors or trustees of the other person; or

(3) the Board determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person.

Deposit means "deposit" as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(*l*)).

[92] 12 U.S.C. 5904(a)(2)(A); *see also* 5 U.S.C. 552(a)(1).

[93] 12 U.S.C. 4802(a).

[94] For purposes of this analysis and consistent with RCDRIA, "insured depository institution" refers to the definition for that term used in section 3 of the FDI Act.

[95] 12 U.S.C. 4802(b).

Director means an individual who serves on the board of directors of an entity, except an advisory director who:

(1) is not elected by the shareholders of the entity;

(2) does not have the authority to vote on matters before the board of directors or any committee of the board of directors; and

(3) provides solely general policy advice to the board of directors or any committee.

Immediate family means the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) having their domicile in the individual's home.

Insured State member bank means a State member bank, the deposits of which are insured by the FDIC.

Officer means the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term includes any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation. The term also includes any other person identified by the Board or appropriate Federal Reserve Bank, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the entity.

Payment stablecoin has the same meaning as in section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)).

Permitted payment stablecoin issuer or *PPSI* has the same meaning as in section 2(23) of the GENIUS Act (12 U.S.C. 5901(23)).

Person has the same meaning as in section 2(24) of the GENIUS Act (12 U.S.C. 5901(24)).

Principal shareholder means a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold the power to vote 10 percent or more of any class of voting securities of an entity, or any person that the Board determines has the power, directly or indirectly, to exercise a controlling influence over the management or policies of an entity.

State has the same meaning as in section 2(28) of the GENIUS Act (12 U.S.C. 5901(28)).

State member bank means a State-chartered bank that has been approved for membership in the Federal Reserve System.

Subsidiary has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(4)).

Voting securities has the same meaning as in 12 CFR 225.2.

■ 3. Add and reserve Subpart B, consisting of §§ 247.10 through 247.19.

■ 4. Add and reserve Subpart C, consisting of §§ 247.20 through 247.29.

■ 5. Add Subpart D, consisting of §§ 247.30 through 247.39.

■ 6. In Subpart D:

■ a. Add §§ 247.30 through 247.31 to read as follows; and

■ b. Reserve §§ 247.32 through 247.39.

Subpart D—Applications by Insured State Member Banks for a Subsidiary to Issue Payment Stablecoins

§ 247.30 Applications by insured State member banks.

(a) *Transactions requiring Board approval.* An insured State member bank must receive the prior written approval of the Board for a PPSI subsidiary to issue payment stablecoins pursuant to 12 U.S.C. 5901 *et seq.*

(b) *Applications.*—(1) *In general.* An application for the Board's prior approval under 12 U.S.C. 5904 shall be governed by the provisions of this section. The application must be submitted in the form of a letter, together with enclosures and a table of contents for all materials, and shall be filed with the appropriate Federal Reserve Bank. The Federal Reserve Bank shall promptly send a copy of the application to the Board.

(2) *Contents of application.* An application submitted under 12 U.S.C. 5904 and this section must be signed by a duly authorized agent of the applicant. The application must describe the proposal, including all relevant facts, and the action requested. The application must indicate the reasons why the application should be approved, addressing the factors set out in 12 U.S.C. 5904(c) and paragraph (d) of this section. The application must include, at a minimum, the following information:

(i) *Business Plan.* A proposed business plan that includes descriptions of (A) the proposed business model, including the proposed products, services, and activities of the proposed Board-supervised PPSI, and the legal basis under applicable Federal and State law for each proposed activity; (B) contemplated affiliate transactions and relationships, including a description of how the proposed Board-supervised PPSI would be controlled by the applicant; (C) the proposed organizational and governance structure; (D) any material third-party relationships; (E) identities, roles, and responsibilities of all entities involved in the proposed related activities; and (F) how the proposed Board-supervised PPSI would maintain compliance with the key requirements of 12 U.S.C. 5901 *et seq.* and this part.

(ii) *Financial Information.* Financial information relevant to the proposed Board-supervised PPSI, including (A) a description of how the issuer would be funded initially and on an ongoing basis, including whether it is anticipated that an applicant or any individual would make a financial guarantee or otherwise act to financially support the proposed Board-supervised PPSI (including any related intercompany agreements); (B) projected stablecoin reserve assets and their composition; (C) reserve management plans; and (D) financial projections, with accompanying assumptions, for the first three years of operations for the proposed Board-supervised PPSI.

(iii) *Policies and Procedures.* Any relevant policies and procedures; customer agreements, terms of use, or other disclosures provided to customers; agreements with affiliates or third parties; or other information that would be necessary for evaluating the application, including those relating to (A) redemption; (B) maintenance of required reserve assets; (C) custody of customer assets; (D) recordkeeping, reconciliation, and transaction processing; and (E) compliance with Bank Secrecy Act, sanctions compliance program, anti-money laundering, and countering the financing of terrorism requirements.

(iv) *Capital Structure.* If the proposed Board-supervised PPSI is not wholly owned by the applicant, documentation regarding the capital structure of the proposed Board-supervised PPSI, including the shares of each class of securities and total equity controlled by each shareholder on a fully diluted and undiluted basis, general background information for each shareholder controlling more than five percent of voting securities, and the organizational documents and other agreements governing the securities of the proposed Board-supervised PPSI.

(3) *Biographical report.*—(i) Any principal shareholder other than the applicant, as well as the top two decision-makers of the proposed Board-supervised PPSI, must submit the Biographical Report and Certification sections of the Interagency Biographical and Financial Report—FR 2081c and biometric information for background checks. An applicant may identify the top two decision-makers of the proposed Board-supervised PPSI; however, the Board reserves the right to determine that other persons are the top two decision-makers.

(ii) The Board may, in its discretion, seek additional biographical or personal financial information with respect to officers, directors, and principal shareholders of a PPSI, its subsidiaries, or its parent companies as necessary to evaluate the factors described in 12 U.S.C. 5904(c) and paragraph (d) of this section.

(iii) The Board may, in its discretion, waive the requirement in paragraph (b)(3)(i) of this section.

(4) *Certifications.*

(i) All officers and directors of the proposed Board-supervised PPSI must submit a certification that they have not been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud.

(ii) An authorized representative of the applicant must certify in writing that the filing submitted to the Board, including any supporting materials, contains no material misrepresentation or omissions. The Board may review and verify any information filed in connection with a notice or an application. Any person responsible for any material misrepresentation or omission in a filing or supporting materials may be subject to enforcement action and other penalties, including criminal penalties provided in 18 U.S.C. 1001.

(5) *Additional Information.* The Board may, at any time, request additional information that the Board, in its sole discretion, deems necessary for evaluating the factors the Board must consider under 12 U.S.C. 5904(c) and paragraph (d) of this section.

(c) *Completeness.*—(1) *In general.* For purposes of this section, an application shall be considered substantially complete if the application contains sufficient information for the Board to render a decision on whether the applicant satisfies the factors described in 12 U.S.C. 5904(c) and paragraph (d) of this section. An application would not be considered substantially complete if the applicant has omitted any information necessary for evaluating the factors the Board must consider under 12 U.S.C. 5904(c) and paragraph (d) of this section.

(2) *Material change.* An application considered substantially complete remains substantially complete unless there is a material change in circumstances that requires the Board to treat the application as a new application. An application that has been considered substantially complete may be considered to be no longer be substantially complete if the Board becomes aware that, due to a material change in circumstances, the information received is no longer sufficient for the Board to evaluate all factors that the Board must consider under 12 U.S.C. 5904(c) and paragraph (d) of this section.

(3) *Notification.* Not later than 30 days after the appropriate Federal Reserve Bank receives an application under this section, the Board shall notify the applicant as to whether the Board considers the application to be substantially complete. If the Board does not believe the application is substantially complete, the Board will specify the additional information the applicant must provide in order for the application to be considered substantially complete.

(4) *Date of receipt.* For purposes of this section, information submitted within business hours on a business day in the time zone of the appropriate Federal Reserve Bank will be deemed to have been received by the appropriate Federal Reserve Bank on that day. Information submitted on a non-business day or outside business hours would be deemed to be received on the next business day.

(d) *Factors to be considered.* The Board shall consider the following factors when evaluating an application under subsection (a):

(1) The ability of the proposed Board-supervised PPSI, based on financial condition and resources, to meet the requirements set forth under 12 U.S.C. 5903.

(i) Until such time as final capital requirements pertaining to Board-supervised PPSIs become effective, an applicant must demonstrate that the proposed Board-supervised PPSI would have sufficient initial capital, net of any organizational expenses that would be charged to the proposed Board-supervised PPSI's capital after it begins operations, to support its projected volume and type of business as outlined in its business plan.

(2) Whether an individual who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud is serving as an officer or director of the proposed Board-supervised PPSI.

(3) The competence, experience, and integrity of the officers, directors, and principal shareholders of the proposed Board-supervised PPSI, its subsidiaries, and parent companies of the applicant, including—

(i) the record of those officers, directors, and principal shareholders of compliance with laws and regulations; and

(ii) the ability of those officers, directors, and principal shareholders to fulfill any commitments to, and any conditions imposed by, the Board in connection with the application at hand and any prior applications.

(4) whether the redemption policy of the proposed Board-supervised PPSI of the applicant meet the standards under 12 U.S.C. 5903(a)(1)(B).

(e) *Timing for decision.*—(1) Not later than 120 days after receiving a substantially complete application under this section, the Board shall render a decision on the application.

(2) If the Board fails to render a decision on a complete application within the time period specified in paragraph (e)(1) of this section, the application shall be deemed approved.

(f) *Denial.*—(1) *Grounds for denial.* The Board shall only deny a substantially complete application received under this section if the Board determines that the activities of the applicant, including the activities of the proposed Board-supervised PPSI, would be unsafe or unsound based on the factors described in 12 U.S.C. 5904(c) and paragraph (d) of this section. Inconsistency with any one of the factors in 12 U.S.C. 5904(c) or paragraph (d) of this section may be sufficient to warrant denial to the extent that the activities of the applicant, including the activities of the proposed Board-supervised PPSI, would be unsafe or unsound.

(2) *Explanation.* If the Board denies a complete application received under this section, not later than 30 days after the date of such denial, the Board shall provide the applicant with written notice explaining the denial with specificity, including all findings made by the Board with respect to all identified material shortcomings in the application, including actionable recommendations on how the applicant could address the identified material shortcomings.

(g) *Conditional approvals.* The Board may impose conditions on any approval, including conditions to address financial, managerial, safety and soundness, compliance or other concerns, to ensure that approval is consistent with the relevant statutory factors and other provisions of the GENIUS Act.

(h) *Reservation of authority.* The Board may, in exceptional circumstances and to the extent consistent with the GENIUS Act, waive the requirements in this section or adopt different procedures.

* * * * *

§ 247.31 Opportunity for Hearing and Final Determination

(a) *Request for hearing.* Not later than 30 days after the date on which the applicant receives a notice denying an application under § 247.30(f), the applicant may submit a written request to the appropriate Federal Reserve Bank, requesting an opportunity for a written or oral hearing before the Board to appeal the denial. The written request must specify the reasons why the Board should reconsider its denial, addressing the factors the Board may consider under paragraph (c) of this section, and provide any supporting documentation.

(b) *Timing.*—(1) *Generally.* Upon receipt of a timely request under paragraph (a) of this section, the Board shall notice a time, not later than 30 days after the Board receives the request, and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument.

(2) *Deadline to submit information.* The applicant must submit all written materials, arguments, and relevant documentation to the appropriate Federal Reserve Bank on or before the time of the hearing. To the extent the applicant provides new information, the applicant must explain why such information was not provided prior to the date of action on the application. The Board may, in its discretion, consider any written materials, arguments, or relevant documentation submitted after the time of the hearing.

(c) *Standard for approval of application.* The Board may approve an application that was denied under § 247.30(f)—

(1) if an applicant presents relevant facts that, for good cause shown, were not previously presented to the Board, and that, based on such new information, the application is consistent with approval under the statutory factors; or

(2) for any other reason the Board determines justifies relief.

(d) *Final determination.*—(1) *Notice after oral or written hearing.* Not later than 60 days after the time of the hearing under this section, the Board shall notify the applicant of a final determination, which shall contain a statement of the basis for that determination, with specific findings.

(2) *Notice if no hearing.* If an applicant does not make a timely request for a hearing under paragraph (a) of this section, the Board shall notify the applicant, not later than 10 days after the date by which the applicant may request a hearing under paragraph (a), in writing, that the denial of the application is a final determination of the Board.

(e) *Right to reapply.* The denial of an application shall not prohibit an applicant from filing a subsequent application.

* * * * *

PART 262—RULES OF PROCEDURE

■ 7. The authority citation for part 262 continues to read as follows:

Authority: 5 U.S.C. 552; 12 U.S.C. 248, 321, 325, 326, 483, 602, 611a, 625, 1467a, 1828(c), 1842, 1844, 1850a, 1867, 3105, 3106, 3108, 5361, 5368, 5467, 5469, and 5904.

■ 7. In § 262.3, add paragraph (m) to read as follows:

§ 262.3 Applications.

* * * * *

(m) This section does not apply to applications by an insured State member bank for a subsidiary to issue payment stablecoins. For special rules governing procedures for applications by a State member bank seeking to establish or acquire control of a payment stablecoin issuer pursuant to 12 U.S.C. 5901 *et seq.,* refer instead to §§ 247.30 and 247.31 of this title.

* * * * *

By order of the Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–19899 Filed 9–28–26; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–11790; Project Identifier MCAI–2025–01757–R]

RIN 2120–AA64

Airworthiness Directives; Airbus Helicopters Deutschland GmbH (AHD) Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to supersede Airworthiness Directive (AD) 2025–13–06, which applies to certain Airbus Helicopters Deutschland GmbH (AHD) Model EC135P1, EC135P2, EC135P2+, EC135P3, EC135T1, EC135T2, EC135T2+, EC135T3, and EC635T2+ helicopters. AD 2025–13–06 requires inspections of the ball pivot, control rod, and yaw actuator assembly and, depending on the results of these inspections, corrective actions. AD 2025–13–06 also prohibits installing an affected part unless it is a serviceable part and certain requirements are met. Since the FAA issued AD 2025–13–06, the manufacturer developed a repetitive inspection of the ball pivot. This proposed AD would retain some of the actions of AD 2025–13–06 and would require repetitive inspection of the ball pivot and, depending on the results of those inspections, corrective actions. This proposed AD would also prohibit installing an affected part unless it is a serviceable part and certain requirements are met. Additionally, this proposed AD would require reporting the results of the inspections. The FAA is proposing this AD to address the unsafe condition on these products.

DATES: The FAA must receive comments on this NPRM by November 13, 2026.

ADDRESSES: You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to *regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* (202) 493–2251.
- *Mail:* 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 to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

AD Docket: You may examine the AD docket at *regulations.gov* under Docket No. FAA–2026–11790; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the mandatory continuing airworthiness information (MCAI) any comments received, and other information. The street address for Docket Operations is listed above.

Material Incorporated by Reference:

- For European Union Aviation Safety Agency (EASA) material identified in this proposed AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *easa.europa.eu.*
- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222–5110.

FOR FURTHER INFORMATION CONTACT: Mahmood Shah, Aviation Safety

Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–5538; email: *mahmood.g.shah@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written relevant data, views, or arguments about this proposal. Send your comments using a method listed under **ADDRESSES**. Include ''Docket No. FAA–2026–11790; Project Identifier MCAI–2025–01757–R'' at the beginning of your comments. The most helpful comments reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend the proposal because of those comments.

Except for Confidential Business Information (CBI) as described in the following paragraph, and other information as described in 14 CFR 11.35, the FAA will post all comments received, without change, to *regulations.gov,* including any personal information you provide. The agency will also post a report summarizing each substantive verbal contact received about this NPRM.

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this NPRM contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this NPRM, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ''PROPIN.'' The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this NPRM. Submissions containing CBI should be sent to Mahmood Shah, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590. Any commentary that the FAA receives which is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

The FAA issued AD 2025–13–06, Amendment 39–23072 (90 FR 28879, July 2, 2025) (AD 2025–13–06), for certain AHD Model EC135P1, EC135P2, EC135P2+, EC135P3, EC135T1, EC135T2, EC135T2+, EC135T3, and EC635T2+ helicopters. AD 2025–13–06 was prompted by an MCAI originated by EASA, which is the Technical Agent for the Member States of the European Union. EASA issued AD 2025–0108, dated May 8, 2025, (EASA AD 2025–0108) to correct an unsafe condition identified as damage to the ball bearing control system.

AD 2025–13–06 requires a one-time visual inspection of the ball pivot, fluorescent penetrant inspection of the control rod, visual inspection and measurement of certain parts of the yaw actuator assembly, and depending on the results of these inspections, corrective actions. AD 2025–13–06 also prohibits installing an affected part unless it is a serviceable part and certain requirements are met. The FAA issued AD 2025–13–06 to detect and address damage to the ball bearing control system. The unsafe condition, if not addressed, could result in loss of tail rotor controls and loss of control of the helicopter.

Actions Since AD 2025–13–06 Was Issued

Since the FAA issued AD 2025–13–06, EASA superseded EASA AD 2025–0108 and issued EASA AD 2025–0260, dated November 25, 2025 (EASA AD 2025–0260) (also referred to as the MCAI). The MCAI states the manufacturer developed a repetitive inspection of the ball pivot.

You may examine the MCAI in the AD docket at *regulations.gov* under Docket No. FAA–2026–11790.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2025–0260, which specifies procedures for a one-time visual inspection of the ball pivot, a fluorescent penetrant inspection of the control rod of the yaw actuator, inspection of the yaw actuator interface connections, and a check (inspection) of the freedom of movement of the tail rotor control. Depending on the inspection results, EASA AD 2025–0260 specifies procedures for corrective actions to include further inspections and the replacement of affected parts.

In addition, EASA AD 2025–0260 specifies procedures for repetitive inspection of the ball pivot, and depending on the results of the inspections, corrective actions, which include further inspections and the replacement of affected parts. EASA AD 2025–0260 requires reporting the inspection results (including no findings) to AHD and prohibits installing ball pivot part number (P/N) 92–201–00 and P/N 92–207–00; yaw actuator assembly P/N L672M2005104, P/N L672M2005105, and P/N L672M2005106; and control rod P/N L672M2006101 and P/N L672M2006102 on any helicopter unless certain requirements are met.

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

FAA's Determination

These products have been approved by the civil aviation authority (CAA) of another country and are approved for operation in the United States. Pursuant to the FAA's bilateral agreement with this State of Design Authority, that authority has notified the FAA of the unsafe condition described in the MCAI referenced above. The FAA is issuing this NPRM after determining that the unsafe condition described previously is likely to exist or develop on other products of the same type design.

Proposed AD Requirements in This NPRM

This proposed AD would require accomplishing the actions specified in EASA AD 2025–0260, described previously, except for any differences identified as exceptions in the regulatory text of this proposed AD. See ''Differences Between this Proposed AD and the MCAI'' for a discussion of the general differences included in this proposed AD.

Differences Between This Proposed AD and the MCAI

The MCAI applies to Model EC635 P2+, EC635 P3, EC635 T1, and EC635 T3 helicopters, whereas this AD does not because those models do not have an FAA type certificate.

Explanation of Required Compliance Information

In the FAA's ongoing efforts to improve the efficiency of the AD process, the FAA developed a process to use some CAA ADs as the primary source of information for compliance with requirements for corresponding FAA ADs. The FAA has been coordinating this process with manufacturers and CAAs. As a result, the FAA proposes to incorporate EASA AD 2025–0260 by reference in the FAA final rule. This proposed AD would, therefore, require compliance with EASA AD 2025–0260 in its entirety through that incorporation, except for any differences identified as exceptions in the regulatory text of this proposed AD. Using common terms that are the same as the heading of a particular section in EASA AD 2025–0260 does not mean that operators need comply only with that section. For example, where the AD requirement refers to "all required actions and compliance times," compliance with this AD requirement is not limited to the section titled "Required Action(s) and Compliance Time(s)" in EASA AD 2025–0260. Material required by EASA AD 2025–0260 for compliance will be available at *regulations.gov* under Docket No. FAA–2026–11790 after the FAA final rule is published.

Costs of Compliance

The FAA estimates that this AD, if adopted as proposed, would affect 377 helicopters of U.S. registry.

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

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect ball pivot	2 work-hours × $85 per hour = $170.	$0	$170 per inspection	$64,090 per inspection.
Perform fluorescent penetrant inspection	2 work-hours × $85 per hour = $170.	0	$170	$64,090.
Inspect yaw actuator interface connections	2 work-hours × $85 per hour = $170.	0	$170	$64,090.
Inspect control rod	1 work-hour × $85 per hour= $85	0	$85	$32,045.
Report inspection results	1 work-hour × $85 per hour = $85	0	$85	$32,045.
Inspect freedom of movement	1 work-hour × $85 per hour = $85	0	$85 per inspection	$32,045 per inspection.

The FAA estimates the following costs to do any replacements that would be required based on the results of the inspection. The agency has no way of determining the number of helicopters that might need these replacements:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace adapter	1 work-hour × $85 per hour = $85	$803	$888
Replace ball pivot	1 work-hour × $85 per hour = $85	2,846	2,931
Replace close tolerance bolt	1 work-hour × $85 per hour = $85	42	127
Replace connector cover	1 work-hour × $85 per hour = $85	571	656
Replace control rod	1 work-hour × $85 per hour = $85	6,835	6,920
Replace input lever	2 work-hours × $85 per hour = $170	9,755	9,925
Replace rod end	1 work-hour × $85 per hour = $85	643	728

Paperwork Reduction Act

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number. The OMB Control Number for this information collection is 2120–0056. Public reporting for this collection of information is estimated to be approximately 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. All responses to this collection of information are mandatory. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Information Collection Clearance Officer, Federal Aviation Administration, 10101 Hillwood Parkway, Fort Worth, TX 76177–1524.

Authority for This Rulemaking

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

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

Regulatory Findings

The FAA determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that the proposed regulation:

(1) Is not a "significant regulatory action" under Executive Order 12866,

(2) Would not affect intrastate aviation in Alaska, and

(3) Would not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

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

The Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive 2025–13–06, Amendment 39–23072 (90 FR 28879, July 2, 2025); and

■ b. Adding the following new airworthiness directive:

Airbus Helicopters Deutschland GmbH (AHD): Docket No. FAA–2026–11790; Project Identifier MCAI–2025–01757–R.

(a) Comments Due Date

The FAA must receive comments on this airworthiness directive (AD) by November 13, 2026.

(b) Affected ADs

This AD replaces AD 2025–13–06, Amendment 39–23072 (90 FR 28879, July 2, 2025).

(c) Applicability

This AD applies to Airbus Helicopters Deutschland GmbH (AHD) Model EC135P1, EC135P2, EC135P2+, EC135P3, EC135T1, EC135T2, EC135T2+, EC135T3, and EC635T2+ helicopters, certificated in any category, serial numbers up to and including 1999.

Note 1 to paragraph (c): Helicopters with an EC135P3H designation are Model EC135P3 helicopters, and helicopters with an EC135T3H designation are Model EC135T3 helicopters.

(d) Subject

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

(e) Unsafe Condition

This AD was prompted by a report of a loss of tail rotor controls due to a broken control rod of the yaw actuator and the determination that repetitive inspection of the ball pivot is necessary. The FAA is issuing this AD to detect and address damage to the ball bearing control system. The unsafe condition, if not addressed, could result in loss of tail rotor controls and loss of control of the helicopter.

(f) Compliance

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

(g) Required Actions

Except as specified in paragraphs (h) and (i) of this AD: Comply with all required actions and compliance times specified in, and in accordance with European Union Aviation Safety Agency AD 2025–0260, dated November 25, 2025 (EASA AD 2025–0260).

(h) Exceptions to EASA AD 2025–0260

(1) Where EASA AD 2025–0260 requires compliance in terms of flight hours, this AD requires using hours time-in-service.

(2) Where EASA AD 2025–0260 refers to its effective date, this AD requires using the effective date of this AD.

(3) Where EASA AD 2025–0260 refers to May 15, 2025 (the effective date of EASA AD 2025–0108), this AD requires using July 18, 2025 (the effective date of AD 2025–13–06).

(4) Where the material referenced in EASA AD 2025–0260 specifies ''check'', this AD requires replacing that text with ''inspection''.

(5) Where the material referenced in EASA AD 2025–0260 specifies to examine the close-tolerance bolt, the input lever, the rod end, the adapter, and the connector cover for wear and damage, for the purposes of this AD damage is defined as specified in paragraphs (h)(5)(i) through (iv) of this AD, as applicable.

(i) Damage for the close-tolerance bolt is defined as deformed or stripped, rounded head; bent, stripped, or missing threads; bent shank; grooves in the shank, corrosion or rust; and gouges.

(ii) Damage for the input lever is defined as deformation or elongated attachment hole; bent flange; gouges; corrosion; and cracks.

(iii) Damage for the rod end is defined as corrosion, gouges, bending, and seizing.

(iv) Damage for the adapter or connector cover is defined as deformation, elongated attachment holes, gouges, cracks, corrosion, and missing surface coating on the adapter or connector.

(6) Where the material referenced in EASA AD 2025–0260 specifies if the ball pivot shows rough stiffness, hard stops, corrosion, or damage, for the purposes of this AD damage is defined as deformation (bent flanges), gouges, areas of bare metal, or missing finish.

(7) This AD does not adopt the ''Remarks'' section of EASA AD 2025–0260.

(i) No Returning Parts Requirement

Although the material referenced in EASA AD 2025–0260 specifies to return parts to the manufacturer, this AD does not require that action.

(j) Special Flight Permits

Special flight permits, as described in 14 CFR 21.197 and 21.199, are not allowed.

(k) Alternative Methods of Compliance (AMOCs)

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

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

(l) Additional Information

For more information about this AD, contact Mahmood Shah, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–5538; email: *mahmood.g.shah@faa.gov*.

(m) Material Incorporated by Reference

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

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

(i) European Union Aviation Safety Agency (EASA) AD 2025–0260, dated November 25, 2025.

(ii) [Reserved]

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

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

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

Issued on September 24, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–19890 Filed 9–28–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–11788; Project Identifier MCAI–2026–00330–R]

RIN 2120–AA64

Airworthiness Directives; Leonardo S.p.a. Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to adopt a new airworthiness directive (AD) for certain Leonardo S.p.a. Model AW189 helicopters. This proposed AD was prompted by reports that the safety pin

of the emergency flotation system and life raft was installed on the cylinder valve of the life raft bottle assembly. This proposed AD would require inspecting the left-hand (LH) side and right-hand (RH) side of the life raft bottle assembly and, depending on the inspection results, removing the safety pin from the cylinder valve. This proposed AD would also prohibit extended overwater flights until the corrective actions are accomplished. The FAA is proposing this AD to address the unsafe condition on these products.

DATES: The FAA must receive comments on this NPRM by November 13, 2026.

ADDRESSES: You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to *regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* (202) 493–2251.
- *Mail:* 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 to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

AD Docket: You may examine the AD docket at *regulations.gov* under Docket No. FAA–2026–11788; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The street address for Docket Operations is listed above.

Material Incorporated by Reference:

- For European Union Aviation Safety Agency (EASA) material identified in this proposed AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *easa.europa.eu.*
- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222–5110.

FOR FURTHER INFORMATION CONTACT: Anthony Kenward, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–5152; email: *anthony.b.kenward@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written relevant data, views, or arguments about this proposal. Send your comments using a method listed under **ADDRESSES**. Include ‘‘Docket No. FAA–2026–11788; Project Identifier MCAI–2026–00330–R’’ at the beginning of your comments. The most helpful comments reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend this proposal because of those comments.

Except for Confidential Business Information (CBI) as described in the following paragraph, and other information as described in 14 CFR 11.35, the FAA will post all comments received, without change, to regulations.gov, including any personal information you provide. The agency will also post a report summarizing each substantive verbal contact received about this NPRM.

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this NPRM contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this NPRM, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ‘‘PROPIN.’’ The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this NPRM. Submissions containing CBI should be sent to Anthony Kenward, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590. Any commentary that the FAA receives which is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

EASA, which is the Technical Agent for the Member States of the European Union, has issued EASA AD 2026–0066, dated March 27, 2026 (EASA AD 2026–0066) (also referred to as the MCAI), to correct an unsafe condition on certain Leonardo S.p.a. Model AW189 helicopters. The MCAI states that the safety pin of the emergency flotation system and life raft installed on the cylinder valve of the life raft bottle assembly to ensure safety during sea (ship) transportation was not removed prior to the affected aircraft being put into service. The MCAI further states the safety pin must be removed before flight operations, otherwise the life raft inflation system remains inoperative. The unsafe condition, if not addressed, could prevent a life raft from inflating during an emergency landing on water, which could result in injury to helicopter occupants.

You may examine the MCAI in the AD docket at *regulations.gov* under Docket No. FAA–2026–11788.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2026–0066, which specifies procedures for a one-time visual inspection of the life raft bottle assembly and, depending on the inspection results, removing the safety pin of the emergency flotation system and life raft from the cylinder valve. Additionally, EASA AD 2026–0066 prohibits extended overwater flights until the inspection is completed and corrective actions accomplished. EASA AD 2026–0066 also specifies that a one-time overwater ferry flight is allowed in order to accomplish the inspection and corrective actions.

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

FAA’s Determination

These products have been approved by the civil aviation authority (CAA) of another country and are approved for operation in the United States. Pursuant to the FAA’s bilateral agreement with this State of Design Authority, that authority has notified the FAA of the unsafe condition described in the MCAI referenced above. The FAA is issuing this NPRM after determining that the unsafe condition described previously is likely to exist or develop on other products of the same type design.

Proposed AD Requirements in This NPRM

This proposed AD would require accomplishing the actions specified in EASA AD 2026–0066, except for any differences identified as exceptions in the regulatory text of this proposed AD.

Explanation of Required Compliance Information

In the FAA’s ongoing efforts to improve the efficiency of the AD process, the FAA developed a process to use some CAA ADs as the primary source of information for compliance with requirements for corresponding FAA ADs. The FAA has been coordinating this process with manufacturers and CAAs. As a result, the FAA proposes to incorporate EASA AD 2026–0066 by reference in the FAA final rule. This proposed AD would, therefore, require compliance with EASA AD 2026–0066 in its entirety through that incorporation, except for any differences identified as exceptions in the regulatory text of this proposed AD. Using common terms that are the same as the heading of a particular section in EASA AD 2026–0066 does not mean that operators need comply only with that section. For example, where the AD requirement refers to ''all required actions and compliance times,'' compliance with this AD requirement is not limited to the section titled ''Required Action(s) and Compliance Time(s)'' in EASA AD 2026–0066. Material required by EASA AD 2026–0066 for compliance will be available at *regulations.gov* under Docket No. FAA–2026–11788 after the FAA final rule is published.

Costs of Compliance

The FAA estimates that this AD, if adopted as proposed, would affect one helicopter of U.S. registry.

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

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect life raft bottle assembly and, if necessary, remove safety pin.	2 work-hours × $85 per hour = $170.	$0	$170	$170

Authority for This Rulemaking

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

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

Regulatory Findings

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

For the reasons discussed above, I certify this proposed regulation:

(1) Is not a ''significant regulatory action'' under Executive Order 12866,

(2) Would not affect intrastate aviation in Alaska, and

(3) Would not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

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

The Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

Leonardo S.p.a.: Docket No. FAA–2026–11788; Project Identifier MCAI–2026–00330–R.

(a) Comments Due Date

The FAA must receive comments on this airworthiness directive (AD) by November 13, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Leonardo S.p.a. Model AW189 helicopters, certificated in any category, as identified in European Union Aviation Safety Agency AD 2026–0066, dated March 27, 2026 (EASA AD 2026–0066).

(d) Subject

Joint Aircraft System Component (JASC) Code 2560, Emergency equipment; 2564, life raft.

(e) Unsafe Condition

This AD was prompted by reports that the safety pin of the emergency flotation system and life raft installed on the cylinder valve of the life raft bottle assembly to ensure safety during sea (ship) transportation was not removed prior to the affected aircraft being put into service. The FAA is issuing this AD to detect and address installed safety pins. The unsafe condition, if not addressed, could prevent a life raft from inflating during an emergency landing on water, which could result in injury to helicopter occupants.

(f) Compliance

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

(g) Required Actions

Except as specified in paragraphs (h) and (i) of this AD: Comply with all required actions and compliance times specified in, and in accordance with EASA AD 2026–0066.

(h) Exceptions to EASA AD 2026–0066

(1) Where EASA AD 2026–0066 requires compliance in terms of flight hours, this AD requires using hours time-in-service.

(2) Where EASA AD 2026–0066 refers to its effective date, this AD requires using the effective date of this AD.

(3) Where EASA AD 2026–0066 specifies ''extended overwater flights'', for this AD replace that text with ''extended over-water operations''.

(4) This AD does not adopt the ''Remarks'' section of EASA AD 2026–0066.

(i) No Reporting Requirement

Although the material referenced in EASA AD 2026–0066 specifies to submit certain information, this AD does not require that action.

(j) Alternative Methods of Compliance (AMOCs)

(1) The Manager, International Validation Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the International Validation Branch, send it to the attention of the person

identified in paragraph (k) of this AD and email to: *AMOC@faa.gov.*

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

(k) Additional Information

For more information about this AD, contact Anthony Kenward, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–5152; email: *anthony.b.kenward@faa.gov.*

(l) Material Incorporated by Reference

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

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

(i) European Union Aviation Safety Agency (EASA) AD 2026–0066, dated March 27, 2026.

(ii) [Reserved]

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

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

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

Issued on September 24, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–19892 Filed 9–28–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–117095–25]

RIN 1545–BR83

Election To Pay in Installments Tax on Gain From Certain Farmland Property

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations regarding the statutory election to pay in four equal annual installments the tax on the gain from the sale or exchange of qualified farmland property to a qualified farmer. The proposed regulations would affect taxpayers who sell or exchange qualified farmland to a qualified farmer and elect to pay the tax on the gain from that sale or exchange in equal annual installments over four years.

DATES: Written or electronic comments and requests for a public hearing must be received by November 30, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG–117095–25) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the ''Comments and Requests for a Public Hearing'' section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comments submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (REG–117095–25), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Nathan Cox of the Office of Associate Chief Counsel (Income Tax & Accounting) at (202) 317–7006 (not a toll-free number); concerning submissions of comments and requests for a public hearing, the Publications and Regulations Section at (202) 317–6901 (not a toll-free number) or by email at *publichearings@irs.gov* (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This notice of proposed rulemaking contains proposed amendments that would add new regulations to the Income Tax Regulations (26 CFR part 1) under section 1062 of the Internal Revenue Code (Code), which was enacted by section 70437 of Public Law 119–21, 139 Stat. 72, 248–250 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA). Section 1062(a) provides an election to pay in equal installments over a four-year period the tax on the gain from the sale or exchange of qualified farmland property to a qualified farmer (qualified sale or exchange).

The proposed 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 proposed regulations also are issued under the authority of section 1062(c)(2). Section 1062(c)(2) authorizes the Secretary to prescribe regulations or other guidance as necessary to carry out the purposes of section 1062(c)(2), which provides that, in the case of a qualified sale or exchange by a partnership or an S corporation, the election under section 1062(a) is made at the partner or shareholder level.

In addition, the proposed regulations that would address consolidated groups are also issued under the authority of section 1502. Section 1502 authorizes the Secretary to prescribe regulations in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be returned, determined, computed, assessed, collected, and adjusted, in such manner as clearly to reflect the income-tax liability and the various factors necessary for the determination of such liability, and in order to prevent avoidance of such tax liability.

Background

Section 70437(a) of the OBBBA redesignated former section 1062 of the Code as new section 1063 of the Code and added a new section 1062. This new section 1062 allows taxpayers who sell or exchange qualified farmland property in a qualified sale or exchange to make an election to pay the tax on the gain from the qualified sale or exchange in equal installments over a four-year period (section 1062 election). Section 70437(c) of the OBBBA provides that the section 1062 election applies to qualified sales or exchanges made in taxable years beginning after July 4, 2025, the date of enactment of the OBBBA.

Section 1062(b)(1) provides that, if a section 1062 election is made with respect to a qualified sale or exchange, the first installment payment is due on the due date (without regard to extensions) for the Federal income tax return (return) for the taxable year of the qualified sale or exchange, and each successive installment payment is due on the due date (without regard to extensions) for the return for the taxable year following the taxable year for which the previous installment payment was made.

Section 1062(b)(2) provides three rules that may result in the acceleration of one or more installment payments prior to the date(s) for which the installment payment(s) otherwise would be due. First, section 1062(b)(2)(A) provides that, if there is an addition to tax for failure to timely pay an installment required under section 1062, the unpaid portion of all remaining installments is due on the date of that failure. Second, section 1062(b)(2)(B) provides that, in the case of an individual taxpayer who dies, the unpaid portion of all remaining installments is due on the due date for the return for the taxable year in which the taxpayer dies. Third, section 1062(b)(2)(C) provides that, for a taxpayer that is a C corporation, a trust, or an estate, if there is a liquidation or sale of substantially all the assets of the taxpayer, including in a case under title 11 of the United States Code or a similar case (title 11 or similar case), a cessation of business by the taxpayer (in the case of a C corporation), or any similar circumstance, the unpaid portion of all remaining installments is due on the date of that event (or, in the case of a title 11 or similar case, the day before the petition is filed). However, the rule in section 1062(b)(2)(C) does not apply in the case of a sale of substantially all the assets of the taxpayer to a buyer if the buyer enters into an agreement with the Commissioner of Internal Revenue (Commissioner) under which the buyer is liable for the remaining installment payments due under section 1062(b) in the same manner as if the buyer were the taxpayer.

Section 1062(b)(3) sets forth rules, referred to as the ''proration rules'' in this notice of proposed rulemaking, providing that, if a taxpayer has made a section 1062 election, and if a deficiency subsequently is assessed with respect to the taxpayer's ''applicable net tax liability,'' the amount of the deficiency is prorated among the installments payable under section 1062(a). The part of the deficiency prorated to any installment payments that are not yet due will be due at the same time as, and as part of, that installment payment. The part of the deficiency prorated to any installment payment that is past due must be paid upon notice and demand from the Commissioner. However, the proration rules do not apply if the deficiency is due to negligence, intentional disregard of rules and regulations, or fraud with intent to evade tax.

Section 1062(c) provides rules regarding the making of a section 1062 election. Section 1062(c)(1) provides that a section 1062 election must be made no later than the due date for the return for the taxable year of the qualified sale or exchange. Section 1062(c)(2) provides that, in the case of a qualified sale or exchange by a partnership or an S corporation, the section 1062 election is made at the partner or shareholder level. In addition, section 1062(c)(2) authorizes the Secretary to prescribe such regulations or other guidance as necessary to carry out the purposes of section 1062(c)(2).

Section 1062(d) provides definitions of terms used in section 1062. Section 1062(d)(1) defines the term ''applicable net tax liability'' as the excess (if any) of (i) the taxpayer's net income tax for the taxable year, over (ii) the taxpayer's net income tax for that taxable year determined without regard to any gain recognized from the qualified sale or exchange. For this purpose, the term ''net income tax'' means the taxpayer's regular tax liability reduced by the credits allowed under subparts A, B, and D of part IV of subchapter A of chapter 1 of the Code. As is provided in section 1062(a), the amount of tax on the gain from the qualified sale or exchange that may be paid in installments by the taxpayer is limited to the applicable net tax liability.

Section 1062(d)(2)(A) defines the term ''qualified farmland property'' to mean real property located in the United States that the taxpayer either has used as a farm for farming purposes or leased to a qualified farmer for farming purposes during substantially all of the 10-year period ending on the date of the qualified sale or exchange (prior 10-year period), and that is subject to a covenant or other legally enforceable restriction (section 1062 covenant) prohibiting the use of that real property other than as a farm for farming purposes during the 10-year period beginning on the date of the qualified sale or exchange. Section 1062(d)(2)(A) further provides that real property that is used as a farm for farming purposes or leased to a qualified farmer for farming purposes by a partnership or an S corporation during substantially all of the prior 10-year period will be treated as used or leased in that manner by each person who holds a direct or indirect interest in the partnership or S corporation.

Section 1062(d)(2)(B) defines the terms ''farm'' and ''farming purposes'' to have the respective meanings given to those terms under section 2032A(e) of the Code. Section 1062(d)(3) defines the term ''qualified farmer'' to mean any individual who is actively engaged in farming within the meaning of 7 U.S.C. 1308–1(b) and (c).

Section 1062(e) provides that a taxpayer making a section 1062 election must include a copy of the section 1062 covenant with the taxpayer's return for the taxable year of the qualified sale or exchange.

Explanation of Provisions

I. Overview

This notice of proposed rulemaking proposes rules regarding the election under section 1062(a) to defer payment of tax on qualified sales or exchanges. Proposed § 1.1062–1 would provide general rules and definitions of terms used in the section 1062 regulations (that is, §§ 1.1062–0 through 1.1062–3). Proposed § 1.1062–2 would provide operating rules regarding the availability of the section 1062 election, the manner in which to make the section 1062 election, the amount of, timing of, and manner in which to make the installment payments of the applicable net tax liability, and other special rules. Proposed § 1.1062–3 would provide rules regarding events that would result in the acceleration of unpaid installment payments.

II. General Rules and Definitions

Proposed § 1.1062–2(a)(1) would provide that, in the case of gain from a qualified sale or exchange, the taxpayer may make a section 1062 election to pay in four equal annual installments the portion of the taxpayer's net income tax for the taxable year of the qualified sale or exchange that is equal to the taxpayer's applicable net tax liability. Proposed § 1.1062–1(q) would define the term ''qualified sale or exchange'' to mean a sale or exchange of qualified farmland property to a qualified farmer.

A. Qualified Farmland Property

Proposed § 1.1062–1(o)(1) would define the term ''qualified farmland property'' as real property (as defined in proposed § 1.1062–1(o)(8)) that meets the following three requirements. First, the real property must be located in the United States. Second, the real property must, during substantially all of the prior 10-year period (as would be defined in proposed § 1.1062–1(n)), either have been used by the taxpayer as a farm for farming purposes or have been leased by the taxpayer to a qualified farmer for farming purposes. Third, the real property must be subject to a section 1062 covenant (as would be defined in proposed § 1.1062–1(t)) that is attached to the taxpayer's return for the relevant taxable year as required under section 1062(e). With respect to this third requirement, failure to attach the section 1062 covenant to the return would result in the real property not being qualified farmland property, which would mean that the sale or exchange of that property would not qualify for the section 1062 election.

Proposed § 1.1062–1(j) would define the term ''farm'' to mean a farm as defined in section 2032A(e)(4), and proposed § 1.1062–1(k) would define the term ''farming purposes'' to mean farming purposes as defined in section 2032A(e)(5). Finally, proposed § 1.1062–1(r) would define the term ''relevant taxable year'' of the taxpayer to mean the taxable year of the qualified sale or exchange.

1. Certain Periods of Non-Use Disregarded

Proposed § 1.1062–1(o)(2) would clarify that certain periods of non-use during a prior 10-year period are disregarded for purposes of determining whether real property may be considered qualified farmland property. Under the proposed rule, real property would not fail to be considered as used by the taxpayer as a farm for farming purposes or leased by the taxpayer to a qualified farmer for farming purposes if all necessary functions, such as land management activities (for example, protecting the soil from erosion), are performed to maintain the real property for farming purposes during periods in which one or more of the following conditions is met: the real property is taken out of production pursuant to a Federal, State, Tribal, or local government program; the real property is taken out of production pursuant to recognized good farming practices (for example, laying fallow or conditioning the soil); or the real property is taken out of production due to unforeseen events caused by factors outside the taxpayer's control.

2. Certain Acquisitions of Qualified Farmland Property During the Prior 10-Year Period

Proposed § 1.1062–1(o)(3) would address limited cases in which real property acquired by the taxpayer during the prior 10-year period may be considered to be used or leased by the taxpayer during the prior 10-year period. Under proposed § 1.1062–1(o)(3)(i), if the taxpayer acquired the real property during the prior 10-year period in a transaction in which the taxpayer's holding period for the real property is determined under section 1223(1) of the Code (for example, in an exchange under section 1031 of the Code), the taxpayer may include the period during the prior 10-year period for which the taxpayer used the real property exchanged for the acquired real property as a farm for farming purposes, or leased the real property exchanged for the acquired real property to a qualified farmer for farming purposes. In addition, under proposed § 1.1062–1(o)(3)(ii), if the taxpayer acquired the real property during the prior 10-year period in a transaction in which the taxpayer's holding period for the real property is determined under section 1223(2) (for example, in a reorganization described in section 368(a) of the Code), the taxpayer may include the period during the prior 10-year period for which the other person referenced in section 1223(2) used the real property acquired as a farm for farming purposes, or leased the real property acquired to a qualified farmer for farming purposes. Finally, proposed § 1.1062–1(o)(3)(iii) would provide that if the taxpayer acquired the real property during the prior 10-year period from a decedent by reason of that individual's death, the taxpayer may include the period during the prior 10-year period for which the decedent used the real property acquired as a farm for farming purposes, or leased the real property acquired to a qualified farmer for farming purposes.

3. Real Property Partially Used for Farming Purposes; Residential Real Property; Portion of Real Property Subject to Covenant Attached to Return

Proposed § 1.1062–1(o)(4) would clarify that residential buildings and related improvements (as described in section 2032A(e)(3), substituting the requirements of section 1062(d) for the requirements under section 2032A(b)(1)(C)) are considered to be used or leased by the taxpayer for farming purposes. Proposed § 1.1062–1(o)(5) would clarify that if only a portion of the real property is used or leased for farming purposes, only that portion of the real property is considered to be qualified farmland property. Similarly, proposed § 1.1062–1(o)(6) would clarify that, if only a portion of the real property is subject to a section 1062 covenant that is attached to the return for the relevant taxable year, only that portion of the real property is considered to be qualified farmland property.

4. Real Property Used or Leased by a Pass-Through Entity

Proposed § 1.1062–1(o)(7)(i) would clarify that real property used or leased by a pass-through entity in a manner described in proposed § 1.1062–1(o)(1)(i) during any period is considered used or leased in such manner by each person who holds a direct or indirect beneficial or equity interest in that pass-through entity during such period. A person who holds a direct or indirect beneficial or equity interest in the pass-through entity for only a portion of such period is considered to use or lease the property in a manner described in proposed § 1.1062–1(o)(1)(i) only during such portion of the period. *See* part III.A.2 of this Explanation of Provisions for the proposed definition of ''pass-through entity.'' Proposed § 1.1062–1(o)(7)(ii) would further provide that, in the case of a sale or exchange of real property by a pass-through entity, the determination of whether the real property is qualified farmland property must be made separately by each person who holds a direct or indirect beneficial or equity interest in that pass-through entity.

5. Section 1062 Covenant

Proposed § 1.1062–1(t) would define a ''section 1062 covenant'' to mean a covenant or other legally enforceable restriction with respect to real property that meets five requirements. First, the section 1062 covenant must prohibit using the real property as anything other than a farm for farming purposes for the 10-year period following the date of the sale or exchange. Second, the section 1062 covenant must be executed prior to or contemporaneously with the closing of the sale or exchange. Third, the section 1062 covenant must be recorded in the land records office of the jurisdiction in which the real property is located prior to or contemporaneously with the filing of the deed of transfer of the real property. Fourth, the section 1062 covenant must be enforceable against the buyer and any future owners of the real property prior to or beginning with the date of the sale or exchange. Finally, the section 1062 covenant must be enforceable against the buyer and any future owners of the real property, that is, the covenant must ''run with the land,'' for a period of at least 10 years following the date of the sale or exchange. The term ''section 1062 covenant'' would include an easement or other interest in real property that, under applicable law, has attributes similar to a covenant (for example, an equitable servitude).

B. Qualified Farmer

Proposed § 1.1062–1(p)(1) would define a ''qualified farmer'' to mean an individual who is actively engaged in farming within the meaning of 7 U.S.C. 1308–1(b) and (c). *See, for example,* 7 U.S.C. 1308–1(b)(2)(A) (providing a general rule regarding when a person is considered to be actively engaged in farming). However, proposed § 1.1062–1(p)(2) would provide that a buyer is not treated as a qualified farmer if, pursuant to a plan or an arrangement between the seller, buyer, and a third party existing at the time of a sale or exchange, the qualified farmland property subsequently is transferred to a person who is neither a related person within the meaning of section 267(b) or section 707(b)(1) of the Code with respect to the individual, nor a qualified farmer.

III. Section 1062 Election

A. Eligibility To Make Election

1. In General

As described in part II of this Explanation of Provisions, proposed § 1.1062–2(a)(1) would provide that, in the case of gain from a qualified sale or exchange, the taxpayer may make a section 1062 election to pay in four equal annual installments the portion of the taxpayer's net income tax for the taxable year of the qualified sale or exchange that is equal to the taxpayer's applicable net tax liability. Proposed § 1.1062–2(a)(2)(i)(A) thus would provide that only a person with an applicable net tax liability may elect to make a section 1062 election. Proposed § 1.1062–2(a)(2)(i)(B) further would provide that, absent an exception, a section 1062 election may be made only by a taxpayer with respect to whom none of the acceleration events described in proposed § 1.10623(b)(1) have occurred after the qualified sale or exchange but before the election is made.

2. Pass-Through Entities

a. Partnerships and S Corporations

As noted in the Background section of this preamble, section 1062(c)(2) provides that, in the case of a qualified sale or exchange by a partnership or an S corporation, the section 1062 election is made at the partner or shareholder level and authorizes the Secretary to issue regulations or other guidance as necessary to carry out the purposes of section 1062(c)(2).

Proposed § 1.1062–1(m) would define the term ''pass-through entity'' as a partnership, an S corporation, or any other person other than a C corporation if the person's gain from a qualified sale or exchange may be included in the income of one or more direct or indirect owners or beneficiaries of the person. This term would not include a real estate investment trust (as defined in section 856 of the Code), a regulated investment company (as defined in section 851 of the Code), or a bankruptcy estate under section 1398 of the Code.

Proposed § 1.1062–2(a)(2)(ii) would provide, in part, that a partner or an S corporation shareholder may make a section 1062 election with respect to that partner's or shareholder's applicable net tax liability arising from a qualified sale or exchange by a pass-through entity. This rule would apply even if there were several tiers of pass-through entities between the pass-through entity that engaged in the qualified sale or exchange and the taxpayer with the applicable net tax liability.

b. Trusts and Decedent's Estates

In certain cases, a trust or a decedent's estate may pass through some or all of its income, including gain from a qualified sale or exchange, to one or more beneficiaries. *See, for example,* sections 661 through 663 of the Code. In that case, the applicable net tax liability will be borne, in full or in part, by the beneficiaries rather than the trust or the decedent's estate. Consistent with the rules for partnerships and S corporations, the definition of ''pass-through entity'' in proposed § 1.1062–1(m) would include a trust or a decedent's estate because a trust or a decedent's estate may pass through to one or more beneficiaries gain from a qualified sale or exchange. In that event, under proposed § 1.1062–2(a)(2)(ii), the beneficiary of the trust or decedent's estate would be permitted to make a section 1062 election with respect to the beneficiary's applicable net tax liability arising from a qualified sale or exchange by a pass-through entity.

c. Disregarded Entities and Grantor Trusts

Under existing rules (*see, for example,* § 301.7701–3(b)), an entity may be disregarded as separate from its owner for Federal income tax purposes. Accordingly, for Federal income tax purposes (including for purposes of section 1062), activities of a disregarded entity are treated as the activities of the owner. Additionally, a grantor or other person treated as owning any portion of a trust under sections 671 through 679 of the Code (grantor trust) is treated as the owner of that portion of the trust property for Federal income tax purposes. *See, for example,* Revenue Ruling 85–13 (1985–1 C.B. 184). In the case of a qualified sale or exchange by a disregarded entity or a grantor trust, the qualified sale or exchange would be considered to have been made under existing rules by the owner of the disregarded entity or the grantor, respectively. Therefore, a disregarded entity or a grantor trust would not be a ''pass-through entity'' under proposed § 1.10621(m).

d. Pass-Through Entities Subject To Tax at the Entity Level

In certain cases, a trust, a decedent's estate, or an S corporation may be subject to Federal income tax at the entity level, including on gain from a qualified sale or exchange. *See, for example,* sections 641 and 1374 of the Code. To address these situations, the definition of a ''pass-through entity'' in proposed § 1.1062–1(m) would provide that an entity other than a C corporation may be a pass-through entity even if it is subject to an entity-level tax with respect to a qualified sale or exchange, if any gain from the qualified sale or exchange may be included in the income of one or more direct or indirect owners or beneficiaries. For example, if a trust is subject to Federal income tax on a portion of its gain from a qualified sale or exchange and its beneficiaries are subject to tax on the remaining portion, the trust is treated as a pass-through entity.

Proposed § 1.1062–2(a)(2)(ii) would further provide that a pass-through entity may make a section 1062 election with respect to an entity-level applicable net tax liability. Thus, a trust with an entity-level tax liability from a qualified sale or exchange, or an S corporation subject to tax under section 1374 with respect to a qualified sale or exchange, may make a section 1062 election.

Additionally, proposed § 1.1062–2(a)(2)(ii) would provide that a section 1062 election by a pass-through entity is made solely with respect to its own applicable net tax liability and is independent from, and has no effect on, a section 1062 election by an owner or beneficiary of the pass-through entity with respect to the owner's or beneficiary's applicable net tax liability, and vice versa. Thus, a pass-through entity cannot make a section 1062 election on behalf of an owner or beneficiary, and vice versa. Rather, both the passthrough entity and each owner or beneficiary may make the election under section 1062 with regard to their respective shares of that gain.

3. Consolidated Group

Proposed § 1.1062–2(a)(2)(iii) would provide that, if a ''member'' of a ''consolidated group'' (within the meaning of § 1.1502–1(b) and (h), respectively) recognizes gain from a qualified sale or exchange, the consolidated group is treated as the taxpayer.

4. Election Unavailable Due to Acceleration Event

Proposed § 1.1062–2(a)(2)(i)(B) generally would not allow a taxpayer to make a section 1062 election if, with respect to the taxpayer, any acceleration event, as described in proposed § 1.1062–3(b)(1), has occurred after the qualified sale or exchange but before the election is due. *See* part IV.A of this Explanation of Provisions for a discussion of acceleration events. However, proposed § 1.1062–2(a)(2)(iv) would permit such a taxpayer to make the section 1062 election after the occurrence of an acceleration event if the election is made in accordance with proposed § 1.1062–2 and either the acceleration event is the death of the taxpayer, or the eligible section 1062 transferee exception applies. *See* part IV.B of this Explanation of Provisions.

B. Time and Manner of Making Election

1. In General

Proposed § 1.1062–2(b)(1) would require that, in order to make a section 1062 election, a taxpayer must complete and file with its return a Form 1062, *Deferral of Tax on Gain from the Sale or Exchange of Qualified Farmland Property to Qualified Farmers,* and a Schedule A (Form 1062), *Section 1062 Gain From the Sale or Exchange of Qualified Farmland Property to a Qualified Farmer,* or in any other manner prescribed in guidance published in the Internal Revenue Bulletin or in forms and instructions.

2. Pass-Through Entities

To ensure that a partner, a shareholder, a beneficiary, or any other owner of a pass-through entity has the information necessary to make a section 1062 election with respect to its applicable net tax liability arising from a qualified sale or exchange by the pass-through entity, proposed § 1.1062–2(b)(2)(i)(A) and (B) would require the pass-through entity to complete and file a Schedule A (Form 1062) in accordance with its instructions (that is, the entity files only the Schedule A (Form 1062), but not the Form 1062 itself), and to provide a copy of its completed Schedule A (Form 1062) and the section 1062 covenant to its owners or beneficiaries. If a pass-through entity provides a copy of its Schedule A (Form 1062) and section 1062 covenant to an owner that is itself a pass-through entity (upper-tier pass-through entity), proposed § 1.1062–2(b)(2)(ii) would require the upper-tier pass-through entity to forward a copy of the Schedule A (Form 1062) and the section 1062 covenant to its owners, and so on through any additional tiers.

Proposed § 1.1062–2(b)(2)(iii) would require a pass-through entity to identify and report on the Schedule K–1 issued to its owners or beneficiaries each owner's or beneficiary's allocable share of the gain attributable to the qualified sale or exchange and such other information as may be required by the prescribed forms and the accompanying instructions. Proposed § 1.1062–2(b)(2)(iv) would provide that, if a pass-through entity fails to comply with the requirements of proposed § 1.10622(b)(2)(i) through (iii), its owners would be ineligible to make the section 1062 election with respect to any gain allocated by the pass-through entity. Proposed § 1.1062–2(b)(2)(v) would provide that a pass-through entity does not complete or file Form 1062 itself unless the pass-through entity has an entity-level applicable net tax liability and wishes to make a section 1062 election with respect to that tax liability. Lastly, proposed § 1.1062–2(b)(2)(vi) would provide that, in the case of a taxpayer who is a partner, a shareholder, a beneficiary, or any other owner of a pass-through entity that satisfies the requirements in § 1.10622(b)(2)(i) through (iii), the taxpayer makes the section 1062 election by completing and filing Form 1062 and Schedule A (Form 1062) with its return for the relevant taxable year.

3. Consolidated Groups

With respect to a consolidated group, proposed § 1.1062–2(a)(2)(iii) would provide that the agent for the group (within the meaning of § 1.1502–77) must make the section 1062 election.

4. Revocation

Proposed § 1.1062–2(b)(3) would provide that, once made, a section 1062 election may be revoked only by paying the full amount of the remaining unpaid applicable net tax liability.

C. Installment Payments

1. General Rules

Proposed § 1.1062–2(c)(1) would provide that, if a taxpayer makes a section 1062 election, the amount of each installment payment is 25 percent of the taxpayer's applicable net tax liability. Proposed § 1.1062–2(c)(2) would provide that the first installment payment is due on the due date (without regard to extensions) for filing the return for the relevant taxable year. For example, a calendar-year individual taxpayer making a section 1062 election for the relevant taxable year must pay the individual's first installment payment on or before April 15, even if that individual has an extension of time to file the individual's return until October 15. That is, the first installment payment may be due before the taxpayer makes the section 1062 election on the taxpayer's return for the relevant taxable year. Similarly, each succeeding installment payment is due on the due date (without regard to extensions) for filing the return for the taxable year following the taxable year with respect to which the previous installment payment was made.

However, proposed § 1.1062–2(c)(3) would provide that, if a taxpayer is a specified individual with respect to a taxable year within which an installment payment is due, then for purposes of determining the due date of an installment payment, the due date (without regard to extensions) for filing the return for the taxable year will be treated as the fifteenth day of the sixth month following the close of the prior taxable year. Proposed § 1.10621(v) would define a ''specified individual'' as a person described in § 1.6081–5(a)(5) or (6) (which means a United States citizen or resident whose tax home and abode, in a real and substantial sense, is outside the United States and Puerto Rico or a United States citizen or resident in military or naval service on duty, including non-permanent or short term duty, outside the United States and Puerto Rico) who receives an extension of time under § 1.6081–5(a) for filing a return and paying any tax shown on the return for the taxable year.

2. Increased Installment Payments Due to Deficiency

Proposed § 1.1062–2(c)(4)(i) would provide that, if a taxpayer makes a section 1062 election, any deficiency assessed with respect to the taxpayer's applicable net tax liability is prorated to the required installment payments. Proposed § 1.10622(c)(4)(ii)(A) would provide that, if the due date for an installment payment to which the deficiency is prorated has passed, then the amount of any deficiency prorated to that installment payment must be paid on notice and demand by the Commissioner. Proposed § 1.1062–2(c)(4)(ii)(B) would provide that, if the due date of an installment payment to which the deficiency is prorated has not passed, then the prorated amount is due at the same time as, and as part of, the relevant installment payment.

However, proposed § 1.1062–2(c)(4)(iii) would provide that this proration rule does not apply if a deficiency is due to negligence, intentional disregard of rules and regulations, or fraud with intent to evade tax. In that event, the full amount of the deficiency (including any applicable interest and penalties) must be paid on notice and demand by the Commissioner.

D. Applicable Net Tax Liability

Proposed § 1.1062–2(d) would provide that a taxpayer's applicable net tax liability equals the excess (if any) of the taxpayer's net income tax for the relevant taxable year, over the taxpayer's net income tax for the relevant taxable year determined without regard to the taxpayer's gain that is recognized from the qualified sale or exchange. Proposed § 1.1062–1(l) would define the term ''net income tax'' to mean the taxpayer's regular tax liability (as defined in section 26(b) of the Code) reduced by the credits allowed under subparts A, B, and D of part IV of subchapter A of chapter 1 of the Code.

Proposed § 1.1062–2(e) would provide that, for purposes of determining the amount of gain the taxpayer recognizes from a sale or exchange of property, only a portion of which is qualified farmland property, the taxpayer must equitably allocate its cost or other basis and the amount realized between the portion of the property that is qualified farmland property and the portion that is not qualified farmland property. *See* § 1.61–6 of the Income Tax Regulations. Taxpayers must maintain all documentation demonstrating how they made their equitable allocations.

Proposed § 1.1062–2(f) would provide that, in determining the amount of the taxpayer's gain from a qualified sale or exchange, only the gain from the qualified sale or exchange that is included in gross income and recognized in the relevant taxable year is used. *See* the example in proposed § 1.1062–2(g)(5).

IV. Acceleration of Installment Payments

A. Acceleration Events

Proposed § 1.1062–3(a) would provide that, if a taxpayer makes a section 1062 election, and if an acceleration event subsequently occurs with respect to that taxpayer, then the due date for the unpaid portion of all remaining installment payments is accelerated unless the eligible section 1062 transferee exception (as set forth in proposed § 1.1062–3(c)) applies.

1. Acceleration Events Applicable to All Taxpayers

Proposed § 1.1062–3(b)(1)(i) would provide that the assessment of an addition to tax for the failure to timely pay an installment payment is an acceleration event. Proposed § 1.1062–3(b)(2)(i) would provide that, in the case of such an acceleration event, the due date for the unpaid portion of all remaining installment payments is the date the addition to tax is assessed on the untimely installment payment.

2. Acceleration Events Applicable to Individual Taxpayers

Proposed § 1.1062–3(b)(1)(ii) would provide in part that, in the case of a taxpayer who is an individual, the death of that individual is an acceleration event. Proposed § 1.1062–3(b)(2)(ii) would provide that, in the case of such an acceleration event, the due date for the unpaid portion of all remaining installment payments is the due date (determined without regard to any extension of time for filing) for filing the individual's return for the taxable year in which the individual dies.

3. Acceleration Events Applicable to Trusts and Estates

Proposed § 1.1062–3(b)(1)(iii) would provide in part that, in the case of a taxpayer that is a non-grantor trust or a decedent's estate, a liquidation or sale, exchange, or other disposition of substantially all the assets of the taxpayer (including in a title 11 or similar case) is an acceleration event. Proposed § 1.1062–3(b)(2)(iii) would provide that, in the case of such an acceleration event, the due date for the unpaid portion of all remaining installment payments is the date of the acceleration event (or, in a title 11 or similar case, the day before the petition is filed).

As described in part III.A.2 of this Explanation of Provisions, under proposed § 1.1062–2(a)(2)(ii), a non-grantor trust or a decedent's estate that passes through some but not all the gain with respect to a qualified sale or exchange may make a section 1062 election with respect to its entity-level applicable net tax liability, and a beneficiary may make a section 1062 election with respect to the beneficiary's applicable net tax liability. In that case, the non-grantor trust or decedent's estate is treated as a separate taxpayer from the beneficiary for purposes of section 1062. Thus, the death of the individual beneficiary would be an acceleration event for that individual's remaining unpaid applicable net tax liability, but it would not be an acceleration event for the trust's or decedent's estate's remaining unpaid applicable net tax liability. Similarly, the termination of the trust or decedent's estate would be an acceleration event for the trust or decedent's estate, but it would not be an acceleration event for any individual beneficiary with an applicable net tax liability prior to the trust's or estate's termination.

As described in part IV.B of this Explanation of Provisions, the eligible section 1062 transferee exception would apply in the case of acceleration due to a trust or estate selling substantially all its assets provided all requirements for the exception are satisfied.

4. Acceleration Events Applicable to C Corporations

Proposed § 1.1062–3(b)(1)(iii) through (vi) would describe acceleration events for a taxpayer that is a C corporation. An acceleration event includes: a liquidation or sale, exchange, or other disposition of substantially all the assets of the taxpayer (including in a title 11 or similar case); a cessation of business by the taxpayer; in the case of a C corporation that is not a member of a consolidated group, the C corporation becoming a member of a consolidated group; and in the case of a C corporation that is a member of a consolidated group, the consolidated group ceasing to exist or otherwise discontinuing to file a consolidated return.

Proposed § 1.1062–1(d) would define the term ''C corporation'' to mean a C corporation as defined in section 1361(a)(2) of the Code. This definition would include any corporation operating on a cooperative basis. Proposed § 1.1062–1(s) would define the term ''S corporation'' to mean an S corporation as defined in section 1361(a)(1). Additionally, proposed § 1.1062–3(a) would provide that if an S corporation has an applicable net tax liability or a remaining unpaid applicable net tax liability at the entity-level, then the S corporation is treated as a C corporation for purposes of determining whether there is an acceleration event. Accordingly, if an S corporation previously was a C corporation, and the S corporation makes an entity-level section 1062 election with respect to an applicable net tax liability from gain on a qualified sale or exchange that is subject to tax under section 1374, then the S corporation is treated as a C corporation for purposes of determining whether there is an acceleration event with respect to that applicable net tax liability. Additionally, if a C corporation makes a section 1062 election, and if the C corporation subsequently elects to be taxed as an S corporation under section 1362(a) of the Code while there is a remaining unpaid applicable net tax liability, the S corporation is treated as a C corporation for purposes of determining whether there is an acceleration event with respect to that remaining unpaid applicable net tax liability.

Proposed § 1.1062–3(b)(2)(iii) would provide that, in the case of an acceleration event described in proposed § 1.1062–3(b)(1)(iii) through (vi), the due date for the unpaid portion of all remaining installment payments is the date of the acceleration event (or, in a title 11 or similar case, the day before the petition is filed). As described in part IV.B of this Explanation of Provisions, the eligible section 1062 transferee exception would apply in the case of acceleration due to a C corporation selling substantially all its assets provided all requirements for the exception are satisfied.

B. Eligible Section 1062 Transferee Exception

1. In General

Proposed § 1.1062–3(c)(1) would provide that the acceleration rules described in part IV.A of this Explanation of Provisions do not apply if the acceleration event is a sale of substantially all the assets of the eligible section 1062 transferor, and the eligible section 1062 transferor and the eligible section 1062 transferee enter into an agreement (transfer agreement) that satisfies the requirements set forth in proposed § 1.10623(c)(2). Proposed § 1.1062–1(i) would define the term ''eligible section 1062 transferor'' to mean a C corporation, trust, or estate that makes a section 1062 election, and with respect to which an acceleration event has occurred. Proposed § 1.1062–1(g) would define the term ''eligible section 1062 transferee'' to mean a single (that is, one) United States person that is not a partnership or an S corporation, a debtor in a title 11 or similar case, or insolvent (within the meaning of section 108(d)(3) of the Code). Section 1062 generally does not view partnerships and S corporations as taxpayers. *See* section 1062(c)(2). In this regard, since the statute treats an assumption of a section 1062 liability as though the obligor itself (in this case, a partnership or S corporation) incurred the liability, excluding partnerships and S corporations from the definition of an eligible section 1062 transferee is consistent with statute's intent—that is, partnerships and S corporations are generally not entities eligible to incur a section 1062 liability.

2. Transfer Agreement

Proposed § 1.1062–3(c)(2)(i) would require a transfer agreement to be entered into by an eligible section 1062 transferor and an eligible 1062 transferee by timely filing a Form 1062–T, *Transfer Agreement Under Section 1062(b)(2)(C),* or in any other manner prescribed in guidance published in the Internal Revenue Bulletin or in forms and instructions. Proposed § 1.1062–3(c)(2)(iv) would set forth the items required to be included in the transfer agreement.

Proposed § 1.1062–3(c)(2)(ii)(A) generally would require the transfer agreement to be filed by both the eligible section 1062 transferor and the eligible section 1062 transferee on or before the date that is 30 days after the date of the acceleration event with respect to which the transfer agreement is entered into, with two exceptions. First, proposed § 1.1062–3(c)(2)(ii)(B) would provide that, if an acceleration event occurs prior to the date the taxpayer makes a section 1062 election, the transfer agreement with respect to that acceleration event will be timely filed if the eligible section 1062 transferor files the transfer agreement simultaneously with its section 1062 election. Second, proposed § 1.1062–3(c)(2)(ii)(C) would provide that, if an acceleration event occurs prior to the date of publication of final regulations under section 1062 in the **Federal Register**, the transfer agreement with respect to that acceleration event will be treated as timely filed if it is filed within 30 days after the date of publication of final regulations under section 1062 in the **Federal Register**.

Proposed § 1.1062–3(c)(2)(iii) would require the transfer agreement to be signed under penalties of perjury by both a person who is authorized to sign a return on behalf of the eligible section 1062 transferor, and a person who is authorized to sign a return on behalf of the eligible section 1062 transferee. With respect to consolidated groups, proposed § 1.1062–2(a)(2)(iii) would require the agent for the group to enter into any transfer agreement.

3. Consent of Commissioner

Proposed § 1.1062–3(c)(3)(i) would provide that, if an eligible section 1062 transferor and an eligible section 1062 transferee file a transfer agreement satisfying the requirements of proposed § 1.1062–3(c)(2), the eligible section 1062 transferee will be considered to have entered into an agreement with the Commissioner for purposes of proposed § 1.1062–3(c). If the Commissioner determines that additional information (for example, additional information regarding the ability of the eligible section 1062 transferee to fully pay the remaining applicable net tax liability) is necessary, the eligible section 1062 transferee would be required to provide that information upon request.

However, proposed § 1.1062–3(c)(3)(ii) would provide what could occur if the Commissioner determines that a transfer agreement contains a material misrepresentation or material omission, or if the eligible section 1062 transferee does not provide any additional information requested by the Commissioner within a time frame communicated by the Commissioner to the eligible section 1062 transferee. The Commissioner either may reject the transfer agreement (effective as of the date of the related acceleration event), or determine that an acceleration event has occurred with respect to the eligible section 1062 transferee as of the date of the Commissioner's determination that a transfer agreement contains a material misrepresentation or material omission (such that any unpaid installment payments become due on that date).

4. Effect of Assumption

Proposed § 1.1062–3(c)(4)(i) would provide that, if the eligible section 1062 transferee exception applies with respect to an acceleration event, the eligible section 1062 transferee assumes all outstanding obligations and responsibilities of the eligible section 1062 transferor with respect to the applicable net tax liability as though the eligible section 1062 transferee had included the gain from the qualified sale or exchange in that transferee's income. Accordingly, the eligible section 1062 transferee is responsible for making payments and reporting with respect to any unpaid installment payments of the eligible section 1062 transferor.

Proposed § 1.1062–3(c)(4)(ii) would provide that, if an acceleration event described in proposed § 1.1062–3(b)(1)(iii) through (vi) subsequently occurs with respect to an eligible section 1062 transferee, any unpaid installment payments of the eligible section 1062 transferor that were assumed by the eligible section 1062 transferee will become due on the date provided in proposed § 1.1062–3(b)(2)(iii).

Proposed Applicability Date

These regulations are proposed to apply to qualified sales and exchanges occurring in taxable years ending after the date these final regulations are published in the **Federal Register**. Taxpayers may rely on these proposed regulations under section 1062 with respect to qualified sales or exchanges that occur in a taxable year beginning after July 4, 2025, and ending on or before the date these regulations are published as final regulations in the **Federal Register**, provided that the taxpayers comply with these proposed regulations in their entirety and in a consistent manner.

Special Analyses

I. Regulatory Planning and Review—Economic Analysis

These proposed regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (July 4, 2025) between the Treasury Department and the Office of Management and Budget (OMB) regarding review of tax regulations.

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 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.

The recordkeeping requirements mentioned within these proposed regulations are considered general tax records under section 6001 of the Code. A taxpayer would use these records to establish its eligibility for the section 1062 election or the eligible section 1062 transferee exception. These records are required for the IRS to validate that taxpayers have met the regulatory requirements and are required as proof of their qualification for the section 1062 election. For PRA purposes, general tax records are already approved by OMB under 1545–0047 for tax-exempt organization filers, 1545–0074 for individual filers, 1545–0092 for estate and trust filers, and 1545–0123 for business filers. These proposed regulations are not changing this already approved OMB collection.

The collections of information in these proposed regulations include reporting, third-party disclosure, and recordkeeping requirements that are necessary to ensure that taxpayers qualify for the section 1062 election. The reporting requirements in these proposed regulations would include providing a copy of the section 1062 covenant found in § 1.1062–1(o)(1)(ii), and listing the information required to make a section 1062 election in § 1.1062–2(b)(1). Section 1.1062–2(b)(2) also would require a pass-through entity to provide information regarding the qualified sale or exchange to the IRS and its owners or beneficiaries and a copy of the section 1062 covenant to its owners or beneficiaries. The collections will be used by the IRS for tax compliance purposes and by taxpayers to ensure they qualify for the section 1062 election. The burden for these requirements will be approved by OMB, in accordance with 5 CFR 1320.10, under OMB control numbers 1545–0047 for tax-exempt organization filers, 1545–0074 for individual filers, 1545–0092 for estate and trust filers, and 1545–0123 for business entities.

In addition, proposed § 1.1062–3(c)(2) contains collection of information and reporting requirements for an eligible section 1062 transferor and an eligible section 1062 transferee. The collections of information in proposed § 1.1062–3(c)(2)(iii) and (iv) include reporting, third-party disclosure, and recordkeeping requirements that are necessary to ensure that taxpayers qualify for the eligible section 1062 transferee exception set forth in proposed § 1.1062–3(c). These collections will be used by the IRS for tax compliance purposes and by taxpayers to ensure they qualify for the eligible section 1062 transferee exception.

The IRS is soliciting feedback on the collection requirements for the eligible section 1062 transferee exception. The IRS anticipates that the likely respondents for the eligible section 1062 transferee exception are C corporations, trusts, and estates.

Estimated number of respondents: 1,030.

Estimated average annual burden per respondent: 3 hours, 12 minutes.

Estimated total annual reporting burden: 3,296 hours.

The collections contained in this notice of proposed rulemaking with respect to the eligible section 1062 transferee exception have been submitted to the OMB for review in accordance with the PRA under OMB Control Number 1545–NEW. Commenters are strongly encouraged to submit public comments electronically. Written comments and recommendations for the proposed information collection should be sent to *https://www.reginfo.gov/public/do/PRAMain,* with copies to the IRS. Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' then by using the search function. Submit electronic submissions for the proposed information collection to the IRS via email at *pra.comments@irs.gov* (indicate REG–117095–25 on the Subject line). Comments on the collection of information should be received by November 30, 2026.

Comments are specifically requested concerning: (i) Whether the proposed collection of information is necessary for the proper performance of the functions of the IRS, including whether the information will have practical utility; (ii) the accuracy of the estimated burden associated with the proposed collection of information; (iii) how the quality, utility, and clarity of the information to be collected may be enhanced; (iv) how the burden of complying with the proposed collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and (v) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

III. Regulatory Flexibility Act

It is hereby certified that these proposed regulations would not have a significant economic impact on a substantial number of small entities pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6). The proposed rule would affect any entity electing to pay in installments the tax on the gain from the sale or exchange of qualified farmland property to an individual qualified farmer. Qualified farmland property is defined as real property located in the United States, that for substantially all of the prior 10-year period, has been used by the taxpayer as a farm for farming purposes or has been leased by the taxpayer to a qualified farmer for farming purposes and is subject to a section 1062 covenant. This election is voluntary.

Based on 2022 U.S. Census Bureau data, the Small Business Administration Office of Advocacy published a 2025 Small Business Profile showing there are more than 36.2 million U.S. small businesses. Based on filing data for the 2023 taxable year, the Treasury Department and the IRS estimate that approximately 1.9 million small entities may qualify to make the election under section 1062, but likely less will be impacted because this provision applies solely to entities that sell or exchange qualified farmland property to an individual qualified farmer during the taxable year. Based on the current data, the proposed regulations will not affect a substantial number of small entities. Further, the economic impact of the proposed regulations is not likely to be significant. Although a small business entity must complete and file additional forms to make a section 1062 election, the estimated time and cost burden per affected entity for completing and filing this election is $237.40 or 8.45 hours. Furthermore, the election is voluntary, and the small entity will economically benefit by making the election because it may defer the payment of tax on the gain from the sale or exchange of qualified farmland property over a four-year period. Thus, the economic impact of these proposed regulations is not likely to be significant.

Notwithstanding this certification, the Treasury Department and the IRS welcome comments on the impact of these proposed regulations on small entities.

IV. Submission to the Small Business Administration

Pursuant to section 7805(f) of the Code, the proposed regulations will be submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on their impact on small business.

V. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. These proposed regulations do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector, in excess of that threshold.

VI. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications, do not impose substantial direct compliance costs on State and local governments, and do not preempt State law within the meaning of the Executive order.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in the preamble under the **ADDRESSES** heading. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at *https://www.regulations.gov* or upon request.

A public hearing will be scheduled if requested in writing by any person that timely submits electronic or written comments. Requests for a public hearing also are encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the **Federal Register**.

Statement of Availability of IRS Documents

IRS announcements and revenue rulings cited in this preamble are published in the Internal Revenue Bulletin and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *https://www.irs.gov.*

Drafting Information

The principal author of these proposed regulations is Chiyun Lee, Office of Associate Chief Counsel (Income Tax and Accounting). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 is amended by adding entries for §§ 1.1062–0 through 1.1062–3 in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

Section 1.1062–1 also issued under 26 U.S.C. 1062.

Section 1.1062–2 also issued under 26 U.S.C. 1062(c)(2).

Section 1.1062–3 also issued under 26 U.S.C. 1502.

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■ **Par. 2.** Sections 1.1062–0 through 1.1062–3 are added to read as follows:

Sec.

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§ 1.1062–0 Table of contents.

This section lists the major captions contained in §§ 1.1062–1 through 1.1062–3.

§ 1.1062–1 Section 1062 general rules and definitions.

(a) *Scope.* Section 1062(a) of the Internal Revenue Code (Code) allows a taxpayer that recognizes gain from the sale or exchange of qualified farmland property to a qualified farmer to make a section 1062 election to pay in four equal annual installments the portion of the taxpayer's net income tax for the taxable year of the qualified sale or exchange that is equal to the taxpayer's applicable net tax liability. Paragraphs (b) through (w) of this section set forth general rules and define terms for purposes of this section and §§ 1.1062–2 and 1.1062–3, and paragraph (x) of this section contains examples. Section 1.1062–2 provides rules regarding eligibility for and making a section 1062 election, paying the installments, and other special rules. Section 1.1062–3 provides rules regarding events that may result in the acceleration of the unpaid portion of all remaining installment payments.

(b) *Acceleration event.* The term *acceleration event* means an event described in § 1.1062–3(b)(1).

(c) *Applicable net tax liability.* The term *applicable net tax liability* means an amount described in § 1.1062–2(d).

(d) *C corporation.* The term *C corporation* means a C corporation as defined in section 1361(a)(2) of the Code.

(e) *Commissioner.* The term *Commissioner* means the Commissioner of Internal Revenue or the Commissioner's delegate.

(f) *Consolidated group; member.* The term *consolidated group* means a consolidated group as defined in § 1.1502–1(h). The term *member* means a member (within the meaning of § 1.1502–1(b)) of a consolidated group.

(g) *Eligible section 1062 transferee.* The term *eligible section 1062 transferee* means a single United States person, as defined in section 7701(a)(30) of the Code, that is not—

(1) A partnership or an S corporation;

(2) A debtor in a case under title 11 of the United States Code or a similar case (title 11 or similar case); or

(3) Insolvent (within the meaning of section 108(d)(3) of the Code).

(h) *Eligible section 1062 transferee exception.* The term *eligible section 1062 transferee exception* means the exception described in § 1.1062–3(c)(1).

(i) *Eligible section 1062 transferor.* The term *eligible section 1062 transferor* means a C corporation, trust, or estate—

(1) That makes a section 1062 election; and

(2) With respect to which an acceleration event has occurred.

(j) *Farm.* The term *farm* means a farm as defined in section 2032A(e)(4) of the Code.

(k) *Farming purposes.* The term *farming purposes* means farming purposes as defined in section 2032A(e)(5).

(l) *Net income tax.* The term *net income tax* means the taxpayer's regular tax liability (as defined in section 26(b) of the Code) reduced by the credits allowed under subparts A, B, and D of part IV of subchapter A of chapter 1 of the Code.

(m) *Pass-through entity.* The term *pass-through entity* means a partnership, an S corporation, or any other person other than a C corporation if any of the person's gain from a qualified sale or exchange may be included in the income of one or more direct or indirect owners or beneficiaries of the person. If an entity other than a C corporation is subject to Federal income tax on a portion of the gain from a qualified sale or exchange and its owners or beneficiaries are subject to tax on the remaining portion, the entity is treated as a pass-through entity, and both the person and each owner or beneficiary of the person may make the election under section 1062 with regard to their respective shares of that gain.

(n) *Prior 10-year period.* The term *prior 10-year period* means the 10-year period ending on the date of the qualified sale or exchange.

(o) *Qualified farmland property*—(1) *In general.* The term *qualified farmland property* means real property located in the United States, as defined in section 7701(a)(9), that—

(i) During substantially all of the prior 10-year period—

(A) Has been used by the taxpayer as a farm for farming purposes; or

(B) Has been leased by the taxpayer to a qualified farmer for farming purposes; and

(ii) Is subject to a section 1062 covenant that is attached to the taxpayer's Federal income tax return (return) for the relevant taxable year.

(2) *Certain periods of non-use disregarded.* If all necessary functions, such as land management activities (for example, protecting the soil from erosion), continue to be performed to maintain real property for farming purposes, real property will not fail to be considered as real property described in paragraph (o)(1)(i)(A) or (B) of this section, as applicable, during periods in which—

(i) The real property is taken out of production pursuant to a Federal, State, Tribal, or local government program;

(ii) The real property is taken out of production pursuant to recognized good farming practices (for example, laying fallow or conditioning the soil); or

(iii) The real property is taken out of production due to unforeseen events caused by factors outside the taxpayer's control, such as natural disasters.

(3) *Certain acquisitions of qualified farmland property during the prior 10-year period.* If the taxpayer acquired the real property during the prior 10-year period under circumstances described in any of paragraphs (o)(3)(i) through (iii) of this section, the taxpayer may count any period described in paragraphs (o)(3)(i) through (iii) of this section, as applicable, toward the taxpayer's satisfaction of the requirement described in paragraph (o)(1)(i) of this section.

(i) If the taxpayer acquired the real property in a transaction in which the taxpayer's holding period for the real property is determined under section 1223(1) of the Code, the taxpayer may include the period during the prior 10-year period for which the taxpayer—

(A) Used the real property exchanged as a farm for farming purposes; or

(B) Leased the real property exchanged to a qualified farmer for farming purposes.

(ii) If the taxpayer acquired the real property in a transaction in which the taxpayer's holding period for the real property is determined under section 1223(2), the taxpayer may include the period during the prior 10-year period in which the other person—

(A) Used the real property as a farm for farming purposes; or

(B) Leased the real property to a qualified farmer for farming purposes.

(iii) If the taxpayer acquired the real property by reason of a decedent's death, the taxpayer may include the period during the prior 10-year period in which the decedent—

(A) Used the real property as a farm for farming purposes; or

(B) Leased the real property to a qualified farmer for farming purposes.

(4) *Certain residential real property.* For purposes of this paragraph (o), residential buildings and related improvements (as described in section 2032A(e)(3), substituting the requirements of section 1062(d) for the requirements under section 2032A(b)(1)(C)) are considered to be used or leased by the taxpayer for farming purposes.

(5) *Real property partially used or leased for farming purposes.* For purposes of this paragraph (o), if only a portion of the real property is used or leased for farming purposes, only that portion of the real property is considered to be qualified farmland property.

(6) *Portion of real property covered by covenant.* For purposes of this paragraph (o), if only a portion of the real property is subject to a section 1062 covenant, only the portion of the real property that is subject to the section 1062 covenant that is attached to the taxpayer's return for the relevant taxable year is considered to be qualified farmland property.

(7) *Real property used or leased by a pass-through entity*—(i) *Use of qualified farmland property by a pass-through entity.* For purposes of this paragraph (o), real property used or leased by a pass-through entity in a manner described in proposed paragraph (o)(1)(i) of this section during any period is considered used or leased in such manner by each person who holds a direct or indirect beneficial or equity interest in that pass-through entity during such period. A person who holds a direct or indirect beneficial or equity interest in the pass-through entity for only a portion of such period is considered to use or lease the property in a manner described in proposed paragraph (o)(1)(i) only during such portion of the period.

(ii) *Sale or exchange by a pass-through entity.* In the case of a sale or exchange of real property by a pass-through entity, the determination of whether the real property is qualified farmland property must be made separately by each person who holds a direct or indirect beneficial or equity interest in that pass-through entity.

(8) *Real property.* For purposes of this section, the term real property has the meaning provided in § 1.1031(a)–3(a).

(p) *Qualified farmer*—(1) *In general.* A qualified farmer is an individual who is actively engaged in farming within the meaning of 7 U.S.C. 1308–1(b) and (c).

(2) *Plan or arrangement.* The term qualified farmer does not include an individual if, pursuant to a plan or an arrangement between the seller, buyer, and a third party existing at the time of a sale or exchange of qualified farmland property to that individual, the qualified farmland property subsequently is transferred to a person who is neither—

(i) A related person within the meaning of section 267(b) or section 707(b)(1) of the Code with respect to that individual; nor

(ii) A qualified farmer.

(q) *Qualified sale or exchange.* The term *qualified sale or exchange* means a sale or exchange of qualified farmland property to a qualified farmer.

(r) *Relevant taxable year.* The term *relevant taxable year* means the taxable year of the qualified sale or exchange.

(s) *S corporation.* The term *S corporation* means an S corporation as defined in section 1361(a)(1) of the Code.

(t) *Section 1062 covenant*—(1) *In general.* With respect to real property, the term *section 1062 covenant* means a covenant or other legally enforceable restriction that—

(i) Prohibits the use of the real property other than as a farm for farming purposes for any period before the date that is 10 years after the date of the sale or exchange of the real property;

(ii) Is executed prior to or contemporaneously with the closing of the sale or exchange;

(iii) Is recorded in the land records office of the jurisdiction in which the real property is located prior to or contemporaneously with the filing of the deed of transfer of the real property;

(iv) Is enforceable against the buyer and all future owners of the real property prior to or beginning with the date of the sale or exchange of the real property; and

(v) Does not cease to be enforceable against the buyer and all future owners of the real property on a date earlier than the date that is 10 years after the date of the sale or exchange.

(2) *Other legally enforceable restrictions.* The term *section 1062 covenant* includes an easement or other interest in real property that, under applicable law, has attributes similar to a covenant (for example, an equitable servitude).

(u) *Section 1062 election.* The term *section 1062 election* means the election described in § 1.1062–2(a).

(v) *Specified individual.* The term *specified individual* means a person described in § 1.6081–5(a)(5) or (6) who receives an extension of time under § 1.60815(a) for filing a return and for paying any tax shown on the return for the taxable year.

(w) *Transfer agreement.* The term *transfer agreement* has the meaning provided in § 1.1062–3(c)(2).

(x) *Examples.* The following examples illustrate the application of the rules of this section.

(1) *Example 1: Certain periods of non-use disregarded*—(i) *Facts.* Individual J has gain from the sale of real property that is subject to a section 1062 covenant, which J attached to J's return for the relevant taxable year. During the prior 10-year period, J used the real property to grow crops during the spring and summer growing seasons. During the nonproducing seasons, J performs all necessary functions to maintain the real property for farming purposes. In addition, during that prior 10-year

period, J left the real property fallow every third year as part of J's crop rotation strategy to restore soil fertility, conserve moisture, and prevent pests and diseases. During those periods in which the real property has been left fallow, J performs all necessary functions to maintain the real property for farming purposes.

(ii) *Analysis.* To determine whether the real property has been used as a farm for farming purposes during substantially all of the prior 10-year period for purposes of paragraph (o)(1)(i) of this section, J may include both the nonproducing seasons and the fallow periods because J has performed all necessary functions to maintain the real property for farming purposes. Because the real property is subject to a section 1062 covenant (which J attaches to J's return for the relevant taxable year) and has been used as a farm for farming purposes during substantially all of the prior 10-year period, pursuant to paragraph (o)(2)(ii) of this section, the real property qualifies as qualified farmland property.

(2) *Example 2: Certain acquisitions of qualified farmland property during the prior 10-year period*—(i) *Facts.* Individual K uses Property A as a farm for farming purposes for six years. K exchanges Property A for Property B in an exchange qualifying under section 1031 of the Code. K uses Property B as a farm for farming purposes for an additional four years before selling Property B to a qualified farmer at a gain. Property B is subject to a section 1062 covenant (which K attaches to K's return for the relevant taxable year).

(ii) *Analysis.* To determine whether Property B has been used as a farm for farming purposes during substantially all of the prior 10-year period for purposes of paragraph (o)(1)(i) of this section, K may include the period during which K used Property A as a farm for farming purposes. Because Property B is subject to a section 1062 covenant (which K attaches to K's return for the relevant taxable year) and has been used as a farm for farming purposes during substantially all of the prior 10-year period, pursuant to paragraph (o)(3)(i) of this section, Property B qualifies as qualified farmland property.

(3) *Example 3: Qualified farmer's acquisition through a disregarded entity*—(i) *Facts.* Individual N is a qualified farmer who operates his farming business through Y, a limited liability company that is disregarded as an entity separate from N for Federal income tax purposes. Y enters into an agreement to purchase a qualified farmland property (Property C), from Individual O. Y will continue to use Property C for farming purposes after the sale.

(ii) *Analysis.* Because Y is disregarded as an entity separate from N for Federal income tax purposes, Y's purchase of Property C is treated as a purchase by N, who is a qualified farmer. Accordingly, if O otherwise satisfies the requirements to make a section 1062 election, O may make a section 1062 election.

(4) *Example 4: Qualified farmer's subsequent contribution to an S corporation*—(i) *Facts.* The facts are the same as in paragraph (x)(3)(i) of this section (*Example 3*), except that N enters into an agreement to purchase Property C directly from O, and N plans on contributing Property C to P (an S corporation wholly owned by N).

(ii) *Analysis.* N had a plan to contribute Property C to N's wholly owned S corporation P at the time N purchased Property C from O. However, because N will transfer Property C to a related person, the acquisition by N is respected as an acquisition by a qualified farmer pursuant to paragraph (p) of this section.

(5) *Example 5: Failure to attach the section 1062 covenant to the return for the relevant taxable year*—(i) *Facts.* Individual P has owned Property Q, which is real property as defined in paragraph (o)(8) of this section that is located in the United States, and used as a farm for farming purposes for the last eleven years. In year twelve, P sells Property Q, which is subject to a section 1062 covenant, to a qualified farmer. P makes a section 1062 election pursuant to § 1.1062–2(b). However, P fails to attach a copy of the section 1062 covenant to P's return for the relevant taxable year.

(ii) *Analysis.* Paragraph (o)(1)(ii) of this section requires a taxpayer to attach a copy of the section 1062 covenant to the taxpayer's return for the relevant taxable year in order for their real property to constitute qualified farmland property. Because P did not attach a section 1062 covenant to P's return for the relevant taxable year, Property Q is not qualified farmland property.

(y) *Applicability date.* This section applies to qualified sales or exchanges occurring in taxable years ending after [date of publication of final regulations in the **Federal Register**].

§ 1.1062–2 Election to pay in installments tax on the gain from qualified sales or exchanges and other special rules.

(a) *Section 1062 election*—(1) *In general.* In the case of gain from a qualified sale or exchange, a taxpayer may make an election in accordance with the rules of this section to pay in four equal annual installments the portion of the net income tax for the taxable year of the qualified sale or exchange that is equal to the taxpayer's applicable net tax liability.

(2) *Eligible taxpayers*—(i) *In general.* Except as provided in paragraph (a)(2)(iv) of this section, a section 1062 election may be made only by a taxpayer—

(A) With an applicable net tax liability; and

(B) With respect to whom none of the acceleration events described in § 1.10623(b)(1) have occurred after the qualified sale or exchange but before the election is made.

(ii) *Section 1062 election by a pass-through entity.* In the case of a qualified sale or exchange made by a pass-through entity, a partner, shareholder, beneficiary, or other owner of the pass-through entity may make a section 1062 election with respect to the owner's or the beneficiary's applicable net tax liability arising from the qualified sale or exchange. If a pass-through entity has an entity-level applicable net tax liability, the pass-through entity may make a section 1062 election with respect to that tax liability. A section 1062 election by a pass-through entity is made solely with respect to its own applicable net tax liability and is independent from, and has no effect on, a section 1062 election by an owner or a beneficiary of the pass-through entity with respect to that owner's or beneficiary's applicable net tax liability, and vice versa.

(iii) *Section 1062 election by a consolidated group.* If a member of a consolidated group recognizes gain from a qualified sale or exchange, the consolidated group is treated as the taxpayer for purposes of this section and § 1.1062–3. Only the agent for the group (within the meaning of § 1.150277) may make a section 1062 election under this section and enter into any transfer agreement under § 1.10623(c)(2).

(iv) *Exception in the case of certain acceleration events.* A taxpayer that would be eligible to make a section 1062 election but for the occurrence of an acceleration event described in § 1.1062–3(b)(1) that occurs after the sale but before the election is to be made may make the section 1062 election in accordance with this section despite the intervening acceleration event if either—

(A) The acceleration event is the death of the individual as described in § 1.10623(b)(1)(ii); or

(B) The eligible section 1062 transferee exception in § 1.1062–3(c)(1) applies.

(b) *Time and manner of making a section 1062 election*—(1) *In general.* A section 1062 election must be made no later than the due date (including extensions, if any) for filing the taxpayer's return for the relevant taxable year. An eligible taxpayer makes the section 1062 election for the relevant taxable year—

(i) By completing and filing with the taxpayer's return a Form 1062, *Deferral of Tax on Gain from the Sale or Exchange of Qualified Farmland Property to Qualified Farmers* (or successor) and a Schedule A (Form 1062), *Section 1062 Gain From the Sale or Exchange of Qualified Farmland Property to a Qualified Farmer* (or successor); or

(ii) In any other manner prescribed in guidance published in the Internal Revenue Bulletin or in forms and instructions (*see* §§ 601.601(d)(2) and 601.602 of this chapter).

(2) *Pass-through entities.* In the case of a qualified sale or exchange made by a pass-through entity, the rules of this paragraph (b)(2) apply:

(i) In order for a partner, shareholder, beneficiary, or other owner of a pass-through entity to make a section 1062 election with respect to its applicable net tax liability arising from a qualified sale or exchange by a pass-through entity, the pass-through entity—

(A) Must complete and file Schedule A (Form 1062) (or successor) in accordance with its instructions (that is, the entity files only the Schedule A (Form 1062), but not the Form 1062 itself); and

(B) Must provide a copy of its completed Schedule A (Form 1062) (or successor) and the section 1062 covenant to its owners or beneficiaries.

(ii) If a pass-through entity provides a copy of its Schedule A (Form 1062) (or successor) and the section 1062 covenant to an owner that is itself a pass-through entity (upper-tier pass-through entity), the upper-tier pass-through entity must provide a copy of the Schedule A (Form 1062) (or successor) and the section 1062 covenant to its owners, and so on through any additional tiers.

(iii) A pass-through entity must identify and report on the Schedule K–1 issued to its owners or beneficiaries each owner's or beneficiary's allocable share of the gain attributable to the qualified sale or exchange and such other information as may be required by the prescribed forms and the accompanying instructions.

(iv) If a pass-through entity fails to comply with the requirements of paragraphs (b)(2)(i) through (iii) of this section, its owners or beneficiaries will be deemed ineligible to make the section 1062 election with respect to any gain allocated to them by the pass-through entity.

(v) A pass-through entity does not complete or file Form 1062 itself unless the pass-through entity has an entity-level applicable net tax liability and wishes to make a section 1062 election with respect to that tax liability.

(vi) If the requirements of paragraphs (b)(2)(i) through (iii) of this section have been satisfied, a partner, shareholder, beneficiary, or other owner of a pass-through entity makes the section 1062 election by completing and filing Form 1062 (or successor) and Schedule A (Form 1062) (or successor) with its return for the relevant taxable year.

(3) *Revocation of election.* Once made, a section 1062 election may be revoked only by paying the full amount of the remaining unpaid applicable net tax liability.

(c) *Installment payments*—(1) *In general.* Except as provided in paragraph (c)(4) of this section, if a taxpayer makes a section 1062 election, the amount of each installment payment is 25 percent of the applicable net tax liability.

(2) *Due date of installment payments.* Except as provided in paragraph (c)(3) or (4) of this section or § 1.1062–3, if a taxpayer makes a section 1062 election—

(i) The first installment payment is due on the due date (without regard to extensions) for filing the return for the relevant taxable year; and

(ii) Each succeeding installment payment is due on the due date (without regard to extensions) for filing the return for the taxable year following the taxable year with respect to which the previous installment payment was made.

(3) *Extension for specified individuals.* If a taxpayer is a specified individual (as defined under § 1.1062–1(v)) with respect to a taxable year within which an installment payment is due pursuant to paragraph (c)(2) of this section, then, for purposes of determining the due date of an installment payment under paragraph (c)(2) of this section, the due date (without regard to extensions) for filing the return for the taxable year will be treated as the fifteenth day of the sixth month following the close of the prior taxable year.

(4) *Increased installment payments due to a deficiency*—(i) *In general.* Except as provided in paragraph (c)(4)(iii) of this section, if a taxpayer makes a section 1062 election, any deficiency assessed with respect to the taxpayer's applicable net tax liability is prorated to the installment payments described in paragraph (c)(1) of this section.

(ii) *Timing*—(A) *Due date has passed.* If the due date for an installment payment to which a deficiency described in paragraph (c)(4)(i) of this section is prorated has passed, the amount of any deficiency prorated to that installment payment must be paid on notice and demand by the Commissioner.

(B) *Due date has not passed.* If the due date for an installment payment to which the deficiency is prorated has not passed, then that prorated amount is due at the same time as, and as part of, the relevant installment payment.

(iii) *Exception for negligence, intentional disregard, or fraud.* If a deficiency is due to negligence, intentional disregard of rules and regulations, or fraud with intent to evade tax, the proration rule in this paragraph (c)(4) does not apply, and the full amount of the deficiency (as well as any applicable interest and penalties) must be paid on notice and demand by the Commissioner.

(d) *Applicable net tax liability.* With respect to a taxpayer, the amount of applicable net tax liability equals the excess (if any) of—

(1) The taxpayer's net income tax for the relevant taxable year; over

(2) The taxpayer's net income tax for the relevant taxable year determined without regard to the taxpayer's gain that is recognized from the qualified sale or exchange.

(e) *Allocation of basis and amount realized from a sale or exchange of property only a portion of which is qualified farmland property.* For purposes of determining the amount of gain the taxpayer recognizes from a sale or exchange of property, only a portion of which is qualified farmland property, the taxpayer must equitably allocate the taxpayer's cost or other basis and the amount realized between the portion of the property that is qualified farmland property and the portion that is not qualified farmland property.

(f) *Coordination with other provisions.* Only the gain from the qualified sale or exchange that is included in gross income and recognized in the relevant taxable year is used to determine the taxpayer's gain from the qualified sale or exchange. *See* paragraphs (g)(5) and (6) of this section.

(g) *Examples.* The following examples illustrate the application of the rules of this section.

(1) *Example 1: Pass-through entity*—(i) *Facts.* Individuals A and B are the sole members in W, a limited liability company that is classified as a partnership for Federal income tax purposes. Under the organizing agreement for W, A and B share equally in the capital and profits of W. W recognizes gain from a qualified sale or exchange that is allocable equally to A and B. W has no applicable net tax liability with respect to that gain, but A and B each has an applicable net tax liability with respect to their distributive shares of that gain. W complies with the requirements of paragraphs (b)(2)(i) through (iii) of this section.

(ii) *Analysis.* Pursuant to paragraph (a)(2)(ii) of this section, because W has no applicable net tax liability with respect to the qualified sale or exchange, W may not make a section 1062 election. However, because A and B each has an applicable net tax liability with respect to the qualified sale or exchange, A and B each separately may choose to make a section 1062 election with respect to their distributive shares of W's recognized gain.

(2) *Example 2: Tiered pass-through entities*—(i) *Facts.* C is a C corporation and D is an S corporation. C and D are the sole members in V, a limited liability company that is classified as a partnership for Federal income tax purposes. Individuals E and F are the sole shareholders of D. Under the organizing agreement for V, C and D share equally in the capital and profits of V. V recognizes gain from a qualified sale or exchange that is allocable equally to C and D. E and F each take into account a pro rata share of the gain from the qualified sale or exchange that is allocated to D. Neither V nor D has any applicable net tax liability with respect to the gain recognized from the qualified sale or exchange. However, C, E, and F each has an applicable net tax liability with respect to their respective shares of the gain recognized by V from the qualified sale or exchange. V and D each comply with the requirements of paragraphs (b)(2)(i) through (iii) of this section.

(ii) *Analysis.* Pursuant to paragraph (a)(2)(ii) of this section, because V and D have no applicable net tax liability with respect to the qualified sale or exchange, neither V nor D may make a section 1062 election. However, because C, E, and F each has an applicable net tax liability with respect to the qualified sale or exchange, they each separately may choose to make a section 1062 election with respect to their respective shares of V's recognized gain.

(3) *Example 3: Pass-through entity subject to entity-level tax*—(i) *Facts.* Individuals G and H are the sole shareholders of R, an S corporation that previously was a C corporation. At the time of its conversion to an S corporation, R owned assets with a net unrealized built-in gain (as defined in section 1374(d)(2) of the Code), including a parcel of qualified farmland property. Within the recognition period (as defined in section 1374(d)(7)), R sells the qualified farmland property in a qualified sale or exchange and recognizes gain. Under section 1374, R is subject to an entity-level tax with respect to a portion of the gain recognized from its qualified sale or exchange. As a result, R has an applicable net tax liability with respect to the gain that is subject to tax under section 1374. G and H each takes into account a pro rata share of the remaining portion of net gain from the qualified sale or exchange and has an applicable net tax liability with regard to their pro rata shares of R's items attributable to the qualified sale or exchange. R complies with the requirements of paragraphs (b)(2)(i) through (iii) of this section.

(ii) *Analysis.* Pursuant to paragraph (a)(2)(ii) of this section, because R has an applicable net tax liability with respect to part of the gain from the qualified sale or exchange, R may make a section 1062 election with respect to that applicable net tax liability. Whether R makes a section 1062 election has no effect on the application of section 1062 to G and H. Thus, G and H separately may choose to make a section 1062 election with respect to their applicable net tax liabilities.

(4) *Example 4: Death of the individual after the qualified sale or exchange but before the section 1062 election is made*—(i) *Facts.* Individual Q, a calendar year taxpayer, has an applicable net tax liability from a qualified sale or exchange in Year X. Q passes away shortly thereafter in January of the following taxable year, Year Y, prior to the due date for making an election and before Q makes a section 1062 election.

(ii) *Analysis.* Year X is the relevant taxable year. The death of Q is an acceleration event as described in § 1.1062–3(b)(1)(ii). However, pursuant to paragraph (a)(2)(iv) of this section, Q's personal representative may make the section 1062 election on Q's return for Year X by the due date of Q's return if the requirements to make a section 1062 election are otherwise satisfied. Further, because Q's death is an acceleration event described in § 1.1062–3(b)(1)(ii), the remaining amount of the unpaid applicable net tax liability will be due on the due date (without regard to extensions) of the Year Y return.

(5) *Example 5: Coordination with section 453*—(i) *Facts.* Corporation L owns qualified farmland property with a basis of $100x. L sells the qualified farmland property to a qualified farmer for $500x in a qualified sale or exchange. L will receive equal payments of $100x from the qualified farmer over five years, together with adequate stated interest, and will recognize gain pursuant to the installment method under section 453 of the Code. L receives the first payment of $100x in the relevant taxable year, of which $80x is recognized as gain from the qualified sale or exchange in the relevant taxable year.

(ii) *Analysis.* Pursuant to paragraph (f) of this section, only the gain from the qualified sale or exchange that is included in gross income and recognized in the relevant taxable year is used to determine L's gain from the qualified sale or exchange. Under section 453, L's gain from the qualified sale or exchange in the relevant taxable year is $80x. Accordingly, only $80x of gain is used to determine L's gain from the qualified sale or exchange. No section 1062 election is available with respect to any net tax liability attributable to the remaining $320x ($400x − $80x) of L's gain that is deferred to a taxable year other than the relevant taxable year.

(6) *Example 6: Coordination with section 121*—(i) *Facts.* Individual M and M's spouse realize $1,000x of gain from a qualified sale or exchange. The qualified farmland property includes a farmhouse that is described in section 2032A(e)(3) (without regard to the requirements under section 2032A(b)(1)(C)). M and M's spouse file a joint return for the relevant taxable year and determine that $300x of the gain is attributable to the farmhouse and is excluded from gross income under section 121 of the Code.

(ii) *Analysis.* Pursuant to paragraph (f) of this section, only the gain from the qualified sale or exchange that is included in gross income and recognized in the relevant taxable year is used to determine the couple's gain from the qualified sale or exchange. Because $300x of the couple's gain from the qualified sale or exchange is excluded from their gross income under section 121, only $700x of gain is used to determine their gain from the qualified sale or exchange.

(h) *Applicability date.* This section applies to qualified sales or exchanges occurring in taxable years ending after [date of publication of final regulations in the **Federal Register**].

§ 1.1062–3 Acceleration of payments.

(a) *Acceleration of remaining installment payments.* If a taxpayer makes a section 1062 election, and if an acceleration event subsequently occurs with respect to that taxpayer, the due date for the unpaid portion of all remaining installment payments is accelerated as provided in paragraph (b)(2) of this section unless the eligible section 1062 transferee exception provided in paragraph (c) of this section applies. For purposes of paragraph (b) of this section, an S corporation is treated as a C corporation if it has an applicable net tax liability or a remaining unpaid applicable net tax liability at the entity-level.

(b) *Acceleration events*—(1) *In general.* The following events are acceleration events for purposes of paragraph (a) of this section with respect to a taxpayer that has made a section 1062 election—

(i) The assessment of an addition to tax for the failure to timely pay an installment described in § 1.1062–2(c)(1);

(ii) In the case of a taxpayer that is an individual, the death of that individual;

(iii) In the case of a taxpayer that is a C corporation, a trust, or an estate, a liquidation, dissolution, termination, or sale, exchange, distribution, or other disposition of substantially all the assets of the taxpayer (including in a title 11 or similar case);

(iv) In the case of a taxpayer that is a C corporation, a cessation of business by the taxpayer;

(v) In the case of a taxpayer that is a C corporation and is not a member of a consolidated group, the C corporation becoming a member of a consolidated group;

(vi) In the case of a taxpayer that is a C corporation and a member of a consolidated group, the consolidated group ceasing to exist or otherwise discontinuing to file a consolidated return; and

(vii) In the case of a taxpayer that is a C corporation, a trust, or an estate, a determination by the Commissioner described in paragraph (c)(3)(ii)(A) of this section.

(2) *Due date of remaining installment payments.* The due date for the unpaid portion of all remaining installment payments is—

(i) In the case of an acceleration event described in paragraph (b)(1)(i) of this section, the date on which the addition to tax for failure to timely pay the installment payment is assessed;

(ii) In the case of an acceleration event described in paragraph (b)(1)(ii) of this section, the due date (without regard to extensions) for filing the return for the taxable year in which the individual dies; and

(iii) In the case of an acceleration event described in paragraphs (b)(1)(iii) through (vii) of this section, the date of the acceleration event (or, in a title 11 or similar case, the day before the petition is filed).

(3) *Consolidated groups.* Paragraphs (b)(1)(iii) and (iv) of this section apply to a consolidated group by treating the group as a single taxpayer. *See* § 1.1062–2(a)(2)(iii).

(c) *Eligible section 1062 transferee exception*—(1) *In general.* Paragraph (a) of this section will not apply to accelerate the unpaid portion of all remaining installment payments of a taxpayer with respect to which an acceleration event occurs if—

(i) The acceleration event is a sale of substantially all the assets of the eligible section 1062 transferor; and

(ii) The eligible section 1062 transferor and the eligible section 1062 transferee enter into a transfer agreement that satisfies the requirements of paragraph (c)(2) of this section.

(2) *Transfer agreement*—(i) *Manner of making transfer agreement.* A transfer agreement must be entered into by an eligible section 1062 transferor and an eligible section 1062 transferee—

(A) By both the eligible section 1062 transferor and the eligible section 1062 transferee timely filing a Form 1062–T, *Transfer Agreement Under Section 1062(b)(2)(C)* (or successor); or

(B) In any other manner prescribed in guidance published in the Internal Revenue Bulletin or in forms and instructions (*see* §§ 601.601(d)(2) and 601.602 of this chapter).

(ii) *Timing*—(A) *In general.* Except as provided in paragraph (c)(2)(ii)(B) or (C) of this section, a transfer agreement must be filed on or before the date that is 30 days after the date of the acceleration event with respect to which the transfer agreement is entered into.

(B) *Acceleration event occurring before section 1062 election.* If an acceleration event occurs prior to the date an eligible section 1062 transferor makes a section 1062 election, the transfer agreement with respect to the acceleration event will be treated as timely filed for purposes of paragraph (c)(2)(i)(A) of this section if it is filed simultaneously with the eligible section 1062 transferor's section 1062 election. *See* § 1.1062–2(a)(2)(iv).

(C) *Transition rule.* If an acceleration event with respect to which a transfer agreement is entered into occurs on or before [date of publication of final regulations in the **Federal Register**], the transfer agreement with respect to the acceleration event will be treated as timely filed for purposes of paragraph (c)(2)(i)(A) of this section if it is filed by 30 days after [date of publication of final regulations in the **Federal Register**].

(iii) *Signature requirement.* The transfer agreement must be signed under penalties of perjury by both—

(A) A person who is authorized to sign a return on behalf of the eligible section 1062 transferor; and

(B) A person who is authorized to sign a return on behalf of the eligible section 1062 transferee.

(iv) *Terms of transfer agreement.* A transfer agreement must contain the following items:

(A) The name, address, and taxpayer identification number of the eligible section 1062 transferor and the eligible section 1062 transferee.

(B) The amount of the eligible section 1062 transferor's remaining unpaid applicable net tax liability.

(C) The date and a detailed description of the acceleration event that led to the transfer agreement.

(D) A statement that the document constitutes an agreement by the eligible section 1062 transferee to assume the liability of the eligible section 1062 transferor for any unpaid installment payments of the eligible section 1062 transferor under section 1062.

(E) A statement that the eligible section 1062 transferee agrees to comply with all conditions and requirements of section 1062, this section and § 1.1062–2.

(F) A representation that the eligible section 1062 transferee has the financial ability to make the remaining installment payments required under section 1062, this section and § 1.1062–2 with respect to the applicable net tax liability being assumed by the eligible section 1062 transferee.

(G) A certification by the eligible section 1062 transferee stating that the eligible section 1062 transferee waives the right to a notice of liability and consents to the immediate assessment of the remaining unpaid portion of the eligible section 1062 transferor's applicable net tax liability.

(H) If the eligible section 1062 transferor continues to exist immediately after the acceleration event, an acknowledgement that the eligible section 1062 transferor (and any subsequent successor to the eligible section 1062 transferor) will remain jointly and severally liable (including under § 1.1502–6, if applicable) for any unpaid applicable net tax liability of the eligible section 1062 transferor.

(I) Any additional information, representation, or certification required by guidance published in the Internal Revenue Bulletin or in forms and instructions (*see* §§ 601.601(d)(2) and 601.602 of this chapter).

(3) *Consent of Commissioner*—(i) *In general.* If an eligible section 1062 transferor and an eligible section 1062 transferee file a transfer agreement satisfying all the requirements of paragraph (c)(2) of this section, the eligible section 1062 transferee will be considered to have entered into an agreement with the Commissioner for purposes of this paragraph (c). If the Commissioner determines that additional information (for example, additional information regarding the ability of the eligible section 1062 transferee to fully pay the remaining applicable net tax liability) is necessary, the eligible section 1062 transferee must provide that information upon request.

(ii) *Material misrepresentations and omissions.* If the Commissioner determines that a transfer agreement contains a material misrepresentation or material omission, or if the eligible section 1062 transferee does not provide the additional information requested under paragraph (c)(3)(i) of this section within the timeframe communicated by the Commissioner to the eligible section 1062 transferee, then the Commissioner—

(A) May reject the transfer agreement (effective as of the date of the related acceleration event); or

(B) May determine that an acceleration event has occurred with respect to the eligible section 1062 transferee as of the date of the Commissioner's determination that a transfer agreement contains a material misrepresentation or material omission (such that any unpaid installment payments become due on that date).

(4) *Effect of assumption*—(i) *In general.* If the eligible section 1062 transferee exception in this paragraph (c) applies with respect to an acceleration event, the eligible section 1062 transferee assumes all outstanding obligations and responsibilities of the eligible section 1062 transferor with respect to the applicable net tax liability as though the eligible section 1062 transferee had included in income the gain from the qualified sale or exchange. Accordingly, the eligible section 1062 transferee is responsible for making payments and reporting with respect to any unpaid installment payments.

(ii) *Eligible section 1062 transferee.* If an acceleration event described in paragraphs (b)(1)(iii) through (vi) of this section subsequently occurs with respect to an eligible section 1062 transferee, any unpaid installment payments of the eligible section 1062 transferor that were assumed by the eligible section 1062 transferee will become due on the date provided in paragraph (b)(2)(iii) of this section.

(d) *Examples.* The following examples illustrate the application of the rules of this section. For purposes of the examples under this paragraph (d), assume that the taxpayer has made a valid section 1062 election with respect to an applicable net tax liability from a qualified sale or exchange.

(1) *Example 1: Acceleration event—C corporation*—(i) *Facts.* At a time when A has remaining unpaid installment payments, A sells all its assets to B, a United States person, in a fully taxable transaction. Each of A and B is a C corporation.

(ii) *Analysis.* Pursuant to paragraph (b)(1)(iii) of this section, the sale by A of all its assets to B is an acceleration event. Accordingly, pursuant to paragraph (b)(2)(iii) of this section, the due date for the unpaid portion of A's remaining installment payments is the date of the sale. However, B is an eligible section 1062 transferee. *See* § 1.1062–1(g). Consequently, if A and B enter into and file a transfer agreement that satisfies the requirements of paragraph (c)(2) of this section, the unpaid portion of A's remaining installment payments will not become due; instead, B will be treated as having assumed all outstanding obligations and responsibilities with respect to those unpaid installment payments. *See* paragraphs (c)(1) and (4) of this section.

(2) *Example 2: Acceleration event—S corporation*—(i) *Facts.* The facts are the same as in paragraph (d)(1)(i) of this section (*Example 1*), except that A is an S corporation that was subject to tax on the gain from the qualified sale or exchange under section 1374 and made a valid section 1062 election with respect to its applicable net tax liability from that gain.

(ii) *Analysis.* Pursuant to paragraph (a) of this section, A is treated as a C corporation because it has an applicable net tax liability. Accordingly, the results are the same as in paragraph (d)(1)(ii) of this section (*Example 1*).

(3) *Example 3: Acceleration event—consolidated group*—(i) *Facts.* The facts are the same as in paragraph (d)(1)(i) of this section (*Example 1*), except that A is a member of a consolidated group of which C is the common parent (C Group). B is not a member of the C Group.

(ii) *Analysis.* Pursuant to paragraph (b)(3) of this section, the C Group is treated as the taxpayer. Accordingly, in determining whether the sale of assets is an acceleration event under paragraph (b)(1)(iii) of this section, the C Group must determine whether the assets held by A constitute substantially all the assets of the C Group. If the sale is an acceleration event, any transfer agreement under paragraph (c)(2) of this section must be entered into by the agent for the C group on behalf of A. *See* § 1.1062–2(a)(2)(iii).

(4) *Example 4: Acceleration event—grantor trust*—(i) *Facts.* Individual D is treated as owning all of E, a grantor trust, under sections 671 through 679 of the Code. Under local law, E is the owner of qualified farmland property, which E sells in a qualified sale or exchange. D, rather than E, has an applicable net tax liability with respect to the qualified sale or exchange. D makes a section 1062 election with respect to the qualified sale or exchange. Subsequently, D dies.

(ii) *Analysis.* D is treated as the taxpayer. Accordingly, D's death is an acceleration event. Whether E has an event described in paragraph (b)(1) of this section is not relevant in determining whether an acceleration event occurs.

(5) *Example 5: Acceleration event—non-grantor trust*—(i) *Facts.* Individual F is a beneficiary of G, a non-grantor complex trust. No one is treated as owning any portion of G under sections 671 through 679. G has a qualified sale or exchange. In accordance with the provisions of sections 661, 662, and 643 of the Code, a portion of the gain on the qualified sale or exchange is deducted by G and reportable by F. F and G each has an applicable net tax liability with respect to the qualified sale or exchange, and F and G each makes a section 1062 election with respect to the qualified sale or exchange. F dies on Date 1. On Date 2, G terminates.

(ii) *Analysis.* F and G are treated as separate taxpayers. Accordingly, F's death is an acceleration event with respect to F's remaining unpaid applicable net tax liability. However, F's death is not an acceleration event for G and has no effect on G's remaining unpaid applicable net tax liability. Similarly, G's termination is not an acceleration event for F and has no effect on F's remaining unpaid applicable net tax liability. However, G's termination is an acceleration event with respect to G's remaining unpaid applicable net tax liability.

(e) *Applicability date.* This section applies to qualified sales or exchanges occurring in taxable years ending after [date of publication of final regulations in the **Federal Register**].

Frank J. Bisignano,

Chief Executive Officer.

[FR Doc. 2026–19888 Filed 9–28–26; 8:45 am]

BILLING CODE 4831–GV–P

Notices

Federal Register
Vol. 91, No. 187
Tuesday, September 29, 2026

DEPARTMENT OF AGRICULTURE

Submission for OMB Review; Comment Request

The Department of Agriculture has submitted the following information collection requirement(s) to OMB for review and clearance under the Paperwork Reduction Act of 1995, Public Law 104–13. Comments are requested regarding; whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; the accuracy of the agency's estimate of burden including the validity of the methodology and assumptions used; ways to enhance the quality, utility and clarity of the information to be collected; and ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Comments regarding this information collection received by October 29, 2026 will be considered. Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function. An agency may not conduct or sponsor a collection of information unless the collection of information displays a currently valid OMB control number and the agency informs potential persons who are to respond to the collection of information that such persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

Animal Plant and Health Inspection Service

Title: Veterinary Services Animal and Animal Product Movement and Import Permits.

OMB Control Number: 0579–NEW.

Summary of Collection: The Animal Health Protection Act (AHPA) of 2002 is the primary Federal law governing the protection of animal health which grants the Secretary of Agriculture broad authority to detect, control, or eradicate pests or diseases of livestock or poultry. The Secretary may also prohibit or restrict the import or export of any animal or related material if necessary to prevent the spread of any livestock or poultry pest or disease. The AHPA is contained in Title X, Subtitle E, Sections 10401–18 of Public Law 107–171, May 13, 2002, the Farm Security and Rural Investment Act of 2002.

Need and Use of the Information: This is a request for a new information collection seeks to consolidate all VR related forms under OMB control numbers: (0579–0015; 0579–0040; 0579–0047; 0579–0055; 0579–0065; 0579–0101; 0579–0127; 0579–0144; 0579–0146; 0579–0218; 0579–0228; 0579–0230; 0579–0245; 0579–0338; 0579–0393; 0579–0453; 0579–0473; and 0579–0480 have been moved to consolidate the use of the permit forms) to cover all livestock animal movement, import, and export permit activity in connection with its efforts to prevent the incursion of animal disease into the U.S. livestock population by restricting and controlling the movement, import, and export of live animals and animal products.

Description of Respondents: Individuals/Households; Businesses-for-and-not-for-profits; and State, Local or Tribal Governments; Foreign Governments.

Number of Respondents: 12,838.

Frequency of Responses: Reporting, on occasion.

Total Burden Hours: 24,703.

Rachelle Ragland-Greene,

Departmental Information Collection Clearance Officer.

[FR Doc. 2026–19862 Filed 9–28–26; 8:45 am]

BILLING CODE 3410–34–P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

URAL Airlines JSC, Utrenniy Lane 1–g, Yekaterinburg, Russia 620025; Order Renewing Temporary Denial of Export Privileges

Pursuant to Section 766.24 of the Export Administration Regulations, 15 CFR parts 730–774 (''EAR'' or ''the Regulations''),[1] I hereby grant the request of the Office of Export Enforcement (''OEE'') to renew the temporary denial order (''TDO'') issued in this matter on September 30, 2025. I find that renewal of this order is necessary in the public interest to prevent an imminent violation of the Regulations and that renewal for an extended period is appropriate because URAL Airlines JSC (''Ural'') has engaged in a pattern of repeated, ongoing and/or continuous apparent violations of the EAR.

I. Procedural History

On October 13, 2022, the then-Assistant Secretary of Commerce for Export Enforcement (''Assistant Secretary'') signed an order denying Ural export privileges for a period of 180 days on the grounds that issuance of the order was necessary in the public interest to prevent an imminent violation of the Regulations. The order was issued *ex parte* pursuant to Section 766.24(a) of the Regulations and was effective upon issuance.[2] This temporary denial order was subsequently renewed in accordance with Section 766.24(d) of the Regulations.[3] The renewal order was issued on April 10, 2023,[4] and was effective upon issuance. Subsequent

[1] On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. 4801–4852 (''ECRA''). Section 4820(a)(5) of ECRA authorizes the issuance of temporary denial orders. 50 U.S.C. 4820(a)(5).

[2] The TDO was published in the **Federal Register** on April 12, 2022 (87 FR 21611).

[3] At the time of the renewal, Section 766.24(d) provides that BIS may seek renewal of a temporary denial order for additional 180-day renewal periods, if it believes that renewal is necessary in the public interest to prevent an imminent violation. Renewal requests are to be made in writing no later than 20 days before the scheduled expiration date of a temporary denial order.

[4] The April 10, 2023 renewal order was published in the **Federal Register** on April 13, 2023 (88 FR 22406).

renewal orders were issued on October 6, 2023, October 4, 2024, and September 30, 2025 respectively, and were also effective upon issuance.[5]

On August 13, 2026, BIS, through OEE, submitted a written request for renewal of the TDO that was issued on September 30, 2025. The written request was made more than 20 days before the TDO's scheduled expiration and, given the temporary suspension of international mail service to Russia, OEE has attempted to deliver a copy of the renewal request to Ural by alternative means in accordance with Sections 766.5 and 766.24(d) of the Regulations. No opposition to the renewal of the TDO has been received.

II. Renewal of the TDO

A. Legal Standard

Pursuant to Section 766.24, BIS may issue an order temporarily denying a respondent's export privileges upon a showing that the order is necessary in the public interest to prevent an ''imminent violation'' of the Regulations, or any order, license or authorization issued thereunder. 15 CFR 766.24(b)(1) and 766.24(d). ''A violation may be 'imminent' either in time or degree of likelihood.'' 15 CFR 766.24(b)(3). BIS may show ''either that a violation is about to occur, or that the general circumstances of the matter under investigation or case under criminal or administrative charges demonstrate a likelihood of future violations.'' *Id.* As to the likelihood of future violations, BIS may show that the violation under investigation or charge ''is significant, deliberate, covert and/or likely to occur again, rather than technical or negligent[.]'' *Id.* A ''lack of information establishing the precise time a violation may occur does not preclude a finding that a violation is imminent, so long as there is sufficient reason to believe the likelihood of a violation.'' *Id.*

If BIS believes that renewal of a denial order is necessary in the public interest to prevent an imminent violation, it may file a written request for renewal, with any modifications if appropriate. 15 CFR 766.24(d)(1). The written request, which must be filed no later than 20 days prior to the TDO's expiration, should set forth the basis for BIS's belief that renewal is necessary, including any additional or changed circumstances. *Id.* ''In cases demonstrating a pattern of repeated, ongoing and/or continuous apparent violations, BIS may request the renewal of a temporary denial order for an additional period not exceeding one year.'' [6] *Id.*

B. The TDO and BIS's Request for Renewal

Effective February 24, 2022, BIS imposed controls on aviation-related (*e.g.,* Commerce Control List Categories 7 and 9) items to Russia, including a license requirement for the export, reexport or transfer (in-country) to Russia of any aircraft or aircraft parts specified in Export Control Classification Number (''ECCN'') 9A991 (Section 746.8(a)(1) of the EAR).[7] BIS will review any export or reexport license applications for such items under a policy of denial. *See* Section 746.8(b). Effective March 2, 2022, BIS excluded any aircraft registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia from being eligible for license exception Aircraft, Vessels, and Spacecraft (''AVS'') (Section 740.15 of the EAR).[8] Any U.S.-origin aircraft or foreign aircraft that includes more than 25% controlled U.S.-origin content, and that is registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia, is subject to a license requirement before it can travel to Russia.

OEE's request for renewal for a period of one year is based upon the facts underlying the issuance of the initial TDO and the renewal orders subsequently issued in this matter, as well as other evidence developed during this investigation. These facts and evidence demonstrate that Ural has continued, and continues, to disregard U.S. export controls and the terms of previously issued TDOs. Specifically, the initial TDO, issued on October 13, 2022, was based on evidence that Ural engaged in conduct prohibited by the Regulations by operating multiple aircraft subject to the EAR and classified under ECCN 9A991.b on flights into Russia after March 2, 2022 from destinations including, but not limited to, Bishkek, Kyrgyzstan; Dushanbe, Tajikistan; Khudzhand, Tajikistan; and Tamchy, Kyrgyzstan, without the required BIS authorization.[9] Further evidence submitted by BIS indicated that Ural was continuing to operate aircraft subject to the EAR domestically on flights within Russia, potentially in violation of Section 736.2(b)(10) of the Regulations.

As discussed in the prior renewal orders, evidence presented by BIS indicated that, after the initial order was issued, Ural continued to operate aircraft subject to the EAR and classified under ECCN 9A991.b on flights both into and within Russia, in violation of the Regulations and the TDO itself.[10] Specifically, the October 6, 2023 renewal order detailed flights into and out of Russia from/to Dushanbe, Tajikistan, Tamchy, Kyrgyzstan, and Bishkek, Kyrgyzstan.[11] The October 4, 2024 renewal order detailed flights into and out of Russia from/to Khujand, Tajikistan, Osh, Kyrgyzstan, and Dushanbe, Tajikistan.[12] The September 30, 2025 renewal order detailed flights into and out of Russia from/to Dushanbe, Tajikistan, Khujand, Tajikistan, and Osh, Kyrgyzstan.[13]

Since that time, Ural has continued to engage in conduct prohibited by the applicable TDO and Regulations. In its August 13, 2026 request for renewal of the TDO, BIS submitted evidence that Ural is operating aircraft subject to the EAR and classified under ECCN 9A991.b, both on flights into and within Russia, in violation of the September 30, 2025 renewal order and/or the Regulations. Specifically, BIS's evidence and related investigation demonstrates that Ural continued to operate aircraft subject to the EAR, including, but not

[5] The October 6, 2023 renewal order was published in the **Federal Register** on October 13, 2023 (88 FR 70925). The October 4, 2024 renewal order was published in the **Federal Register** on October 9, 2024 (89 FR 81881). The September 30, 2025 renewal order was published in the **Federal Register** on October 3, 2025 (90 FR 48022).

[6] 88 FR 59791 (Aug. 30, 2023).

[7] 87 FR 12226 (Mar. 3, 2022). Additionally, BIS published a final rule effective April 8, 2022, which imposed licensing requirements on items controlled on the Commerce Control List (''CCL'') under Categories 0–2 that are destined for Russia or Belarus. Accordingly, now all CCL items require export, reexport, and transfer (in-country) licenses if destined for or within Russia or Belarus. 87 FR 22130 (Apr. 14, 2022).

[8] 87 FR 13048 (Mar. 8, 2022).

[9] Publicly available flight tracking information shows that on March 5, 2022, serial number (SN) 36387 flew from Jeddah, Saudi Arabia to Grozny, Russia, and on March 30, 2022, SN 28907 flew from Yerevan, Armenia to Tyumen, Russia. In addition, on March 31, 2022, SN 30437 flew from Tashkent, Uzbekistan to Moscow, Russia.

[10] Engaging in conduct prohibited by a denial order violates the Regulations. 15 CFR 764.2(a) and (k).

[11] Publicly available flight tracking information shows that SN 05055 flew from Dushanbe, Tajikistan to Yekaterinburg, Russia on September 5, 2023. In addition, on August 21, 2023, SN 02376 flew from Tamchy Kyrgyzstan to Moscow, Russia. On September 4, 2023, SN 01941 flew from Bishkek, Kyrgyzstan to Moscow, Russia.

[12] Publicly available flight tracking information shows that SN 05055 flew from Mineralnye Vody, Russia to Khujand, Tajikistan on September 17, 2024. In addition, on September 4, 2024 SN 07206 flew from Osh, Kyrgyzstan to Moscow, Russia. On September 3, 2023, SN 2376 flew from Dushanbe, Tajikistan to Yekaterinburg, Russia.

[13] Publicly available flight tracking information shows that SN 05055 flew from Dushanbe, Tajikistan to Samara, Russia on September 5, 2025, SN 02343 flew from Khujand, Tajikistan to Yekaterinburg, Russia on September 4, 2025. In addition, SN 07206 flew from Osh, Kyrgyzstan to Moscow, Russia on January 27, 2025.

limited to, on flights into and out of Russia from/to Sukhumi, Georgia; Dushanbe, Tajikistan; Khujand, Tajikistan; and Kulob, Tajikistan, as well as domestically within Russia. Information about those flights includes, but is not limited to, the following:

Tail No.	Serial No.	Aircraft type	Departure/Arrival cities	Dates
RA–73817	05055	A320–232	Sukhumi, GE/Moscow, RU	August 17, 2026.
RA–73817	05055	A320–232	Sochi, RU/Kemerovo, RU	July 12, 2026.
RA–73817	05055	A320–232	Dushanbe, TJ/Samara, RU	July 3, 2026.
RA–73817	05055	A320–232	Krasnoyarsk, RU/Dushanbe, TJ	July 1, 2026.
RA–73817	05055	A320–232	Khujand, TJ/Mineralnye Vody, RU	July 1, 2026
RA–73819	02343	A320–232	Moscow, RU/Yekaterinburg, RU	July 3, 2026.
RA–73819	02343	A320–232	Grozny, RU/Moscow, RU	July 1, 2026.
RA–73819	02343	A320–232	Dushanbe, TJ/Chelyabinsk, RU	June 28, 2026.
RA–73819	02343	A320–232	Yekaterinburg, RU/Dushanbe, TJ	June 28, 2026.
RA–73819	02343	A320–232	Khujand, TJ/Yekaterinburg, RU	June 25, 2026.
RA–73798	07206	A321–231	Sukhumi, GE/Moscow, RU	August 26, 2026.
RA–73798	07206	A321–231	Sochi, RU/Moscow, RU	July 13, 2026.
RA–73798	07206	A321–231	Kazan, RU/Dushanbe, TJ	July 11, 2026.
RA–73798	07206	A321–231	Kulob, TJ/Moscow, RU	July 8, 2026.
RA–73798	07206	A321–231	Khujand, TJ/Moscow, RU	July 7, 2026.

III. Findings

Under the applicable standard set forth in Section 766.24 of the Regulations and my review of the entire record, I find that the evidence presented by BIS convincingly demonstrates that Ural has acted in violation of the Regulations and the TDO; that such violations have been significant and deliberate; and that given the foregoing and the nature of the matters under investigation, there is a likelihood of imminent violations. Moreover, I find that renewal for an extended period is appropriate because Ural has engaged in a pattern of repeated, ongoing and/or continuous apparent violations of the EAR. Therefore, renewal of the TDO for one year is necessary in the public interest to prevent imminent violation of the Regulations and to give notice to companies and individuals in the United States and abroad that they should avoid dealing with Ural, in connection with export and reexport transactions involving items subject to the Regulations and in connection with any other activity subject to the Regulations.

IV. Order

It is therefore ordered:

First, URAL Airlines JSC, Utrenniy Lane 1-g, Yekaterinburg, Russia, 620025, when acting for or on their behalf, any successors or assigns, agents, or employees may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as ''item'') exported or to be exported from the United States that is subject to the EAR, or in any other activity subject to the EAR including, but not limited to:

A. Applying for, obtaining, or using any license (except directly related to safety of flight), license exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the EAR except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations, or engaging in any other activity subject to the EAR except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations; or

C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the EAR, or from any other activity subject to the EAR except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations.

Second, that no person may, directly or indirectly, do any of the following:

A. Export, reexport, or transfer (in-country) to or on behalf of Ural any item subject to the EAR except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations;

B. Take any action that facilitates the acquisition or attempted acquisition by Ural of the ownership, possession, or control of any item subject to the EAR that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby Ural acquires or attempts to acquire such ownership, possession or control except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from Ural of any item subject to the EAR that has been exported from the United States except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations;

D. Obtain from Ural in the United States any item subject to the EAR with knowledge or reason to know that the item will be, or is intended to be, exported from the United States except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations; or

E. Engage in any transaction to service any item subject to the EAR that has been or will be exported from the United States and which is owned, possessed or controlled by Ural, or service any item, of whatever origin, that is owned, possessed or controlled by Ural if such service involves the use of any item subject to the EAR that has been or will be exported from the United States except directly related to safety of flight and authorized by BIS pursuant to Section 764.3(a)(2) of the Regulations. For purposes of this paragraph, servicing means installation, maintenance, repair, modification, or testing.

Third, that, after notice and opportunity for comment as provided in section 766.23 of the EAR, any other person, firm, corporation, or business organization related to Ural by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order.

In accordance with the provisions of Sections 766.24(e) of the EAR, Ural may, at any time, appeal this Order by filing a full written statement in support of the appeal with the Office of the Administrative Law Judge, U.S. Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202–4022.

In accordance with the provisions of Section 766.24(d) of the EAR, BIS may seek renewal of this Order by filing a written request not later than 20 days before the expiration date. A renewal request may be opposed by Ural as provided in Section 766.24(d), by filing a written submission with the Assistant Secretary of Commerce for Export Enforcement, which must be received not later than seven days before the expiration date of the Order.

A copy of this Order shall be provided to Ural, and shall be published in the **Federal Register**.

This Order is effective immediately and shall remain in effect for one year.

Dated: September 24, 2026.

David A. Peters,

Assistant Secretary of Commerce Secretary for Export Enforcement.

[FR Doc. 2026–19927 Filed 9–28–26; 8:45 am]

BILLING CODE 3510–DT–P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Visiting Committee on Advanced Technology

AGENCY: National Institute of Standards and Technology, Department of Commerce.

ACTION: Notice of open meeting.

SUMMARY: The Visiting Committee on Advanced Technology (VCAT or Committee) reviews and makes recommendations regarding general policy for the National Institute of Standards and Technology (NIST), an agency within the Department of Commerce (DOC), on its organization, its budget, and its programs, within the framework of applicable national policies as set forth by the President and the Congress. The VCAT will meet on Tuesday, October 27, 2026, from 9:30 a.m. to 5:00 p.m. Eastern Time and Wednesday, October 28, 2026, from 9:30 a.m. to 1:00 p.m. Eastern Time. The meeting will be held in person, with an option for virtual attendance only for VCAT members and speakers.

DATES: The VCAT will meet on Tuesday, October 27, 2026, from 9:30 a.m. to 5:00 p.m. Eastern Time and Wednesday, October 28, 2026, from 9:30 a.m. to 1:00 p.m. Eastern Time. Individuals interested in attending the open meeting in person should submit your name, estimated time of arrival, email address, and phone number to Stephanie Shaw, *stephanie.shaw@nist.gov* no later than 5:00 p.m. Eastern Time on Tuesday, October 13, 2026.

ADDRESSES: The meeting will be held in the Portrait Room, Administration Building, at NIST, 100 Bureau Drive, Gaithersburg, Maryland 20899 with an option to participate via Zoom for VCAT members and speakers only.

FOR FURTHER INFORMATION CONTACT: Stephanie Shaw, VCAT, NIST, 100 Bureau Drive, Mail Stop 1060, Gaithersburg, Maryland 20899–1060, telephone number 240–446–6000. Ms. Shaw's email address is *stephanie.shaw@nist.gov.*

SUPPLEMENTARY INFORMATION:

Background

The VCAT, which was established pursuant to 15 U.S.C. 278, reviews and makes recommendations regarding general policy for NIST, an agency within DOC, on its organization, its budget, and its programs, within the framework of applicable national policies as set forth by the President and the Congress.

Agenda

The agenda will include an update on major programs at NIST. Sessions will also include updates to the Committee on the NIST laboratory strategic priorities, cybersecurity programs, facilities, critical and emerging technologies programs, and other NIST programmatic and operational priorities.

Pursuant to the Federal Advisory Committee Act, as amended (FACA), 5 U.S.C. 1001 *et seq.,* notice is hereby given that the VCAT will meet on the dates and at the times given in the **DATES** section. The agenda is subject to change if needed to accommodate Committee business. The final agenda will be posted on the NIST website at *http://www.nist.gov/director/vcat/agenda.cfm.*

Public Participation

Individuals and representatives of organizations who would like to offer comments and suggestions related to the Committee's business are invited to request a place on the agenda by no later than 5:00 p.m. Eastern Time, Tuesday, October 13, 2026, by contacting Stephanie Shaw at *stephanie.shaw@nist.gov.* Approximately one-half hour will be reserved for public comments, and speaking times will be assigned on a first-come, first-served basis. The amount of time per speaker will be determined by the number of requests received but is likely to be about 3 to 5 minutes each, with no more than 5 minutes allocated to each speaker. The exact time and date for public comments will be included in the final agenda that will be posted on the NIST website at *http://www.nist.gov/director/vcat/agenda.cfm.* Submissions by the public will be made available to the public and should not contain any confidential information. Questions from the public will not be considered during this period. Speakers who wish to expand upon their oral statements, those who had wished to speak but could not be accommodated on the agenda, and those who were unable to attend in person are invited to submit written statements to Stephanie Shaw at *stephanie.shaw@nist.gov.*

Open Session Attendance

All visitors, including NIST staff, to attend the NIST site are required to pre-register to be admitted. Limited space is available on a first-come, first-served basis for anyone who wishes to attend in person. Please submit your name, time of arrival, email address, and phone number to Stephanie Shaw, *stephanie.shaw@nist.gov* by 5:00 p.m. Eastern Time, Tuesday, October 13, 2026. Non-U.S. citizens must submit additional information; please contact Ms. Shaw at *stephanie.shaw@nist.gov.* For members of the public attending in person, please note that federal agencies, including NIST, can only accept a state-issued driver's license or identification card for access to federal facilities if such license or identification card is issued by a state that is compliant with the REAL ID Act of 2005 (Pub. L. 109–13), or by a state that has an extension for REAL ID compliance. NIST currently accepts other forms of federal-issued identification in lieu of a state-issued driver's license. For detailed information please visit: *http://nist.gov/public_affairs/visitor/.*

Special Accommodations

NIST provides reasonable accommodation to individuals with disabilities where appropriate. If you are a person who requires a reasonable accommodation, please make requests in advance for sign language interpretation, assistive listening devices, or other reasonable accommodation to *stephanie.shaw@nist.gov* no later than 5:00 p.m. Eastern Time on Tuesday, October 13, 2026, so appropriate arrangements can be made. Determinations for reasonable accommodation will be made on a case-by-case basis.

Meeting Cancellation

If the meeting is cancelled, a cancellation notice will be posted on the NIST website at *http://www.nist.gov/director/vcat/agenda.cfm.*

Alicia Chambers,

NIST Executive Secretariat.

[FR Doc. 2026–19904 Filed 9–28–26; 8:45 am]

BILLING CODE 3510–13–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XG072]

Gulf Fishery Management Council; Public Meeting

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

ACTION: Notice of public meeting.

SUMMARY: The Gulf Fishery Management Council (Gulf Council) will hold a meeting of its Law Enforcement Technical Committee (LETC), in conjunction with the Gulf States Marine Fisheries Commission's (GSMFC) Law Enforcement Committee (LEC).

DATES: The meeting will convene on Wednesday, October 14, 2026, 8:30 a.m. to 3 p.m., Eastern Daylight Time.

ADDRESSES: The meeting will be held at Hilton Sandestin Beach Golf Resort & Spa located at 4000 Sandestin Boulevard South, Miramar Beach, FL. Please visit the Gulf Council website (*https://www.gulfcouncil.org*) for agenda and meeting materials information.

Council address: Gulf Fishery Management Council, 4107 W Spruce Street, Suite 200, Tampa, FL 33607.

FOR FURTHER INFORMATION CONTACT: Dr. Assane Diagne, Economist, Gulf Council, *assane.diagne@gulfcouncil.org,* (813) 348–1630; and Mr. Steve VanderKooy, Inter-jurisdictional Fisheries (IJF) Coordinator, GSMFC, *svanderkooy@gsmfc.org,* (228) 875–5912.

SUPPLEMENTARY INFORMATION: The following items of discussion are on the agenda, though agenda items may be addressed out of order and any changes will be noted on the Gulf Council's website when possible.

Joint Gulf Council's LETC and GSMFC's LEC Meeting Agenda

The joint meeting will begin with introductions, adoption of agenda, approval of minutes from the October 29, 2025, meeting and summary from the joint Atlantic States Marine Fisheries Commission/GSMFC meeting held May 5–6, 2026.

The Gulf Council LETC will review and discuss hook limitations on commercial longline vessels, crew size restrictions for dually permitted vessels, Joint Enforcement Agreement (JEA) activities, and hold an election of LETC chair and vice-chair.

The GSMFC LEC will review and discuss joint NOAA Office of Law Enforcement (OLE)/Enforcement JEA meetings and GSMFC/ASMFC joint Law Enforcement (LE) committees meetings, the program activity for black drum profile, striped mullet profile and commission publications.

The committee will present the State report highlights from Florida, Alabama, Mississippi, Louisiana, Texas, U.S. Coast Guard, NOAA OLE, and U.S. Fish and Wildlife Service, and will discuss any other business items.

The agenda is subject to change, and the latest version along with other meeting materials will be posted on *https://www.gulfcouncil.org.*

The LETC consists of principal law enforcement officers in each of the Gulf States, as well as the NOAA OLE, U.S. Fish and Wildlife Service, the U.S. Coast Guard, and the NOAA Office of General Counsel for Law Enforcement.

Although other non-emergency issues not on the agenda may come before this group for discussion, in accordance with the Magnuson-Stevens Fishery Conservation and Management Act, those issues may not be the subject of formal action during this meeting. Actions will be restricted to those issues specifically identified in the agenda and any issues arising after publication of this notice that require emergency action under section 305(c) of the Magnuson-Stevens Fishery Conservation and Management Act, provided the public has been notified of the Council's intent to take action to address the emergency.

Dated: September 25, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–19894 Filed 9–28–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF EDUCATION

Membership of the Performance Review Board

AGENCY: Office of Finance and Operations, Department of Education.

ACTION: Notice.

SUMMARY: The Secretary publishes a list of persons who may be named to serve on the Performance Review Board that oversees the evaluation of performance appraisals for Senior Executive Service members of the Department of Education (Department).

DATES: These appointments are effective on September 29, 2026.

FOR FURTHER INFORMATION CONTACT: Jennifer Geldhof, Director, Executive Resources Division, Office of Human Resources, Office of Finance and Operations, U.S. Department of Education, 500 D Street SW, Room 11.7.0E, Washington, DC 20202. Telephone: (202) 580–9669. Email: *Jennifer.Geldhof@ed.gov.*

If you are deaf, hard of hearing, or have a speech disability and wish to access telecommunications relay services, please dial 7–1–1.

SUPPLEMENTARY INFORMATION:

Membership

Under the Civil Service Reform Act of 1978, Public Law 95–454 (5 U.S.C. 4314(c)(4)), the Department must publish in the **Federal Register** a list of persons who may be named to serve on the Performance Review Board that oversees the evaluation of performance appraisals for Senior Executive Service members of the Department. The following persons may be named to serve on the Performance Review Board:

CLAY, JACQUELINE
CRAWFORD, RAY
MCCARTHY, LAUREN
MCHUGH, ERIN
RYDER, RUTH
SANZENBACHER, ANDREW
TRUMP, CHERISE

Accessible Format: On request to the program contact person listed under **FOR FURTHER INFORMATION CONTACT**, individuals with disabilities can obtain this document in an accessible format. The Department will provide the requestor with an accessible format that may include Rich Text Format (RTF) or text format (txt), a thumb drive, an MP3 file, braille, large print, audiotape, compact disc, or other accessible format.

Electronic Access to This Document: The official version of this document is the document published in the **Federal Register**. You may access the official edition of the **Federal Register** and the Code of Federal Regulations at *www.govinfo.gov.* At this site you can view this document, as well as all other Department documents published in the **Federal Register**, in text or Portable Document Format (PDF). To use PDF, you must have Adobe Acrobat Reader, which is available free at the site.

You may also access Department documents published in the **Federal Register** by using the article search feature at *www.federalregister.gov*. Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Linda E. McMahon,

Secretary of Education.

[FR Doc. 2026–19846 Filed 9–28–26; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 3457–002]

French Broad Electric Membership Corporation; Notice of Application for Surrender of Exemption Accepted for Filing, Soliciting Comments, Motions To Intervene, and Protests

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

a. *Application Type:* Surrender of Exemption.

b. *Project No:* 3457–002.

c. *Date Filed:* August 25, 2026.

d. *Applicant:* French Broad Electric Membership Corporation.

e. *Name of Project:* Capitola Hydroelectric Project.

f. *Location:* The project is located on the French Broad River in the town of Marshall, Madison County, North Carolina. The project does not occupy federal lands.

g. *Filed Pursuant to:* Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2705, 2708.

h. *Applicant Contact:* Nathan Huff, 3043 NC HWY 213, P.O. Box 9, Marshall, NC 28753, (828) 649–2051, *nathan.huff@frenchbroademc.com*.

i. *FERC Contact:* Maryam Akhavan, (202) 502–6110, *Maryam.Akhavan@ferc.gov*

j. *Cooperating agencies:* With this notice, the Commission is inviting federal, state, local, and Tribal agencies with jurisdiction and/or special expertise with respect to environmental issues affected by the proposal, that wish to cooperate in the preparation of any environmental document, if applicable, to follow the instructions for filing such requests described in item k below. Cooperating agencies should note the Commission's policy that agencies that cooperate in the preparation of any environmental document cannot also intervene. *See* 94 FERC ¶ 61,076 (2001).

k. *Deadline for filing comments, motions to intervene, and protests:* October 23, 2026 5:00 p.m. Eastern Time.

The Commission strongly encourages electronic filing. Please file comments, motions to intervene, and protests using the Commission's eFiling system at *http://www.ferc.gov/docs-filing/efiling.asp.* Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at *http://www.ferc.gov/docs-filing/ecomment.asp.* For assistance, please contact FERC Online Support at *FERCOnlineSupport@ferc.gov,* (866) 208–3676 (toll free), or (202) 502–8659 (TTY). In lieu of electronic filing, you may submit a paper copy. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852. The first page of any filing should include the docket number P–3457–002. Comments emailed to Commission staff are not considered part of the Commission record.

The Commission's Rules of Practice and Procedure require all intervenors filing documents with the Commission to serve a copy of that document on each person whose name appears on the official service list for the project. Further, if an intervenor files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency.

l. *Description of Request:* The exemptee proposes to surrender its exemption from licensing due to catastrophic damage sustained during the flooding caused by Hurricane Helene in September 2024. The exemptee has determined that rehabilitation of the facility is not economically feasible. Accordingly, the exemptee intends to surrender the exemption, and the decommissioning plan is limited to permanently retiring the electrical and mechanical systems within the powerhouse and disconnecting the project from the distribution system. No in-water work or ground-disturbing activities are proposed.

m. *Locations of the Application:* This filing may be viewed on the Commission's website at *http://www.ferc.gov* using the ''eLibrary'' link. Enter the docket number excluding the last three digits in the docket number field to access the document. You may also register online at *http://www.ferc.gov/docs-filing/esubscription.asp* to be notified via email of new filings and issuances related to this or other pending projects. For assistance, call 1–866–208–3676 or email *FERCOnlineSupport@ferc.gov,* for TTY, call (202) 502–8659. Agencies may obtain copies of the application directly from the applicant.

n. Individuals desiring to be included on the Commission's mailing list should so indicate by writing to the Secretary of the Commission.

o. *Comments, Protests, or Motions to Intervene:* Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214, respectively. In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.

p. *Filing and Service of Documents*: Any filing must (1) bear in all capital letters the title ''COMMENTS'', ''PROTEST'', or ''MOTION TO INTERVENE'' as applicable; (2) set forth in the heading the name of the applicant and the project number of the application to which the filing responds; and (3) otherwise comply with the requirements of 18 CFR 385.2001 through 385.2005. All comments, motions to intervene, or protests must set forth their evidentiary basis. Any filing made by an intervenor must be accompanied by proof of service on all persons listed in the service list prepared by the Commission in this proceeding, in accordance with 18 CFR 385.2010.

q. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov.*

(Authority: 18 CFR 2.1)

Dated: September 23, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–19817 Filed 9–28–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26–548–000]

Guardian Pipeline, LLC; Notice of Schedule for the Preparation of an Environmental Assessment for the Guardian 3 Expansion Project

On July 1, 2026, Guardian Pipeline, LLC (Guardian) filed an application in Docket No. CP26–548–000 requesting a Certificate of Public Convenience and Necessity pursuant to Section 7(c) of the Natural Gas Act to construct and operate certain natural gas pipeline facilities in Illinois and Wisconsin. The proposed project is known as the Guardian 3 Expansion Project (Project) and would provide about 536,903 dekatherms/day (Dth/day) of long-term firm transportation capacity to help meet the growing demand for additional natural gas supplies in Wisconsin and neighboring states.

On July 14, 2026, the Federal Energy Regulatory Commission (Commission or FERC) issued its Notice of Application for the Project. Among other things, that notice alerted agencies issuing federal authorizations of the requirement to complete all necessary reviews and to reach a final decision on a request for a federal authorization within 90 days of the date of issuance of the Commission staff's environmental document for the Project.

This notice identifies Commission staff's intention to prepare an environmental assessment (EA) for the Project and the planned schedule for the completion of the environmental review.[1] The EA will be issued for a 30-day comment period.

Schedule for Environmental Review

Issuance of EA—March 5, 2027
90-day Federal Authorization Decision Deadline[2]—June 3, 2027.

In accordance with Title 41 of the Fixing America's Surface Transportation Act, agencies are to publish completion dates for all federal environmental reviews and authorizations. This notice identifies the Commission's anticipated schedule for issuance of the final order for the project, which is based on the anticipated issuance date for the final EA. We currently anticipate issuing a final order for the project no later than:

Issuance of Final Order—June 17, 2027

If a schedule change becomes necessary, additional notice will be provided so that the relevant agencies are kept informed of the Project's progress.

Project Description

The Project would consist of the following facilities:

- approximately 42.6 miles of 36-inch-diameter looping natural gas pipeline (Juliet Loop) in Kendall and DeKalb counties, Illinois;
- approximately 25.5 miles of 36-inch-diameter looping natural gas pipeline (Sycamore Loop) in DeKalb and McHenry counties, Illinois;
- two new 11,110-horsepower (HP) compressor units within Guardian's existing Joliet Compressor Station (CS) in Will County, Illinois;
- modifications to the compression facilities within Guardian's existing Sycamore CS in DeKalb County, Illinois;
- a greenfield 9,000–HP CS (Eden CS) in Dodge County, Wisconsin;
- a greenfield meter and regulator station (MS) (Sheboygan MS) in Fond du Lac County, Wisconsin; and
- other appurtenant pipeline facilities in Illinois.

Background

On July 29, 2026, the Commission issued a *Notice of Scoping Period Requesting Comments on Environmental Issues for the Proposed Guardian 3 Expansion Project* (Notice of Scoping). The Notice of Scoping was sent to affected landowners; federal, state, and local government agencies; elected officials; environmental and public interest groups; Native American tribes; other interested parties; and local libraries and newspapers. In response to the Notice of Scoping, the Commission received comments from The U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, Illinois Environmental Protection Agency, and twelve stakeholders. The primary issues raised by the commenters are noise impacts and mitigation, agricultural drainage, pipeline safety, and landowner notification. Eight comments were submitted expressing support of the Project. One protest was filed that addresses legal, procedural, environmental, agricultural, hydrologic and operational aspects of the Project. All substantive comments will be addressed in the EA.

The U.S. Army Corps of Engineers (USACE)—Chicago District, U.S. Environmental Protection Agency Region 5, U.S. Department of Agriculture—Natural Resources Conservation Service—Illinois are cooperating agencies in the preparation of the EA.

Additional Information

In order to receive notification of the issuance of the EA and to keep track of formal issuances and submittals in specific dockets, the Commission offers a free service called eSubscription. This service provides automatic notification of filings made to subscribed dockets, document summaries, and direct links to the documents. Go to *https://www.ferc.gov/ferc-online/overview* to register for eSubscription.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202)502–6595 or *OPP@ferc.gov.*

Additional information about the Project is available from the FERC website (*www.ferc.gov*). Using the ''eLibrary'' link, select ''General Search'' from the eLibrary menu, enter the selected date range and ''Docket Number'' excluding the last three digits (*i.e.,* CP26–548), and follow the instructions. For assistance with access to eLibrary, the helpline can be reached at (866) 208–3676, TTY (202) 502–8659, or at *FERCOnlineSupport@ferc.gov.* The eLibrary link on the FERC website also provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rule makings.

(Authority: 18 CFR 2.1)

Dated: September 24, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–19907 Filed 9–28–26; 8:45 am]

BILLING CODE 6717–01–P

[1] For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1785915466.

[2] The Commission's deadline applies to the decisions of other federal agencies, and state agencies acting under federally delegated authority, that are responsible for federal authorizations, permits, and other approvals necessary for proposed projects under the Natural Gas Act. Per 18 CFR 157.22(a), the Commission's deadline for other agency's decisions applies unless a schedule is otherwise established by federal law.

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. PR26–75–000]

Bay Gas Storage Company, LLC; Notice of Staff Protest

1. Commission staff hereby protests, pursuant to section 284.123(g)(4)(i) of the Commission's regulations,[1] the rate petition made by Bay Gas Storage Company, LLC (Bay Gas) on July 30,

[1] 18 CFR 284.123(g)(4)(i) (2025).

2026, in the above referenced docket. Pursuant to sections 284.123(b)(2) and 284.123(g) of the Commission's regulations, Bay Gas filed a rate petition to revise rates for firm and interruptible interstate transportation services provided under section 311 of the Natural Gas Policy Act of 1978. Bay Gas states that the instant rate petition complies with its commitment to file a petition for rate approval on or before July 30, 2026, as stipulated in an amendment filing in Docket No. PR21–58–000. Bay Gas also states that in compliance with an agreement with Commission staff in Docket No. PR21–58–000, it has incorporated Original Cost of plant into the cost of service for its proposed rates. Bay Gas argues that it qualifies for an exemption to the Commission's straight-fixed variable (SFV) rate design policy due to its long-standing rate design that was the result of a settlement in March 1999 which has been carried forward since without change.

2. Commission staff is concerned that Bay Gas has not adequately demonstrated that the proposed firm and interruptible transportation rates are fair and equitable and comply with the underlying principles of SFV rate design. For instance, Bay Gas' proposed rate design does not properly account for variable costs. Bay Gas utilizes a 3400 horsepower Salco compressor station situated between its Whistler Spur Facilities and Mainline Facilities and has various measuring and regulating station equipment throughout its system. Operating these types of plant usually incurs variable costs. However, Bay Gas' proposed transportation rates do not have a usage or commodity charge, and propose a minimum rate of zero. In particular, Commission staff questions the allocation of Total Transmission plant costs for Compressor Station Equipment in Schedule 5 and the lack of compressor station expenses under Transmission Expenses in Schedule 8. Without properly understanding the impact of variable costs on its transmission system, we are unable to determine whether the proposed section 311 transportation rates are fair and equitable.

(Authority: 18 CFR 2.1)

Dated: September 23, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–19816 Filed 9–28–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP26–1271–000.
Applicants: Cheyenne Plains Gas Pipeline Company, L.L.C.
Description: 4(d) Rate Filing: Negotiated Rate Agreement Filing (Various) to be effective 11/1/2026.
Filed Date: 9/23/26.
Accession Number: 20260923–5120.
Comment Date: 5 p.m. ET 10/5/26.

Docket Numbers: RP26–1272–000.
Applicants: Transcontinental Gas Pipe Line Company, LLC.
Description: 4(d) Rate Filing: Leidy South—Ellisburg—NFGS Fuel Retention to be effective 11/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5000.
Comment Date: 5 p.m. ET 10/6/26.

Docket Numbers: RP26–1273–000.
Applicants: NEXUS Gas Transmission, LLC.
Description: 4(d) Rate Filing: Negotiated Rates—DTE 860002 and 860003 to be effective 11/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5003.
Comment Date: 5 p.m. ET 10/6/26.

Docket Numbers: RP26–1274–000.
Applicants: Talos Exploration, LLC, Walter Oil & Gas Corporation.
Description: Joint Petition for Limited Waiver of Capacity Release Regulations, *et al.*, Request for Expedited Action and Request for Shortened Comment Period of Talos Exploration LLC, *et al.*
Filed Date: 9/24/26.
Accession Number: 20260924–5054.
Comment Date: 5 p.m. ET 10/6/26.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

The filings are accessible in the Commission's eLibrary system (*https://elibrary.ferc.gov/idmws/search/fercgensearch.asp*) by querying the docket number.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov.*

Dated: September 24, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–19908 Filed 9–28–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26–578–000]

Florida Gas Transmission Company, LLC; Notice of Application and Establishing Intervention Deadline

Take notice that on September 9, 2026, Florida Gas Transmission Company, LLC (FGT), 1300 Main St., Houston, Texas 77002, filed an application under section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations requesting authorization for its Phase IX Project (Project). The Project consists of increasing the certificated capacity and increase throughput at certain compressor stations, and construct, modify, install, own, and operate certain natural gas transmission facilities to provide transportation services in the states of Alabama, Florida, and Mississippi. The Project is designed to provide 526,750 million British thermal units per day. FGT estimates the total cost of the Project to be $1,220,215,365 and proposes new Rate-Schedule FTS–4 at initial incremental negotiated rates, and to roll project fuel into its existing system fuel treatment, all as more fully set forth in the application which is on file with the Commission and open for 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 regarding the proposed project should be directed to Iain Russell, Senior Manager of Certificates, Florida Gas Transmission Company, LLC, 1300 Main St., Houston, Texas 77002, by phone at (713) 989–2615, by fax at (713) 989–1205, or by email at *iain.russell@energytransfer.com.*

Pursuant to section 157.9 of the Commission's Rules of Practice and Procedure,[1] within 90 days of this Notice the Commission staff will either: complete its environmental review and place it into the Commission's public record (eLibrary) for this proceeding; or issue a Notice of Schedule for Environmental Review. If a Notice of Schedule for Environmental Review is issued, it will indicate, among other milestones, the anticipated date for the Commission staff's issuance of the final environmental impact statement (FEIS) or environmental assessment (EA) for this proposal. The filing of an EA in the Commission's public record for this proceeding or the issuance of a Notice of Schedule for Environmental Review will serve to notify federal and state agencies of the timing for the completion of all necessary reviews, and the subsequent need to complete all federal authorizations within 90 days of the date of issuance of the Commission staff's FEIS or EA.

Water Quality Certification

FGT stated that a water quality certificate under section 401 of the Clean Water Act is required for the project from the Florida Department of Environmental Protection. When available, FGT should submit to the Commission a copy of the request for certification for the Commission authorization, including the date the request was submitted to the certifying agency, and either (1) a copy of the certifying agency's decision or (2) evidence of waiver of water quality certification.

[1] 18 CFR 157.9.

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file comments on the project, you can protest the filing, and you can file a motion to intervene in the proceeding. There is no fee or cost for filing comments or intervening. The deadline for filing a motion to intervene is 5:00 p.m. Eastern Time on October 14, 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.*

Comments

Any person wishing to comment on the project may do so. Comments may include statements of support or objections, to the project as a whole or specific aspects of the project. The more specific your comments, the more useful they will be.

Protests

Pursuant to sections 157.10(a)(4) [2] and 385.211 [3] of the Commission's regulations under the NGA, any person [4] may file a protest to the application. Protests must comply with the requirements specified in section 385.2001 [5] of the Commission's regulations. A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

To ensure that your comments or protests are timely and properly recorded, please submit your comments on or before 5:00 p.m. Eastern Time on October 14, 2026.

There are three methods you can use to submit your comments or protests to the Commission. In all instances, please reference the Project docket number CP26–578–000 in your submission.

(1) 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 may file your comments or protests electronically by using the eFiling feature, which is located on the Commission's website (*www.ferc.gov)* under the link to Documents and Filings. With eFiling, you can provide comments in a variety of formats by attaching them as a file with your submission. New eFiling users must first create an account by clicking on ''eRegister.'' You will be asked to select the type of filing you are making; first select ''General'' and then select ''Comment on a Filing''; or

(3) You can file a paper copy of your comments or protests by mailing them to the following address below. Your written comments must reference the Project docket number (CP26–578–000).

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 courier: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of comments (options 1 and 2 above) and has eFiling staff available to assist you at (202) 502–8258 or *FercOnlineSupport@ferc.gov.*

Persons who comment on the environmental review of this project will be placed on the Commission's environmental mailing list, and will receive notification when the environmental documents (EA or EIS) are issued for this project and will be notified of meetings associated with the Commission's environmental review process.

The Commission considers all comments received about the project in determining the appropriate action to be taken. *However, 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. For instructions on how to intervene, see below.

Interventions

Any person, which includes individuals, organizations, businesses, municipalities, and other entities,[6] 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 [7] and the regulations under

[2] 18 CFR 157.10(a)(4).

[3] 18 CFR 385.211.

[4] Persons include individuals, organizations, businesses, municipalities, and other entities. 18 CFR 385.102(d).

[5] 18 CFR 385.2001.

[6] 18 CFR 385.102(d).

[7] 18 CFR 385.214.

the NGA [8] by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on October 14, 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.*

There are two ways to submit your motion to intervene. In both instances, please reference the Project docket number CP26–578–000 in your submission.

(1) You may file your motion to intervene 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 ''Intervention.'' The eFiling feature includes a document-less intervention option; for more information, visit *https://www.ferc.gov/docs-filing/efiling/document-less-intervention.pdf.;* or

(2) You can file a paper copy of your motion to intervene, along with three copies, by mailing the documents to the address below. Your motion to intervene must reference the Project docket number CP26–578–000.

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 courier: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of motions to intervene (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: Iain Russell, Senior Manager of Certificates, Florida Gas Transmission Company, LLC, 1300 Main St., Houston, Texas 77002 or by email (with a link to the document) at *iain.russell@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. Service can be via email with a link to the document.

All timely, unopposed [9] motions to intervene are automatically granted by operation of Rule 214(c)(1).[10] 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.[11] 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.

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.*

Intervention Deadline: 5:00 p.m. Eastern Time on October 14, 2026.

(Authority: 18 CFR 2.1)

Dated: September 23, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–19819 Filed 9–28–26; 8:45 am]

BILLING CODE 6717–01–P

[8] 18 CFR 157.10.

[9] The applicant has 15 days from the submittal of a motion to intervene to file a written objection to the intervention.

[10] 18 CFR 385.214(c)(1).

[11] 18 CFR 385.214(b)(3) and (d).

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 2742–040]

Copper Valley Electric Association, Inc.; Notice of Application Accepted for Filing; and Soliciting Motions To Intervene and Protests; and Scoping Period Requesting Comments on Environmental Issues for the Proposed Solomon Gulch Hydroelectric Project

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection.

a. *Type of Application:* New Major License.

b. *Project No.:* 2742–040.

c. *Date Filed:* May 27, 2026.

d. *Submitted By:* Copper Valley Electric Association, Inc. (CVEA).

e. *Name of Project:* Solomon Gulch Hydroelectric Project.

f. *Location:* On Solomon Lake and Solomon Gulch Creek, in the Chugach Census Area, in Valdez, Alaska. The project occupies 440 acres of federal lands administered by the Bureau of Land Management (BLM).

g. *Filed Pursuant to:* Federal Power Act, 16 U.S.C. 791(a)–825(r)

h. *Applicant Contact:* Coreen Palacios, Copper Valley Electric, P.O. Box 45, Mile 187 Glenn Highway, Glenallen, AK 99588; at (907) 822–8301; or email at *CPalacios@cvea.org.*

i. *FERC Contact:* Lauren Townson at (202) 502–8572; or email at *Lauren.Townson@ferc.gov.*

j. The staff for the Federal Energy Regulatory Commission (FERC or Commission) will prepare an environmental document that will discuss the environmental effects of relicensing the Solomon Gulch Hydroelectric Project. The Commission will use this environmental document in its decision-making process to determine whether to issue a new license for the project.

k. This notice announces the opening of the scoping process the Commission will use to gather input from the public and interested agencies regarding the project. This notice is intended to advise all participants as to the potential scope of the National Environmental Policy Act (NEPA) document and to seek additional information pertinent to this analysis. Commission staff do not intend to issue a separate scoping document.

As part of the NEPA review process, the Commission takes into account concerns the public may have about proposals and the environmental effects that could result from its action whenever it considers the issuance of a hydropower license. This gathering of public input is referred to as ''scoping.'' The main goal of the scoping process is to focus the analysis in the environmental document on the important environmental issues.

l. *Scoping Comments, Motions to Intervene and Protests, and Requests for Cooperating Status:* By this notice, the Commission requests written public comments on the scope of issues to address in the environmental document and solicits for motions to intervene and protests and requests for cooperating agency status. To ensure that your scoping comments, motions to intervene and protests, and requests for cooperating agency status are timely and properly recorded, please submit them so that the Commission receives them in Washington, DC on or before 5:00 p.m. Eastern Time on November 23, 2026.

Comments should focus on the potential environmental effects and reasonable alternatives. Your input will help the Commission staff determine what issues they need to evaluate in the environmental document. Commission staff will consider all written comments during the preparation of the environmental document.

The Commission strongly encourages electronic filing. Please file scoping comments, motions to intervene and protests, and requests for cooperating agency status using the Commission's eFiling system at *http://www.ferc.gov/docs-filing/efiling.asp.* Commenters can submit brief comments up to 10,000 characters, without prior registration, using the eComment system at *http://www.ferc.gov/docs-filing/ecomment.asp.* For assistance, please contact FERC Online Support at *FERCOnlineSupport@ferc.gov,* (866) 208–3676 (toll free), or (202) 502–8659 (TTY). In lieu of electronic filing, please send a paper copy via U.S. Postal Service to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852. The first page of any filing should include docket number P–2742–040.

The Commission's Rules of Practice and Procedure require all intervenors filing documents with the Commission to serve a copy of that document on each person on the official service list for the project. Further, if an intervenor files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency.

m. Anyone may submit a protest or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, 385.211, and 385.214. In determining the appropriate action to take, the Commission will consider all protests filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any protests or motions to intervene must be received on or before the specified deadline date for the particular application.

All filings must (1) bear in all capital letters the title ''PROTEST'' or ''MOTION TO INTERVENE;'' (2) set forth in the heading the name of the applicant and the project number of the application to which the filing responds; (3) furnish the name of the person protesting or intervening; and (4) otherwise comply with the requirements of 18 CFR 385.2001 through 385.2005. Agencies may obtain copies of the application directly from the applicant. The Commission's Rules of Practice and Procedure require all intervenors filing documents with the Commission to serve a copy of that document on each person on the official service list for the project. Further, if an intervenor files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency.

n. This application has been accepted, but is not ready for environmental analysis at this time.

o. *Project Description:* The Solomon Gulch Project includes: (1) a 660-acre reservoir with a storage volume of 31,560 acre-feet at the maximum elevation of 693.5 feet mean sea level; (2) a 400-foot-long and 115-foot-high rockfill dam; (3) a 365-foot-long saddle dike, or auxiliary dam, with a maximum height of approximately 65 feet, and a 450-foot-long concrete spillway with a nominal crest elevation of 685 feet mean sea level; (4) two 48-inch diameter intake pipes with slide gates and a trash rack; (5) two 48-inch diameter, concrete-encased steel penstocks; (6) a 70-foot-long by 60-foot-wide powerhouse containing two Francis-type turbine/generator units with a total rated capacity of 12 megawatts (MW); (7) a substation located on the powerhouse, connecting a 1.68-mile-long transmission line from the project to the Petro-Star Switch Building; (8) a 300-foot-long by 20-foot-wide tailrace; (9) two 300-feet-long pipes that supply water to the nearby Solomon Gulch Hatchery, owned and operated by the Valdez Fisheries Development Association (VFDA); and (10) appurtenant facilities. CVEA proposes to continue to generate using stored water from Solomon Lake to supply energy to CVEA's electrical system serving Valdez and other communities in the Copper River Basin. CVEA would continue to maintain reservoir elevations between elevations 615 feet and 685 feet and maintain continuous minimum flows of 2 cubic feet per second (cfs) at the head of the project tailrace and 2 cfs at the base of the lower falls of Solomon Gulch Creek for the protection of fish resources as it does currently.

Additionally, CVEA proposes to remove approximately 443 acres from the existing project boundary, including approximately 355 acres of federal lands located at the southern end of Solomon Lake, and approximately 91 acres of state-managed lands. Approximately 2 acres of private land would be added to the proposed project boundary to reflect the full extent of the existing 100-foot-wide primary transmission line right of way to the Petro Star Switch Building. Therefore, the proposed project boundary would total approximately 760 acres, consisting of approximately 671 acres of state-managed lands, 85 acres of BLM-managed federal lands, and 3 acres of private lands.

A copy of the application, with the details of the proposed project, may be viewed on the Commission's website at *http://www.ferc.gov* using the ''eLibrary'' link. Enter the docket number excluding the last three digits in the docket number field to access the document (P–2742).

p. *NEPA Process and the Environmental Document:* Any environmental document issued by the Commission will discuss effects that could occur as a result of the project's relicensing under the relevant general resource areas, such as:

- geology and soils;
- water resources;
- fish resources;
- aquatic resources;
- terrestrial resources;
- recreation resources;
- land use resources;
- aesthetic resources;
- cultural resources;
- socioeconomic resources; and
- air quality.

Commission staff will also evaluate reasonable alternatives to the proposed project or portions of the project and make recommendations on how to lessen or avoid effects on the various resource areas. Your comments will help Commission staff identify and focus on the issues that might have an effect on the human environment and potentially eliminate others from further discussion in the environmental document.

Following this scoping period, Commission staff will determine whether to prepare an Environmental Assessment (EA) or an Environmental Impact Statement (EIS). The EA or EIS will present Commission staff's independent analysis of the issues. If Commission staff prepares an EA, a *Notice of Intent to Prepare an Environmental Assessment* will be issued. The EA may be issued for an allotted public comment period. The Commission would consider timely comments on the EA before making its decision regarding the proposed project. If Commission staff prepares an EIS, a *Notice of Intent to Prepare an Environmental Impact Statement* will be issued. Staff will then prepare a draft EIS which will be issued for public comment. Commission staff will consider all timely comments received during the comment period on the draft EIS and revise the document, as necessary, before issuing a final EIS. Any EA or draft and final EIS will be available in electronic format in the public record through eLibrary. If eSubscribed, you will receive instant email notification when the environmental document is issued (see paragraph (q) of this notice for instructions on using eSubscription).

q. This notice is being distributed to the Commission's official mailing list for the project and any additional entities on the applicant's distribution list. You can access the Commission's official mailing list for this project at *https://ferconline.ferc.gov/MailListLOR.aspx?Type=MailList&ListVar=P–10198.* If you want to receive future mailings for the project and are not included on the Commission's official mailing list, or if you wish to be removed from the Commission's official mailing list, please send your request by email to *FERCOnlineSupport@ferc.gov.* In lieu of an email request, you may submit a paper request. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852. All written or emailed requests must specify your wish to be added to or removed from the mailing list, and must clearly identify the following on the first page: Solomon Gulch Hydroelectric Project No. 2742–040.

Additionally, the Commission offers a free service called eSubscription, which makes it easy to stay informed of all issuances and submittals regarding the dockets/projects to which you subscribe. These instant email notifications are the fastest way to receive notification and provide a link to the document files, which can reduce the amount of time you spend researching proceedings. Go to *https://www.ferc.gov/ferc-online/overview* to register for eSubscription.

In addition to publishing the full text of this notice in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this notice, as well as other documents in the proceeding (*e.g.,* license application) via the internet through the Commission's Home Page (*http://www.ferc.gov*) using the ''eLibrary'' link. Enter the docket number excluding the last three digits in the docket number field to access the document (P–2742). For assistance, contact FERC at *FERCOnlineSupport@ferc.gov,* (866) 208–3676 (toll free), or (202) 502–8659 (TTY).

r. *Procedural schedule:* The application will be processed according to the following schedule. Revisions to the schedule will be made as appropriate.

Acceptance and Scoping Notice Issued—September 2026
Scoping Comments Due—November 2026
Issue Notice of Ready for Environmental Analysis—February 2027

s. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202)502–6595 or *OPP@ferc.gov.*

(Authority: 18 CFR 2.1)

Dated: September 23, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–19818 Filed 9–28–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following Exempt Wholesale Generator filings:

Docket Numbers: EG26–327–000.
Applicants: PK Solar, LLC.
Description: PK Solar, LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 9/23/26.
Accession Number: 20260923–5135.
Comment Date: 5 p.m. ET 10/14/26.

Docket Numbers: EG26–328–000.
Applicants: Clermont Solar, LLC.
Description: Clermont Solar, LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 9/24/26.
Accession Number: 20260924–5088.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: EG26–329–000.
Applicants: San Gabriel Project I LLC.
Description: San Gabriel Project I LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 9/24/26.
Accession Number: 20260924–5134.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: EG26–330–000.
Applicants: San Gabriel Project III LLC.
Description: San Gabriel Project III LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 9/24/26.
Accession Number: 20260924–5135.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: EG26–331–000.
Applicants: San Gabriel Project IV LLC.
Description: San Gabriel Project IV LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 9/24/26.
Accession Number: 20260924–5136.
Comment Date: 5 p.m. ET 10/15/26.

Take notice that the Commission received the following Electric Rate filings:

Docket Numbers: ER21–964–004.
Applicants: Microsoft Energy LLC.
Description: Compliance filing: Response to Deficiency Letter to be effective 7/31/2025.
Filed Date: 9/24/26.
Accession Number: 20260924–5072.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER25–2753–001.
Applicants: Southwest Power Pool, Inc.
Description: Compliance filing: Notice of Effective Date—Expand Dispatchable Transaction Model into RTBM to be effective 10/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5020.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–2873–001.
Applicants: Nevada Gold Mines, LLC.
Description: Tariff Amendment: Response to Req for Additional Info and

Req for Oct 20, 2026 Effective Date to be effective 10/20/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5139.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–2991–001.
Applicants: Louisville Gas and Electric Company.
Description: Tariff Amendment: PJM AFS Study Agreement Deficiency Response to be effective 6/30/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5028.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3051–001.
Applicants: Bayou Cove Peaking Power, LLC.
Description: Tariff Amendment: Amendment to 1402 to be effective 7/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5140.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3052–001.
Applicants: Big Cajun I Peaking Power LLC.
Description: Tariff Amendment: Amendment to 1032 to be effective 7/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5141.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3053–001.
Applicants: Big Cajun I Units I and II LLC.
Description: Tariff Amendment: Amendment to 2 to be effective 7/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5142.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3054–001.
Applicants: Cottonwood Energy Company LP.
Description: Tariff Amendment: Amendment to 652 to be effective 7/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5143.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3055–001.
Applicants: Louisiana Generating LLC.
Description: Tariff Amendment: Amendment to 1052 to be effective 7/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5144.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3095–001.
Applicants: Public Service Company of Colorado.
Description: Tariff Amendment: Depreciation Rate—2025 ERC Deficiency Response to be effective 9/1/2026.
Filed Date: 9/23/26.
Accession Number: 20260923–5128.
Comment Date: 5 p.m. ET 10/14/26.

Docket Numbers: ER26–3096–001.
Applicants: Public Service Company of Colorado.
Description: Tariff Amendment: 2026–09–23 Att O–PSCo—Response to Deficiency Letter to be effective 9/1/2026.
Filed Date: 9/23/26.
Accession Number: 20260923–5127.
Comment Date: 5 p.m. ET 10/14/26.

Docket Numbers: ER26–3274–001.
Applicants: Portland General Electric Company.
Description: Compliance filing: EDAM OATT Compliance Filing for Effective Date to be effective 10/1/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5068.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3754–000.
Applicants: Westminster Reliability Project LLC.
Description: Report Filing: Westminster Reliability Project LLC errata to Sept. 11, 2026 MBR application to be effective N/A.
Filed Date: 9/21/26.
Accession Number: 20260921–5184.
Comment Date: 5 p.m. ET 10/13/26.

Docket Numbers: ER26–3830–000.
Applicants: Midcontinent Independent System Operator, Inc.
Description: 205(d) Rate Filing: 2026–09–25_SA 4374 ATC-Superior Solar Project 1st Rev GIA (J1750) to be effective 9/11/2026.
Filed Date: 9/23/26.
Accession Number: 20260923–5141.
Comment Date: 5 p.m. ET 10/14/26.

Docket Numbers: ER26–3831–000.
Applicants: Cedar 2 SES LLC.
Description: Initial Rate Filing: Market-Based Rate Application to be effective 12/1/2026.
Filed Date: 9/23/26.
Accession Number: 20260923–5146.
Comment Date: 5 p.m. ET 10/14/26.

Docket Numbers: ER26–3833–000.
Applicants: Midcontinent Independent System Operator, Inc.
Description: 205(d) Rate Filing: 2026–09–24_SA 4866 SIGE-Crosstrack Solar GIA (S1112) to be effective 9/18/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5025.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3834–000.
Applicants: PacifiCorp.
Description: Tariff Amendment: Termination of Heber Light Construction Agmt 2nd POD Daniels Sub (RS 757) to be effective 1/5/2027.
Filed Date: 9/24/26.
Accession Number: 20260924–5035.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3835–000.
Applicants: AEP Texas Inc.
Description: 205(d) Rate Filing: AEPTX-Antler Peak Solar Generation Interconnection Agreement to be effective 9/15/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5039.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3836–000.
Applicants: Southwest Power Pool, Inc.
Description: 205(d) Rate Filing: 5013 Clara Hills Solar and ITC Great Plains E&P Agreement to be effective 9/22/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5069.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3837–000.
Applicants: Arizona Public Service Company.
Description: 205(d) Rate Filing: Rate Schedule No. 329_Dynamic Transfer Agreement w. PNM to be effective 11/4/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5077.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3838–000.
Applicants: Alabama Power Company, Georgia Power Company, Mississippi Power Company.
Description: Tariff Amendment: Alabama Power Company submits tariff filing per 35.15: CROS bn (Crossroads Solar + BESS) LGIA Termination Filing to be effective 9/24/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5094.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3839–000.
Applicants: Midcontinent Independent System Operator, Inc., Ameren Illinois Company.
Description: 205(d) Rate Filing: Ameren Illinois Company submits tariff filing per 35.13(a)(2)(iii: 2026–09–24_SA 4872 Ameren Illinois-IMEA-Cairo WCA to be effective 11/24/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5099.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3840–000.
Applicants: Southwest Power Pool, Inc.
Description: 205(d) Rate Filing: 5007 Arkansas Electric Cooperative Corporation GIA to be effective 9/14/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5147.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3841–000.
Applicants: Fairbanks Solar Energy Center LLC.
Description: Tariff Amendment: Notice of Cancellation of Market-Based Rate Tariff to be effective 9/25/2026.

Filed Date: 9/24/26.
Accession Number: 20260924–5154.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3842–000.
Applicants: Janus Solar PV, LLC.
Description: Initial Rate Filing: Janus Solar PV, LLC—Baseline Filing to be effective 11/23/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5155.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3843–000.
Applicants: Roccasecca BESS LLC.
Description: 205(d) Rate Filing: Application for Market-Based Rate Authority to be effective 11/9/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5163.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3844–000.
Applicants: Portland General Electric Company.
Description: 205(d) Rate Filing: PGE–SALM LGIA SalmonFly3 to be effective 9/25/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5168.
Comment Date: 5 p.m. ET 10/15/26.

Docket Numbers: ER26–3845–000.
Applicants: Portland General Electric Company.
Description: 205(d) Rate Filing: PGE–SALM LGIA SalmonFly4 to be effective 9/25/2026.
Filed Date: 9/24/26.
Accession Number: 20260924–5171.
Comment Date: 5 p.m. ET 10/15/26.

The filings are accessible in the Commission's eLibrary system (*https://elibrary.ferc.gov/idmws/search/fercgensearch.asp*) by querying the docket number.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf*. For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov*.

Dated: September 24, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–19909 Filed 9–28–26; 8:45 am]

BILLING CODE 6717–01–P

FARM CREDIT ADMINISTRATION

Informational Meeting

SUMMARY: Notice of the forthcoming Farm Credit Administration informational meeting is hereby given.

DATES: 10 a.m., Thursday, October 8, 2026.

ADDRESSES: You may observe this meeting in person at 1501 Farm Credit Drive, McLean, Virginia 22102–5090, or virtually. If you would like to observe, at least 24 hours in advance, visit *FCA.gov*, select ''Newsroom,'' then select ''Events.'' From there, access the linked ''Instructions for meeting visitors'' and complete the described registration process.

FOR FURTHER INFORMATION CONTACT: If you need more information or assistance for accessibility reasons, or have questions, contact Ashley Waldron, Secretary to the Board. Telephone: 703–883–4009. TTY: 703–883–4056.

SUPPLEMENTARY INFORMATION: This meeting will be open to the public. The following matters will be considered:

- Future of the Office of Examination Workgroup Update.
- FCALabs Update.

Authority: 12 U.S.C. 2242 Sec 5.8(c).

Ashley Waldron,

Secretary to the Board.

[FR Doc. 2026–19877 Filed 9–28–26; 8:45 am]

BILLING CODE 6705–01–P

FARM CREDIT SYSTEM INSURANCE CORPORATION

Board of Directors Meeting

SUMMARY: Notice of the forthcoming regular meeting of the Board of Directors of the Farm Credit System Insurance Corporation (FCSIC), is hereby given in accordance with the provisions of the Bylaws of the FCSIC.

DATES: 10 a.m., Wednesday, October 7, 2026.

ADDRESSES: You may observe the open portions of this meeting in person at 1501 Farm Credit Drive, McLean, Virginia 22102–5090, or virtually. If you would like to observe, at least 24 hours in advance, visit *FCSIC.gov*, select ''News & Events,'' then select ''Board Meetings.'' From there, access the linked ''Instructions for board meeting visitors'' and complete the described registration process.

FOR FURTHER INFORMATION CONTACT: If you need more information or assistance for accessibility reasons, or have questions, contact Ashley Waldron, Secretary to the Board. Telephone: 703–883–4009. TTY: 703–883–4056.

SUPPLEMENTARY INFORMATION: Parts of this meeting will be open to the public. The rest of the meeting will be closed to the public. The following matters will be considered:

Portions Open to the Public

- Approval of July 8, 2026, Minutes.
- Quarterly FCSIC Financial Reports.
- Quarterly Report on Insured Obligations.
- Quarterly Report on Annual Performance Plan.
- Annual Performance Plan.
- Review of Insurance Premium Rates.
- Annual Budget.

Portions Closed to the Public

- Quarterly Report on Insurance Risk.

Ashley Waldron,

Secretary to the Board.

[FR Doc. 2026–19876 Filed 9–28–26; 8:45 am]

BILLING CODE 6705–01–P

FEDERAL COMMUNICATIONS COMMISSION

[FR ID 369485]

Privacy Act of 1974; Matching Program

AGENCY: Federal Communications Commission.

ACTION: Notice of a new matching program.

SUMMARY: In accordance with the Privacy Act of 1974, as amended (''Privacy Act''), this document announces a new computer matching program the Federal Communications Commission (FCC or Commission or Agency) and the Universal Service Administrative Company (USAC) will conduct with the Connecticut Department of Social Services. The purpose of this matching program is to verify the eligibility of applicants to and subscribers of Lifeline, which is administered by USAC under the direction of the FCC. More information about this program is provided in the **SUPPLEMENTARY INFORMATION** section below.

DATES: Written comments are due on or before October 29, 2026. This computer matching program will commence on October 29, 2026, and will conclude after 18 months.

ADDRESSES: Send comments to Shana Yates, FCC, 45 L Street NE, Washington, DC 20554, or to *Privacy@fcc.gov.*

FOR FURTHER INFORMATION CONTACT: Shana Yates at (202) 418–0683 or *Privacy@fcc.gov.*

SUPPLEMENTARY INFORMATION: The Lifeline program provides support for discounted broadband and voice services to low-income consumers. Lifeline is administered by the Universal Service Administrative Company (USAC) under FCC direction. Consumers qualify for Lifeline through proof of income or participation in a qualifying program, such as Medicaid, the Supplemental Nutritional Assistance Program (SNAP), Federal Public Housing Assistance, Supplemental Security Income (SSI), Veterans and Survivors Pension Benefit, or various Tribal-specific federal assistance programs.

In a Report and Order adopted on March 31, 2016, (81 FR 33026, May 24, 2016) (*2016 Lifeline Modernization Order*), the Commission ordered USAC to create a National Lifeline Eligibility Verifier (''National Verifier''), including the National Lifeline Eligibility Database (LED), that would match data about Lifeline applicants and subscribers with other data sources to verify the eligibility of an applicant or subscriber. The Commission found that the National Verifier would reduce compliance costs for Lifeline service providers, improve service for Lifeline subscribers, and reduce waste, fraud, and abuse in the program.

Participating Agencies

Connecticut Department of Social Services (source agency); Federal Communications Commission (recipient agency) and Universal Service Administrative Company.

Authority for Conducting the Matching Program

The authority to conduct the matching program for the FCC's Lifeline program is 47 U.S.C. 254(a) through (c), and (j).

Purpose(s)

The purpose of this new matching agreement is to verify the eligibility of applicants and subscribers to Lifeline and other Federal programs that use qualification for Lifeline as an eligibility criterion. This new agreement will permit eligibility verification for the Lifeline program by checking an applicant's/subscriber's participation in SNAP in Connecticut Department of Social Services. Under FCC rules, consumers receiving these benefits qualify for Lifeline discounts.

Categories of Individuals

The categories of individuals whose information is involved in the matching program include, but are not limited to, those individuals who have applied for Lifeline; are currently receiving Lifeline; are individuals who enable another individual in their household to qualify for Lifeline; are minors whose status qualifies a parent or guardian for Lifeline; or are individuals who have received Lifeline.

Categories of Records

The categories of records involved in the matching program include the last four digits of the applicant's Social Security Number, date of birth, first and last name. The National Verifier will transfer these data elements to the Connecticut Department of Social Services which will respond either ''yes'' or ''no'' that the individual is enrolled in a qualifying assistance program: SNAP administered by the Connecticut Department of Social Services.

System(s) of Records

The records shared as part of this matching program reside in the Lifeline system of records, FCC/WCB–1, Lifeline, which was published in the **Federal Register** at 91 FR 9251 (Feb. 25, 2026).

Federal Communications Commission.

Marlene Dortch,

Secretary.

[FR Doc. 2026–19917 Filed 9–28–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060–0798; OMB 3060–1053; FR ID 370054]

Information Collections Being Submitted for Review and Approval to Office of Management and Budget

AGENCY: Federal Communications Commission.

ACTION: Notice; request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or the Commission) invites the general public and other Federal Agencies to take this opportunity to comment on the following information collection. Pursuant to the Small Business Paperwork Relief Act of 2002, the FCC seeks specific comment on how it can further reduce the information collection burden for small business concerns with fewer than 25 employees.

DATES: Written comments and recommendations for the proposed information collection should be submitted on or before October 29, 2026.

ADDRESSES: Comments should be sent to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function. Your comment must be submitted into *www.reginfo.gov* per the above instructions for it to be considered. In addition to submitting in *www.reginfo.gov* also send a copy of your comment on the proposed information collection to Cathy Williams, FCC, via email to *PRA@fcc.gov* and to *Cathy.Williams@fcc.gov.* Include in the comments the OMB control number as shown in the **SUPPLEMENTARY INFORMATION** below.

FOR FURTHER INFORMATION CONTACT: For additional information or copies of the information collection, contact Cathy Williams at (202) 418–2918. To view a copy of this information collection request (ICR) submitted to OMB: (1) go to the web page *http://www.reginfo.gov/public/do/PRAMain,* (2) look for the section of the web page called ''Currently Under Review,'' (3) click on the downward-pointing arrow in the ''Select Agency'' box below the ''Currently Under Review'' heading, (4) select ''Federal Communications Commission'' from the list of agencies presented in the ''Select Agency'' box, (5) click the ''Submit'' button to the right of the ''Select Agency'' box, (6) when the list of FCC ICRs currently under review appears, look for the Title of this ICR and then click on the ICR Reference Number. A copy of the FCC submission to OMB will be displayed.

SUPPLEMENTARY INFORMATION: The Commission may not conduct or sponsor a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid OMB control number.

As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501–3520), the FCC invited the general public and other Federal Agencies to take this opportunity to comment on the following information collection. Comments are requested concerning: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology. Pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, see 44 U.S.C. 3506(c)(4), the FCC seeks specific comment on how it might ''further reduce the information collection burden for small business concerns with fewer than 25 employees.''

OMB Control Number: 3060–0798.

Title: FCC Application for Radio Service Authorization, Wireless Telecommunications Bureau and Public Safety and Homeland Security Bureau.

Form Number: FCC Form 601.

Type of Review: Revision of a currently approved collection.

Respondents: Business or other for-profit entities, individuals or households, not for profit institutions and State, Local and Tribal Governments.

Number of Respondents and Responses: 255,601 respondents and 256,050 responses.

Estimated Hours per Response: 0.25 to 30 average hours per response.

Frequency of Response: On occasion reporting requirement; Periodic reporting requirement; Recordkeeping requirement; Third party disclosure requirement.

Total Annual Burden: 226,316 hours.

Total Annual Cost: $72,614,125.

Nature of Response: Required to obtain or retain benefits. The statutory authority for this collection is contained in Statutory authority for this information collection is contained in 47 U.S.C. 151, 152, 154, 154(i), 155(c), 157, 161, 201, 202, 208, 214, 301, 302a, 303, 307, 308, 309, 310, 311, 314, 316, 319, 324, 331, 332, 333, 336, 534, 535, and 554, and section 2 of the Launch Communications Act, Public Law 118–85, 138 Stat. 15462.

Needs and Uses: The information collection requirements adopted in ET Docket No. 13–115 are as follows:

FCC Form 601 is a consolidated, multi-part application form that is used for market-based and site-based licensing for wireless telecommunications services, including public safety, which are filed through the Commission's Universal Licensing System (ULS) or any other electronic filing interface the Commission develops. FCC Form 601 is composed of a main form that contains administrative information and a series of schedules used for filing technical and other information. This form is used to apply for a new license, to amend or withdraw a pending application, to modify or renew an existing license, cancel a license, submit required notifications, request an extension of time to satisfy construction requirements, request an administrative update to an existing license (such as mailing address change), or request a Special Temporary Authority License. Respondents are required to submit FCC Form 601 electronically including when applying for an authorization for which the applicant was the winning bidder in a spectrum auction.

The Commission now seeks OMB approval to renew the existing information collection allowances and approval for information collections on FCC Form 601, with revisions to reflect regulatory and information collection changes adopted in the following items: the 900 MHz Report and Order, Space Launch Services, License Reaggregation, changes regarding use of the 5.850–5.925 GHz Band, and Educational Broadband Service Reform.

900 MHz Report and Order: On February 18, 2026, the Commission adopted a Report and Order, FCC 26–9, in WT Docket 24–99, modified by an erratum released March 25, 2026, that established rules for the entire ten megahertz of the 896–901/935–940 MHz (900 MHz) band to be used for paired five megahertz broadband service. The Report and Order modified the requirements in §§ 27.1503(b) and (c) and 27.1505 (b) through (d) to reflect the option for paired five megahertz broadband service, in addition to the existing paired three megahertz option. § 27.1503 Broadband license eligibility and application requirements. Section 27.1503(b)(1) requires an applicant to file an application for a 900 MHz broadband license in accordance with part 1, subpart F of the Commission's rules. The Commission requests OMB approval to revise FCC Form 601 to add a new radio service code, and requests continued approval for two attachment types for the Eligibility Certification and Transition Plan now updated to allow for both 3⁄3 and 5⁄5 900 MHz broadband applications. Schedule N is a supplementary schedule for 900 MHz broadband service applicants to apply for the required license authorization in conjunction with the FCC 601 Main Form. In Schedule N, 900 MHz broadband service applicants identify the market(s) to which the filing pertains and certifies that the applicant has attached an Eligibility Certification and Transition Plan, that the applicant will return licensed 900 MHz spectrum to the Commission, and that it will remit an anti-windfall payment if applicable. Additionally, the Commission also requests approval to add a new question to FCC Form 601 that will require 900 MHz broadband applicants to address any spectrum shortfall related to the anti-windfall payment requirement.

Space Launch Services. The Launch Communications Act, Public Law 118–85, 138 Stat. 1546, enacted September 26, 2024, required the Commission to adopt regulations allocating the 2025–2110 MHz, 2200–2290 MHz, and 2360–2395 MHz frequency bands on a secondary basis for commercial space launch and reentry operations, and adopt service rules including technical specifications, eligibility requirements, and coordination procedures to preserve the defense capabilities of the United States. The Commission has met these requirements through the adoption of a new rule part, part 26.

Under the part 26 framework established by the Commission, eligible space launch operators seeking authorization to use frequencies available for Space Launch Services must first apply for and obtain a non-exclusive 10-year nationwide spectrum license. After they obtain this license, operators must, for each launch (1) register in ULS the launch site and each corresponding station (fixed, base, itinerant, or mobile) that will be used in the space launch operation; (2) complete a frequency coordination process using a third-party frequency coordinator; and (3) following successful coordination, register in ULS the final approved technical and operating parameters associated with the coordinated launch prior to commencing the launch operation. These requirements are codified in §§ 26.106, 26.108, 26.202, and 26.301 of the rules, and the rule requirements are further elaborated in Public Notice, ET Docket No. 13–115, DA 25–270 (Space Launch Public Notice).

Space launch operators will rely on FCC Form 601 for several of these steps. To apply for the nationwide non-exclusive license, operators will file an FCC Form 601 application. When entering the Radio Service Code for which the applicant is applying, they will select a new radio service code designating Space Launch Services. In addition, operators will submit both initial site and station registration and final launch registration through a new FCC Form 601 schedule, Schedule P.

License Reaggregation. On July 18, 2022, the Commission released a Report and Order and Second Further Notice of Proposed Rulemaking, FCC 22–53, in WT Docket No. 19–38, in which, among other measures, the Commission modified two rules, §§ 1.929 and 1.950, 47 CFR 1.929, 1.950, to permit the reaggregation of geographic-area-based wireless licenses (authorizations to engage in wireless transmission in specified frequencies and over a defined geographic area). Reaggregation is the consolidation into a single license of two or more licenses that were the result of a previous spectrum disaggregation (dividing a license into two or more licenses that cover different frequencies) and/or geographic area partitioning (dividing a license into two or more licenses that cover different geographic areas). The Commission amended § 1.950 to authorize licensees to reaggregate covered geographic licenses, subject to certain eligibility prerequisites, and required that licensees seeking approval for a reaggregation must file an application for a license modification using FCC Form 601. As amended, § 1.950 further provides that applicants for reaggregation must include the following five attachments with the application:

(1) A certification that the licenses meet the prerequisites for reaggregation specified in § 1.950;

(2) An electronic map and table that together identify all licenses and spectrum to be aggregated and identify the composite license requested;

(3) A certification that all licenses in the reaggregation request are active under the same FCC Registration Number at the time of filing;

(4) A per-license list of all special conditions and a statement acknowledging that the listed special conditions will continue to apply only to that portion of the reaggregated license with respect to the spectrum and/or geography at issue, as if the license had not been reaggregated; and

(5) A per-license list of all waivers granted and a statement of understanding that the listed waiver(s) do not automatically convey to any other portion of the reaggregated license. If applicable, the applicant shall include a statement indicating that it is seeking waiver relief through a separately filed waiver request seeking to expand the scope of previously granted relief.

Use of the 5.850–5.925 GHz Band. In the First Report and Order released on November 20, 2020 (ET Docket No. 19–138, FCC 20–164), the Commission determined that the most efficient use of the 75 megahertz in the 5.9 GHz band is to expand unlicensed operations in the lower 45 megahertz (5.850–5.895 GHz) and to reserve the upper 30 megahertz (5.895–5.925 GHz) for the Intelligent Transportation Service (ITS) using cellular vehicle-to-everything (C–V2X) technology. Dedicated Short Range Communications (DSRC) stations must discontinue operations in the 5895–5925 MHz portion of the band by December 14, 2026. No new DSRC station license applications were accepted after February 11, 2025.

FCC Form 601 Schedule M currently collects technical information for the DSRC Service under Part 90 Subpart M. In line with the Commission's actions in the 5.9 GHz Report and Order, the Commission proposes removing DSRC references and incorporating the new C–V2X service into FCC Form 601, along with corresponding updates to the Universal Licensing System (ULS) database.

We anticipate that these modifications—removing DSRC information and adding C–V2X data requirements—will not increase the burden or cost associated with completing FCC Form 601 and implementing updates to the ULS database.

Educational Broadband Service Reform: In a Report and Order released July 11, 2019, WT Docket No. 18–120, FCC 19–62, the Commission adopted certain measures to reform the regulatory framework governing the 2495–2690 MHz band (2.5 GHz band). This band includes 112.5 megahertz designated for Educational Broadband Service (EBS). Under § 27.1203 of the Commission's rules, EBS licensees were required to use their spectrum specifically to further their educational missions. Among other steps taken in the Report and Order, the Commission eliminated this requirement, removing § 27.1203 from the rules. FCC Form 601 currently includes Question 54, which serves to implement § 27.1203, asking ''(For EBS only) Does the Applicant comply with the programming requirements contained in 47 CFR 27.1203?'' Consistent with the Commission's action in the 2.5 GHz Report and Order, the Commission seeks to remove Question 54 from FCC Form 601, and to eliminate the associated reference to this question and § 27.1203 in the Instructions.

OMB Control Number: 3060–1053.

Title: Misuse of Internet Protocol Captioned Telephone Service (IP CTS); Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket Nos. 13–24 and 03–123.

Form Number: N/A.

Type of Review: Extension of a currently approved collection.

Respondents: Individuals or households; Business or other for-profit.

Number of Respondents and Responses: 187,170 respondents; 664,775 responses.

Estimated Time per Response: 0.1 hours (6 minutes) to 40 hours.

Frequency of Response: Annual, every five years, one-time, and ongoing reporting requirements; Recordkeeping requirements; Third party disclosure requirements.

Obligation to Respond: Required to obtain or retain benefits. The statutory authority for the information collection requirements is found at section 225 [47 U.S.C. 225] Telecommunications Services for Hearing-Impaired Individuals; The Americans with Disabilities Act of 1990, (ADA), Public Law 101–336, 104 Stat. 327, 366–69, enacted on July 26, 1990.

Total Annual Burden: 341,067 hours. Total Annual Cost: $54,000.

Needs and Uses: On August 1, 2003, the Commission released Telecommunication Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CC Docket No. 98–67, Declaratory Ruling, 68 FR 55898, September 28, 2003, clarifying that one-line captioned telephone voice carry over (VCO) service is a type of telecommunications relay service (TRS) and that eligible providers of such services are eligible to recover their costs from the Interstate TRS Fund (Fund) in accordance with section 225 of the Communications Act.

On July 19, 2005, the Commission released Telecommunication Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CC Docket No. 98–67 and CG Docket No. 03–123, Order, 70 FR 54294, September 14, 2005, clarifying that two-line captioned telephone VCO service, like one-line captioned telephone VCO service, is a type of TRS eligible for compensation from the Fund.

On January 11, 2007, the Commission released Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03–123, Declaratory Ruling, 72 FR 6960, February 14, 2007, granting a request for clarification that Internet Protocol (IP) captioned telephone relay service (IP CTS) is a type of TRS eligible for compensation from the Fund.

On August 26, 2013, the Commission issued Misuse of Internet Protocol Captioned Telephone Service; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket Nos. 13–24 and 03–123, Report and Order, 78 FR 53684, August 30, 2013, to regulate practices relating to the marketing of IP CTS, impose certain requirements for the provision of this service, and mandate registration and certification of IP CTS users.

On June 8, 2018, the Commission issued Misuse of Internet Protocol Captioned Telephone Service; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket Nos. 13–24 and 03–123, Report and Order and Declaratory Ruling, 83 FR 30082, June 27, 2018 (2018 IP CTS Modernization Order), to facilitate the Commission's efforts to reduce waste, fraud, and abuse and improve its ability to efficiently manage the IP CTS program through regulating practices related to the marketing of IP CTS, generally prohibiting the provision of IP CTS to consumers who do not genuinely need the service, permitting the provision of IP CTS in emergency shelters, and approving the use of automatic speech recognition to generate captions without the assistance of a communications assistant.

On February 15, 2019, the Commission issued Misuse of Internet Protocol Captioned Telephone Service; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket Nos. 13–24 and 03–123, Report and Order, and Order, 84 FR 8457, March 8, 2019 (2019 IP CTS Program Management Order), requiring the submission of IP CTS user registration information to the telecommunications relay service (TRS) User Registration Database (Database) so that the Database administrator can verify IP CTS users to reduce the risk of waste, fraud, and abuse in the IP CTS program.

On June 30, 2022, the Commission issued Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program; Misuse of Internet Protocol Captioned Telephone Service, CG Docket Nos. 03–123, 10–51, and 13–24, Report and Order, 87 FR 57645, September 21, 2022 (Registration Grace Period Order), allowing IP CTS and Video Relay Service (VRS) providers to provide compensable service to a new user for up to two weeks after submitting the user's information to the Database if the user's identity is verified within that period, in order to offer more efficient service to IP CTS and VRS users without risk of waste, fraud, and abuse to the Fund.

On September 30, 2022, the Commission released the Accessible Carceral Communications Order, Rates for Interstate Inmate Calling Services, WC Docket No. 12–375, Fourth Report and Order, 87 FR 75496, December 9, 2022, (Accessible Carceral Communications Order), requiring inmate calling services providers to provide incarcerated TRS-eligible users the ability to access any relay service eligible for TRS Fund support. To facilitate the registration of IP CTS users in carceral facilities, the Commission amended the registration and verification requirements for individual users.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–19922 Filed 9–28–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060–0113; FR ID 370082]

Information Collection Being Reviewed by the Federal Communications Commission Under Delegated Authority

AGENCY: Federal Communications Commission.

ACTION: Notice; request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, and as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or the Commission) invites the general public and other Federal agencies to take this opportunity to comment on the following information collection. Comments are requested concerning: whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; the accuracy of the Commission's burden estimate; ways to enhance the quality, utility, and clarity of the information collected; ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology; and ways to further reduce the information collection burden on small business concerns with fewer than 25 employees. The FCC may not conduct or sponsor a collection of information unless it displays a currently valid control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid Office of Management and Budget (OMB) control number.

DATES: Written PRA comments should be submitted on or before November 30, 2026. If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: Direct all PRA comments to Nicole Ongele, FCC, via email *PRA@fcc.gov* and to *nicole.ongele@fcc.gov.*

FOR FURTHER INFORMATION CONTACT: For additional information about the information collection, contact Nicole Ongele, (202) 418–2991.

SUPPLEMENTARY INFORMATION:

OMB Control Number: 3060–0113.

Title: Form 2100, Schedule 396—Broadcast Equal Employment Opportunity Program Report.

Form Number: FCC 2100, Schedule 396.

Type of Review: Extension of a currently approved collection.

Respondents: Business or other for-profit entities, Not-for-profit institutions.

Number of Respondents and Responses: 1,479 respondents and 1,479 responses.

Estimated Time per Response: 0.5–2 hours.

Frequency of Response: On renewal reporting requirement.

Obligation to Respond: Required to obtain or retain benefits. The statutory authority which covers this information collection is contained in section 154(i) and 303 of the Communications Act of 1934, as amended.

Total Annual Burden: 2,280 hours.

Total Annual Cost: $333,000.

Needs and Uses: The Broadcast Equal Employment Opportunity (EEO) Program Report, FCC Form 2100, Schedule 396, is a device that is used to evaluate a licensee's EEO program to ensure that satisfactory efforts are being made to comply with FCC's EEO requirements. Schedule 396 is required to be filed at the time of renewal of license by all AM, FM, TV, Class A and Low Power TV and International stations as well as Satellite Digital Audio Radio Service (''SDARS'') licensees.[1] The recordkeeping requirements for FCC Form 2100, Schedule 396 are covered under OMB control number 3060–0214.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–19915 Filed 9–28–26; 8:45 am]

BILLING CODE 6712–01–P

[1] In 1997, the Commission determined that SDARS licensees must comply with the Commission's EEO requirements. See Establishment of Rules and Policies for the Digital Audio Radio Satellite Service in the 2310–2360 MHz Frequency Band, 12 FCC Rcd 5754, 5791,) 91 (1997) (''1997 SDARS Order''), FCC 97–70. In 2008, the Commission clarified that SDARS licensees must comply with the Commission's EEO broadcast rules and policies, including the same recruitment, outreach, public file, website posting, record-keeping, reporting, and self-assessment obligations required of broadcast licensees, consistent with 47 CFR 73.2080, as well as any other Commission EEO policies. See Applications for Consent to the Transfer of Control of Licenses, SM Satellite Radio Holdings Inc., Transferor, to Sirius Satellite Radio Inc., Transferee, 23 FCC Rcd 12348, 12426,) 174, and note 551 (2008) (''XM-Sirius Merger Order'').

FEDERAL COMMUNICATIONS COMMISSION

[FR ID 369513]

Privacy Act of 1974; Matching Program

AGENCY: Federal Communications Commission.

ACTION: Notice; request for comments.

SUMMARY: In accordance with the Privacy Act of 1974, as amended (''Privacy Act''), this document announces a new computer matching program the Federal Communications Commission (FCC or Commission or Agency) and the Universal Service Administrative Company (USAC) will conduct with the Georgia Department of Human Services, Department of Family and Children Service. The purpose of this matching program is to verify the eligibility of applicants to and subscribers of Lifeline, which is administered by USAC under the direction of the FCC. More information about this program is provided in the **SUPPLEMENTARY INFORMATION** section below.

DATES: Written comments are due on or before October 29, 2026. This computer matching program will commence on October 29, 2026, and will conclude after 18 months.

ADDRESSES: Send comments to Shana Yates, FCC, 45 L Street NE, Washington, DC 20554, or to *Privacy@fcc.gov.*

FOR FURTHER INFORMATION CONTACT: Shana Yates at (202) 418–0683 or *Privacy@fcc.gov.*

SUPPLEMENTARY INFORMATION: The Lifeline program provides support for discounted broadband and voice services to low-income consumers. Lifeline is administered by the Universal Service Administrative Company (USAC) under FCC direction. Consumers qualify for Lifeline through proof of income or participation in a qualifying program, such as Medicaid, the Supplemental Nutritional Assistance Program (SNAP), Federal Public Housing Assistance, Supplemental Security Income (SSI), Veterans and Survivors Pension Benefit, or various Tribal-specific federal assistance programs.

In a Report and Order adopted on March 31, 2016, (81 FR 33026, May 24, 2016) (*2016 Lifeline Modernization Order*), the Commission ordered USAC to create a National Lifeline Eligibility Verifier (''National Verifier''), including the National Lifeline Eligibility Database (LED), that would match data about Lifeline applicants and subscribers with other data sources to verify the eligibility of an applicant or subscriber. The Commission found that the National Verifier would reduce compliance costs for Lifeline service providers, improve service for Lifeline subscribers, and reduce waste, fraud, and abuse in the program.

Participating Agencies

Georgia Department of Human Services, Department of Family and Children Service (source agency); Federal Communications Commission (recipient agency) and Universal Service Administrative Company.

Authority for Conducting the Matching Program

The authority to conduct the matching program for the FCC's Lifeline program is 47 U.S.C. 254(a) through (c), and (j).

Purpose(s)

The purpose of this new matching agreement is to verify the eligibility of applicants and subscribers to Lifeline and other Federal programs that use qualification for Lifeline as an eligibility criterion. This new agreement will permit eligibility verification for the Lifeline program by checking an applicant's/subscriber's participation in SNAP in Georgia Department of Human Services, Department of Family and Children Service. Under FCC rules, consumers receiving these benefits qualify for Lifeline discounts.

Categories of Individuals

The categories of individuals whose information is involved in the matching program include, but are not limited to, those individuals who have applied for Lifeline; are currently receiving Lifeline; are individuals who enable another individual in their household to qualify for Lifeline; are minors whose status qualifies a parent or guardian for Lifeline; or are individuals who have received Lifeline.

Categories of Records

The categories of records involved in the matching program include the last four digits of the applicant's Social Security Number, date of birth, first and last name. The National Verifier will transfer these data elements to the Georgia Department of Human Services, Department of Family and Children Service which will respond either ''yes'' or ''no'' that the individual is enrolled in a qualifying assistance program: SNAP administered by the Georgia Department of Human Services, Department of Family and Children Service.

System(s) of Records

The records shared as part of this matching program reside in the Lifeline system of records, FCC/WCB–1, Lifeline, which was published in the **Federal Register** at 91 FR 9251 (Feb. 25, 2026).

Federal Communications Commission.

Marlene Dortch,

Secretary.

[FR Doc. 2026–19918 Filed 9–28–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[FR ID 370081]

Sunshine Act; Open Commission Meeting Wednesday, September 30, 2026

September 23, 2026.

The Federal Communications Commission will hold an Open Meeting on the subjects listed below on Wednesday, September 30, 2026, which is scheduled to commence at 10:30 a.m. in the Commission Meeting Room of the Federal Communications Commission, 45 L Street NE, Washington, DC.

While attendance at the Open Meeting is available 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 on L Street. Attendees at the Open Meeting will not be required to have an appointment but must otherwise comply with protocols outlined at: *www.fcc.gov/visit.* Open

Meetings are streamed live at: *www.fcc.gov/live* and on the FCC's YouTube channel.

Item No.	Bureau	Subject
1	Wireless Telecommunications	*Title:* Modernizing the Commission's National Environmental Policy Act Rules (WT Docket No. 25–217). *Summary:* The Commission will consider a Report and Order and Further Notice of Proposed Rulemaking to overhaul the Commission's outdated National Environmental Policy Act (NEPA) rules. These reforms will clarify the scope of Commission actions subject to environmental review and streamline and expedite the review process to ensure NEPA serves as a tool for informed decision-making rather than a barrier to investment, innovation, and connectivity.
2	Space	*Title:* Satellite Spectrum Abundance (SB Docket No. 25–180); Spectrum Abundance for Weird Space Stuff (SB Docket No. 26–54); Expanding Use of the 12.7–13.25 GHz Band for Mobile Broadband or Other Expanded Use (GN Docket No. 22–352); Shared Use of the 42–42.5 GHz Band (WT Docket No. 23–158); Use of Spectrum Bands Above 24 GHz for Mobile Radio Services (GN Docket No. 14–177). *Summary:* The Commission will consider a Report and Order and Order of Proposed Modification and two Further Notices of Proposed Rulemaking that would increase the amount of spectrum available in order to support innovation in the American space economy. The Order would unlock more than 1,000 megahertz of spectrum in the 12.7 GHz and 42 GHz bands to provide greater capacity for satellite broadband to the home or for in-flight connectivity and the like. One FNPRM would seek comment on unlocking an additional 1,175 megahertz of spectrum in the Ku- and Ka-bands and 138.25 gigahertz in the D-band for more intensive use by satellite communications. The other FNPRM would seek comment on three new bands across thousands of megahertz that might be able to be used to control spacecraft or to provide data communications in support of emergent space activities, such as in-space servicing, assembly, and manufacturing.
3	Office of Engineering and Technology	*Title:* Unleashing the Power of Unlicensed UWB Devices (ET Docket No. 26–245). *Summary:* The Commission will consider a Notice of Proposed Rulemaking that would modernize the rules for unlicensed Ultra-Wideband (UWB) devices. UWB devices operate under part 15 of the Commission's rules and support a wide variety of applications, including automobile sensors, door locks, ground- and wall-penetrating radars, and location tracking for NFL players during games. The NPRM would modernize the UWB rules by updating definitions, measurement procedures, technical parameters, and outdated restrictions, while removing unnecessary coordination requirements. The NPRM would also create a new UWB device category for emerging applications like AI-enabled sensing and overall seek to future-proof UWB regulations for the next wave of innovation while maintaining protections for incumbent services.
4	Public Safety and Homeland Security	*Title:* Modernizing the 911 Framework (PS Docket No. 26–197). *Summary:* The Commission will consider a Notice of Inquiry exploring modernization of the 911 framework to ensure the public can continue to effectively and reliably access emergency services in this era of rapid technological change.
5	Consumer and Governmental Affairs	*Title:* Enhancing the Ability of Consumers to Control Which Calls That They Wish to Receive (CG Docket No. 02–278). *Summary:* The Commission will consider a Report and Order and Further Notice of Proposed Rulemaking modernizing its Telephone Consumer Protection Act rules to ensure that consumers have easily accessible ways to opt-out of robocalls while streamlining callers' ability to process consent revocation requests.

* * * * *

The meeting will be webcast at: *www.fcc.gov/live.* Open captioning will be provided as well as a text only version on the FCC website. Other reasonable accommodations for people with disabilities are available upon request. In your request, include a description of the accommodation you will need and a way we can contact you if we need more information. Last minute requests will be accepted but may be impossible to fill. Send an email to: *fcc504@fcc.gov* or call the Consumer & Governmental Affairs Bureau at 202–418–0530.

Press Access—Members of the news media are welcome to attend the meeting and will be provided reserved seating on a first-come, first-served basis. Following the meeting, the Chairman may hold a news conference in which he will take questions from credentialed members of the press in attendance. Also, senior policy and legal staff will be made available to the press in attendance for questions related to the items on the meeting agenda. Commissioners may also choose to hold press conferences. Press may also direct questions to the Office of Media Relations (OMR): *MediaRelations@fcc.gov.* Questions about credentialing should be directed to OMR.

Additional information concerning this meeting may be obtained from the Office of Media Relations, (202) 418–0500. Audio/Video coverage of the meeting will be broadcast live with open captioning over the internet from the FCC Live web page at *www.fcc.gov/live.*

Authority: This meeting is held, in accordance with the Government in the Sunshine Act (Sunshine Act), Public Law 94–409, as amended (5 U.S.C. 552b).

Federal Communications Commission.

Marlene Dortch,

Secretary.

[FR Doc. 2026–19920 Filed 9–25–26; 4:15 pm]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060–1080; FR ID 369088]

Information Collection Being Reviewed by the Federal Communications Commission

AGENCY: Federal Communications Commission.

ACTION: Notice; request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, and as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or the Commission) invites the general public and other Federal agencies to take this opportunity to comment on the following information collection. Comments are requested concerning: whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; the accuracy of the Commission's burden estimate; ways to enhance the quality, utility, and clarity of the information collected; ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology; and ways to further reduce the information collection burden on small business concerns with fewer than 25 employees.

DATES: Written PRA comments should be submitted on or before November 30, 2026. If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: Direct all PRA comments to Nicole Ongele, FCC, via email *PRA@fcc.gov* and to *nicole.ongele@fcc.gov*.

FOR FURTHER INFORMATION CONTACT: For additional information about the information collection, contact Nicole Ongele, (202) 418–2991.

SUPPLEMENTARY INFORMATION:

OMB Control Number: 3060–1080.

Title: Collections for the Prevention or Elimination of Interference and for the Reconfiguration of the 800 MHz Band.

Form Number: N/A.

Type of Review: Extension of a currently approved collection.

Respondents: Business or other for-profit entities; and/or State, local or tribal governments.

Number of Respondents and Responses: 58 respondents; 2,870 responses.

Estimated Time per Response: 0.5–10 hours (4.5 hours average).

Frequency of Response: On occasion reporting requirement and third-party disclosure requirement.

Obligation to Respond: Required to obtain or retain benefits. Statutory authority for this information collection is contained in 47 U.S.C. 151, 154, 160, 251–254, 303, and 332.

Total Annual Burden: 9,012 hours.

Total Annual Cost: No Cost.

Needs and Uses: The Commission will submit this expiring information collection to the Office of Management Budget (OMB) after this 60-day comment period in order to obtain the full three year clearance from them. The information sought assists 800 MHz licensees in preventing or resolving interference. The Commission's overarching objective in this proceeding is to eliminate interference to public safety communications.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–19910 Filed 9–28–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060–1314; FR ID 369594]

Information Collection Being Submitted for Review and Approval to Office of Management and Budget

AGENCY: Federal Communications Commission.

ACTION: Notice; request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or the Commission) invites the general public and other Federal Agencies to take this opportunity to comment on the following information collection. Pursuant to the Small Business Paperwork Relief Act of 2002, the FCC seeks specific comment on how it can further reduce the information collection burden for small business concerns with fewer than 25 employees.

DATES: Written comments and recommendations for the proposed information collection should be submitted on or before October 29, 2026.

ADDRESSES: Comments should be sent to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function. Your comment must be submitted into *www.reginfo.gov* per the above instructions for it to be considered. In addition to submitting in *www.reginfo.gov* also send a copy of your comment on the proposed information collection to Nicole Ongele, FCC, via email to *PRA@fcc.gov* and to *Nicole.Ongele@fcc.gov.* Include in the comments the OMB control number as shown in the **SUPPLEMENTARY INFORMATION** below.

FOR FURTHER INFORMATION CONTACT: For additional information or copies of the information collection, contact Nicole Ongele at (202) 418–2991. To view a copy of this information collection request (ICR) submitted to OMB: (1) go to the web page *http://www.reginfo.gov/public/do/PRAMain,* (2) look for the section of the web page called ''Currently Under Review,'' (3) click on the downward-pointing arrow in the ''Select Agency'' box below the ''Currently Under Review'' heading, (4) select ''Federal Communications Commission'' from the list of agencies presented in the ''Select Agency'' box, (5) click the ''Submit'' button to the right of the ''Select Agency'' box, (6) when the list of FCC ICRs currently under review appears, look for the Title of this ICR and then click on the ICR Reference Number. A copy of the FCC submission to OMB will be displayed.

SUPPLEMENTARY INFORMATION: The Commission may not conduct or sponsor a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid OMB control number.

As part of its continuing effort to reduce paperwork burdens, as required by the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501–3520), the FCC invited the general public and other Federal Agencies to take this opportunity to comment on the following information collection. Comments are requested concerning: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology. Pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, see 44 U.S.C. 3506(c)(4), the FCC seeks specific comment on how it might "further reduce the information collection burden for small business concerns with fewer than 25 employees."

OMB Control Number: 3060–1314.

Title: Incarcerated People's Communications Services (IPCS) 2026 Mandatory Data Collection, WC Docket Nos. 23–62, 12–375, FCC 25–75.

Form Number(s): FCC Form 2303(a) and FCC Form 2303(b).

Type of Review: Revision of a currently approved collection.

Respondents: Business or other for-profit.

Number of Respondents and Responses: 30 respondents; 30 responses.

Estimated Time per Response: 165 hours.

Frequency of Response: One-time reporting requirement.

Obligation to Respond: Required to obtain or retain benefits. Statutory authority for this collection of information is contained in sections 1, 2, 4(i)–(j), 5(c), 201(b), 218, 220, 225, 255, 276, 403, and 716 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i)–(j), 155(c), 201(b), 218, 220, 225, 255, 276, 403, and 617, and the Martha Wright-Reed Act, Public Law 117–338, 136 Stat. 6156 (2022).

Total Annual Burden: 4,950 hours.

Total Annual Cost: No cost.

Needs and Uses: On November 6, 2025, the Commission released the *Incarcerated People's Communications Services; Implementation of the Martha Wright-Reed Act; Rates for Interstate Inmate Calling Services,* WC Docket Nos. 23–62, 12–375, Report and Order, Order on Reconsideration, Notice of Proposed Rulemaking and Order, FCC 25–75, 90 FR 56013 (Dec. 5, 2025) (Order) and 90 FR 56115 (Dec. 5, 2025) (Notice of Proposed Rulemaking or Notice), in which it established a regulatory framework that is faithful to the Martha Wright-Reed Just and Reasonable Communications Act of 2022, Public Law 117–338, 136 Stat. 6156 (the Martha Wright-Reed Act or Act) and is also consistent with the record that has developed since its enactment. The Order created a durable, predictable, and lawful framework that properly balances the Commission's implementation of the dual statutory mandates of the Martha Wright-Reed Act—just and reasonable rates for consumers and fair compensation for providers—and thereby ensures the continued availability of IPCS to incarcerated people and preserves correctional officials' ability to provide safe and secure access to IPCS.

To ensure that it has the data needed to meet its responsibilities under the Act, the Commission reaffirmed its prior delegation of authority to the Wireline Competition Bureau (WCB) and the Office of Economics and Analytics (OEA) to conduct an additional data collection to enable the Commission to set permanent rate caps for both audio and video IPCS. In the Order, the Commission reiterated its delegation of authority to WCB and OEA to "make any appropriate modifications to the structure of the collection and the template and instructions for the collection necessary to provide the Commission an objective basis to establish permanent IPCS rate caps."

Pursuant to their delegated authority, WCB and OEA drafted proposed instructions, a spreadsheet template, a word document template, and a certification form for the proposed 2026 Mandatory Data Collection, which collectively reduced significantly the burden of the data collection, available for download at *https://www.fcc.gov/sites/default/files/2026%20IPCS%20MDC%20proposed%20Instructions.docx.* IPCS providers would be required to submit the required data using a reporting template that would be filed through the Commission's Electronic Comment Filing System. The proposed template would consist of a Word document (Appendix A to the instructions) for responses requiring narrative information, and Excel spreadsheets (Appendix B to the instructions) for responses that require specific numbers or information. IPCS providers would also be required to submit an audited financial statement or report for calendar year 2025, and a signed certification of truthfulness, accuracy, and completeness (Appendix C to the instructions). The instructions, templates, and certification form would simplify compliance with, and reduce the burden of, this data collection. These proposed documents will be submitted to the Office of Management and Budget as FCC Form 2303(a) and FCC Form 2303(b).

On June 8, 2026, WCB and OEA released a Public Notice seeking comment on all aspects of the proposed instructions, templates, and certification form, available for download at *https://docs.fcc.gov/public/attachments/DA-26-567A1.pdf.* A summary of the June 8, 2026 Public Notice was published in the **Federal Register** on June 17, 2026 (91 FR 36552). On June 25, 2026, notice of a request for written PRA comments regarding the proposed instructions, templates, and certification form was published in the **Federal Register** (91 FR 38435). In response to the June 8, 2026 Public Notice, WCB and OEA received comments and reply comments from IPCS providers, public interest advocates, and other interested parties. WCB and OEA thoroughly considered these filings in adopting the requirements of the final 2026 Mandatory Data Collection. The 2026 Mandatory Data Collection Order was released on September 21, 2026. This document is available for download at *https://www.fcc.gov/document/2026-ipcs-mandatory-data-collection-order.*

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–19919 Filed 9–28–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL MARITIME COMMISSION

Notice of Agreement Filed

The Commission hereby gives notice of filing of the following agreement under the Shipping Act of 1984. Interested parties may submit comments, relevant information, or documents regarding the agreement to the Secretary by email at *Secretary@fmc.gov,* or by mail, Federal Maritime Commission, 800 North Capitol Street, Washington, DC 20573. Comments will be most helpful to the Commission if received within 12 days of the date this notice appears in the **Federal Register**, and the Commission requests that comments be submitted within 7 days on agreements that request expedited review. Copies of agreements are available through the Commission's website (*www.fmc.gov*) or by contacting the Office of General Counsel at (202) 523–5740 or *GeneralCounsel@fmc.gov.*

Agreement No.: 201477.

Agreement Name: CMA CGM/Marfret PAD Service Space Charter Agreement.

Parties: CMA CGM S.A.; and Compagnie Maritime Marfret.

Filing Party: Wayne Rohde, Cozen O'Connor.

Synopsis: The Agreement authorizes CMA CGM to charter space to Marfret in the trade between the U.S. East Coast, on the one hand, and Australia, New Zealand, the French Pacific Islands, Peru, Colombia, Jamaica, Belgium, the Netherlands, France, and Ireland, on the other hand. The parties have requested expedited review.

Proposed Effective Date: 11/5/2026.

Location: https://www2.fmc.gov/eAgreementsSP/Public/AgreementHistory/93698.

Dated: September 25, 2026.

Jennifer Everling,

Assistant Secretary.

[FR Doc. 2026–19902 Filed 9–28–26; 8:45 am]

BILLING CODE 6730–02–P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at *https://www.federalreserve.gov/foia/request.htm.* Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551–0001, not later than October 14, 2026.

A. Federal Reserve Bank of San Francisco (Keith Dudley, Vice President) 101 Market Street, San Francisco, California 94105–1579. Comments can also be sent electronically to *SF.Supervision.Comments.Applications@sf.frb.org:*

1. *The Honarkar Stock Trust, Mohammad Honarkar, as trustee, both of Laguna Beach, California;* to acquire voting shares of Nano Financial Holdings, Inc., and thereby indirectly acquire voting shares of Nano Banc, both of Irvine, California.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–19900 Filed 9–28–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[Document Identifiers: CMS–576/CMS–576A and CMS–1728–20]

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Centers for Medicare & Medicaid Services, Health and Human Services (HHS).

ACTION: Notice.

SUMMARY: The Centers for Medicare & Medicaid Services (CMS) is announcing an opportunity for the public to comment on CMS' intention to collect information from the public. Under the Paperwork Reduction Act of 1995 (PRA), federal agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information (including each proposed extension or reinstatement of an existing collection of information) and to allow 60 days for public comment on the proposed action. Interested persons are invited to send comments regarding our burden estimates or any other aspect of this collection of information, including the necessity and utility of the proposed information collection for the proper performance of the agency's functions, the accuracy of the estimated burden, ways to enhance the quality, utility, and clarity of the information to be collected, and the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

DATES: Comments must be received by November 30, 2026.

ADDRESSES: When commenting, please reference the document identifier or OMB control number. To be assured consideration, comments and recommendations must be submitted in any one of the following ways:

1. *Electronically.* You may send your comments electronically to *http://www.regulations.gov.* Follow the instructions for ''Comment or Submission'' or ''More Search Options'' to find the information collection document(s) that are accepting comments.

2. *By regular mail.* You may mail written comments to the following address: CMS, Office of Strategic Operations and Regulatory Affairs, Division of Regulations Development, Attention: Document Identifier: ______ OMB Control Number: ____, Room C4–26–05, 7500 Security Boulevard, Baltimore, Maryland 21244–1850.

To obtain copies of a supporting statement and any related forms for the proposed collection(s) summarized in this notice, please access the CMS PRA website by copying and pasting the following web address into your web browser: *https://www.cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing*

FOR FURTHER INFORMATION CONTACT: William N. Parham at (410) 786–4669.

SUPPLEMENTARY INFORMATION:

Contents

This notice sets out a summary of the use and burden associated with the following information collections. More detailed information can be found in each collection's supporting statement and associated materials (see **ADDRESSES**).

Under the 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. The term ''collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA requires federal agencies to publish a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension or reinstatement of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, CMS is publishing this notice.

Information Collections

1. *Type of Information Collection Request:* Reinstatement without change of a previously approved collection; *Title of Information Collection:* Organ Procurement Organization (OPO) Request for Designation as an OPO, Health Insurance Benefits Agreement, and Supporting Regulations; *Use:* We are requesting reinstatement without change of the OMB approval for the

CMS–576 and CMS–576A forms. A Centers for Medicare & Medicaid Services (CMS) approved (OPO) is an organization that is certified by CMS and responsible for facilitating the procurement, recovery, and distribution of human organs for transplantation. They must abide by CMS regulations and undergo regular inspections to ensure compliance with performance standards.

Organizations seeking initial designation from CMS as a qualified and approved OPO, as per §§ 371(a) and 1138 of the Social Security Act (''the Act'') must complete and submit the CMS–576 form, titled ''Organ Procurement Organization (OPO) Request for Designation as An OPO Under § 1138 Of the Social Security Act.'' After designation as an OPO, the organization must sign a ''Health Insurance Benefits Agreement'' (CMS–576A form) in order to be reimbursed by Medicare for their services.

The CMS–576A form requires OPOs to agree to comply with current CMS regulations. This includes an agreement to maintain compliance with the requirements of titles XVIII and XIX of the Act, § 1138 of the Act, applicable regulations including the conditions set forth in Part 486, subpart G, title 42 of the Code of Federal Regulations, those conditions of the Organ Procurement and Transplantation Network established under § 372 of the Public Health Service Act that have been approved by the Secretary, and to report promptly to CMS. *Form Number:* CMS–576 and 576A (OMB Control Number: 0938–0512); *Frequency:* Occasionally; *Affected Public:* Private Sector (Business or other for-profit and Not-for-profit institutions); *Number of Respondents:* 16; *Total Annual Responses:* 16; *Total Annual Hours:* 32. (For policy questions regarding this collection contact Caroline Gallaher at 410–786–8705.)

2. Type *of Information Collection Request:* Extension of currently approved; Title of Information Collection: Home Health Agency Cost Report; *Use:* The Form CMS–1728–20 cost report is used to determine a provider's reasonable cost incurred in furnishing medical services to Medicare beneficiaries and reimbursement due to or from a provider. The Form CMS–1728–20 cost report is also used for annual rate setting and payment refinement activities, including developing a home health market basket. Additionally, the Medicare Payment Advisory Commission (MedPAC) uses the home health cost report data to calculate Medicare margins, to formulate recommendations to Congress regarding the HHA PPS, and to conduct additional analysis of the HHA PPS.

The primary function of the cost report is to implement the principles of cost reimbursement which require that HHAs maintain sufficient financial records and statistical data for proper determination of costs payable under the program. The S series of worksheets collects the provider's location, CBSA, date of certification, operations, and unduplicated census days. The A series of worksheets collects the provider's trial balance of expenses for overhead costs, direct patient care services by level of care, and non-revenue generating cost centers. The B series of worksheets allocates the overhead costs to the revenue and non-revenue generating cost centers using functional statistical bases. The C series of worksheets computes the average cost per visit for HHA services. The D series of worksheets are Medicare specific and are used to determine reimbursement due to the provider or program. The F series of worksheets collect data from a provider's balance sheet and income statement. *Form Number:* CMS–1728–20 (OMB control number: 0938–0022); *Frequency:* Yearly; Affected Public: Private Sector—Business or other for-profits, Not-for-profit institutions; Number of Respondents: 12,240; Total Annual Responses: 12,240; Total Annual Hours: 2,421,900. (For policy questions regarding this collection contact LuAnn Piccione at (410) 786–5423.)

William N. Parham, III,

Director, Division of Information Collections and Regulatory Impacts, Office of Strategic Operations and Regulatory Affairs.

[FR Doc. 2026–19913 Filed 9–28–26; 8:45 am]

BILLING CODE 4169–69–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2025–P–0394]

Determination That SULFADIAZINE (Sulfadiazine) Tablet, 500 Milligrams, Was Not Withdrawn From Sale for Reasons of Safety or Effectiveness

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA or Agency) has determined that SULFADIAZINE (sulfadiazine) tablet, 500 milligrams (mg), was not withdrawn from sale for reasons of safety or effectiveness. This determination will allow FDA to approve abbreviated new drug applications (ANDAs) for SULFADIAZINE (sulfadiazine) tablet, 500 mg, if all other legal and regulatory requirements are met.

FOR FURTHER INFORMATION CONTACT: Madeleine Giaquinto, Center for Drug Evaluation and Research, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 51, Rm. 6219, Silver Spring, MD 20993–0002, 240–863–8976, *Madeleine.Giaquinto@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION: Section 505(j) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 355(j)) allows the submission of an ANDA to market a generic version of a previously approved drug product. To obtain approval, the ANDA applicant must show, among other things, that the generic drug product: (1) has the same active ingredient(s), dosage form, route of administration, strength, conditions of use, and (with certain exceptions) labeling as the listed drug, which is a version of the drug that was previously approved, and (2) is bioequivalent to the listed drug. ANDA applicants do not have to repeat the extensive clinical testing otherwise necessary to gain approval of a new drug application (NDA).

Section 505(j)(7) of the FD&C Act requires FDA to publish a list of all approved drugs. FDA publishes this list as part of the ''Approved Drug Products With Therapeutic Equivalence Evaluations,'' which is known generally as the ''Orange Book.'' Under FDA regulations, drugs are removed from the list if the Agency withdraws or suspends approval of the drug's NDA or ANDA for reasons of safety or effectiveness or if FDA determines that the listed drug was withdrawn from sale for reasons of safety or effectiveness (21 CFR 314.162).

A person may petition the Agency to determine, or the Agency may determine on its own initiative, whether a listed drug was withdrawn from sale for reasons of safety or effectiveness. This determination may be made at any time after the drug has been withdrawn from sale but must be made prior to approving an ANDA that refers to the listed drug (§ 314.161 (21 CFR 314.161)). FDA may not approve an ANDA that does not refer to a listed drug.

SULFADIAZINE (sulfadiazine) tablet, 500 mg, is the subject of NDA 004122, held by Eli Lilly and Co., and initially approved on August 26, 1941. SULFADIAZINE is indicated for the treatment of infections as specified in its labeling.

In a letter dated May 16, 1996, Lilly Research Laboratories notified FDA that SULFADIAZINE (sulfadiazine) tablet, 500 mg, was being discontinued, and FDA moved the drug product to the ''Discontinued Drug Product List'' section of the Orange Book.

Rising Pharma Holdings, Inc. submitted a citizen petition dated February 4, 2025 (Docket No. FDA–2025–P–0394), under 21 CFR 10.30, requesting that the Agency determine whether SULFADIAZINE (sulfadiazine) tablet, 500 mg, was withdrawn from sale for reasons of safety or effectiveness.

After considering the citizen petition and reviewing Agency records and based on the information we have at this time, FDA has determined under § 314.161 that SULFADIAZINE (sulfadiazine) tablet, 500 mg, was not withdrawn for reasons of safety or effectiveness. The petitioner has identified no data or other information suggesting that this drug product was withdrawn for reasons of safety or effectiveness. We have carefully reviewed our files for records concerning the withdrawal of SULFADIAZINE (sulfadiazine) tablet, 500 mg, from sale. We have also independently evaluated relevant literature and data for possible postmarketing adverse events. We have reviewed the available evidence and determined that this drug product was not withdrawn from sale for reasons of safety or effectiveness.

Accordingly, the Agency will continue to list SULFADIAZINE (sulfadiazine) tablet, 500 mg, in the ''Discontinued Drug Product List'' section of the Orange Book. The ''Discontinued Drug Product List'' delineates, among other items, drug products that have been discontinued from marketing for reasons other than safety or effectiveness. ANDAs that refer to this drug product may be approved by the Agency as long as they meet all other legal and regulatory requirements for the approval of ANDAs. If FDA determines that labeling for this drug product should be revised to meet current standards, the Agency will advise ANDA applicants to submit such labeling.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–19921 Filed 9–28–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–10505]

FHTA LLC; Withdrawal of Approval of New Drug Application for MYSOLINE (Primidone) Suspension, 250 Milligrams/5 Milliliters

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA or Agency) is withdrawing approval of new drug application (NDA) 010401 for MYSOLINE (primidone) suspension, 250 milligrams (mg)/5 milliliters (mL), held by FHTA LLC (FHTA). FHTA agreed to withdrawal of approval of this application and has waived its opportunity for a hearing.

DATES: Approval is withdrawn as of September 29, 2026.

FOR FURTHER INFORMATION CONTACT: Aaron Young, Center for Drug Evaluation and Research, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 51, Rm. 6220, Silver Spring, MD 20993–0002, 301–796–8083, *aaron.young@fda.hhs.gov*.

SUPPLEMENTARY INFORMATION: FDA initially approved NDA 010401 for MYSOLINE (primidone) suspension, 250 mg/5 mL, on July 5, 1956. In 2001, MYSOLINE (primidone) suspension, 250 mg/5 mL, was discontinued after antimicrobial effectiveness testing raised concerns about potential microbial contamination, in particular with Pseudomonas aeruginosa. In the **Federal Register** of January 2, 2026 (91 FR 148), FDA determined that MYSOLINE (primidone) suspension, 250 mg/5 mL, was withdrawn from sale for reasons of safety or effectiveness. FDA noted that, as a scientific matter, before MYSOLINE (primidone) suspension, 250 mg/5 mL, could be considered for reintroduction to the market, a reformulation would be required including establishment of preservative content acceptance criteria and correlation with passing antimicrobial effectiveness testing results. FDA stated that the NDA holder for MYSOLINE (primidone) suspension, 250 mg/5 mL, would have to demonstrate the safety and effectiveness of the reformulated product. FDA further stated that, at that time, no new formulation had been approved for MYSOLINE (primidone) suspension, 250 mg/5 mL.

On June 12, 2026, FDA asked FHTA whether it intended to reformulate MYSOLINE (primidone) suspension, 250 mg/5 mL, to establish preservative content acceptance criteria and correlation with passing antimicrobial effectiveness testing results, or whether FHTA would agree to waive the opportunity for hearing and permit FDA to withdraw approval of NDA 010401 under 21 CFR 314.150(d) (§ 314.150(d)). FDA referred to its determination that MYSOLINE (primidone) suspension, 250 mg/5 mL, was withdrawn from sale for reasons of safety or effectiveness in connection with concerns regarding potential microbial contamination, in particular with Pseudomonas aeruginosa. On June 22, 2026, FHTA responded that it was not seeking a hearing and agreed to withdrawal of NDA 010401 pursuant to § 314.150(d).

For the reasons discussed above, which FHTA does not dispute in its response, and in accordance with FHTA's response, approval of NDA 010401 for MYSOLINE (primidone) suspension, 250 mg/5 mL, and all amendments and supplements thereto, is withdrawn under § 314.150(d). Distribution of MYSOLINE (primidone) suspension, 250 mg/5 mL, into interstate commerce without an approved application is illegal and subject to regulatory action (see sections 505(a) and 301(d) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(a) and 331(d)).

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–19912 Filed 9–28–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–2743]

Agency Information Collection Activities; Submission for Office of Management and Budget Review; Comment Request; Submission of Petitions: Food Additive, Color Additive (Including Labeling), Submission of Information to a Master File in Support of Petitions; and Electronic Submission Using Food and Drug Administration Form 3503

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing that a proposed collection of information has been submitted to the

Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995.

DATES: Submit written comments (including recommendations) on the collection of information by October 29, 2026.

ADDRESSES: To ensure that comments on the information collection are received, OMB recommends that written comments be submitted to *https://www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function. The OMB control number for this information collection is 0910–0016. Also include the FDA docket number found in brackets in the heading of this document.

FOR FURTHER INFORMATION CONTACT: Michael Ellison, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 240–402–2093, *PRAStaff@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, FDA has submitted the following proposed collection of information to OMB for review and clearance.

Submission of Petitions

Food Additive, Color Additive (Including Labeling), Submission of Information to a Master File in Support of Petitions; and Electronic Submission Using Form FDA 3503—21 CFR 21 CFR 70.25, 71.1, and 171.1 and 21 CFR parts 172, 173, 179, and 180

OMB Control Number 0910–0016—Extension

Section 409(a) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 348(a)) provides that a food additive shall be deemed to be unsafe, unless: (1) the additive and its use, or intended use, are in conformity with a regulation issued under section 409 that describes the condition(s) under which the additive may be safely used; (2) the additive and its use, or intended use, conform to the terms of an exemption for investigational use; or (3) a food contact notification submitted under section 409(h) is effective. Food additive petitions (FAPs) are submitted by individuals or companies to obtain approval of a new food additive or to amend the conditions of use permitted under an existing food additive regulation. Section 171.1 of FDA's regulations (21 CFR 171.1) specifies the information that a petitioner must submit in order to establish that the proposed use of a food additive is safe and to secure the publication of a food additive regulation describing the conditions under which the additive may be safely used. Parts 172, 173, 179, and 180 (21 CFR parts 172, 173, 179, and 180) contain labeling requirements for certain food additives to ensure their safe use.

Section 721(a) of the FD&C Act (21 U.S.C. 379e(a)) provides that a color additive shall be deemed to be unsafe unless the additive and its use are in conformity with a regulation that describes the condition(s) under which the additive may safely be used, or the additive and its use conform to the terms of an exemption for investigational use issued under section 721(f). Color additive petitions (CAPs) are submitted by individuals or companies to obtain approval of a new color additive or a change in the conditions of use permitted for a color additive that is already approved. Section 71.1 of the Agency's regulations (21 CFR 71.1) specifies the information that a petitioner must submit to establish the safety of a color additive and to secure the issuance of a regulation permitting its use. FDA's color additive labeling requirements in § 70.25 (21 CFR 70.25) require that color additives that are to be used in food, drugs, cosmetics, or medical devices be labeled with sufficient information to ensure their safe use.

FDA scientific personnel review FAPs to ensure the safety of the intended use of the additive in or on food, or that may be present in food as a result of its use in articles that contact food. Likewise, FDA personnel review CAPs to ensure the safety of the color additive prior to its use in food, drugs, cosmetics, or medical devices.

Respondents may transmit FAP or CAP regulatory submissions in electronic format or paper format to the Human Foods Program (HFP) using Form FDA 3503. Form FDA 3503 helps the respondent organize their submission to focus on the information needed for FDA's safety review. Form FDA 3503 can also be used to organize information within a master file submitted in support of petitions according to the items listed on the form. Master files can be used as repositories for information that can be referenced in multiple submissions to the Agency, thus minimizing paperwork burden for food and color additive approvals.

We improved the information collection by using the HFP Centralized Online Submission Module (COSM). COSM provides a real-time user interface process that assists respondents in preparing and making submissions to HFP. COSM, available 24 hours a day and 7 days a week, is a web-based tool that supports electronic submissions, thereby eliminating the need for printing and mailing of paper submissions. Further information about COSM, including user instruction, is available on the internet at: *https://www.fda.gov/food/registration-food-facilities-and-other-submissions/centralized-online-submission-module-cosm.*

Description of Respondents: Respondents are businesses engaged in the manufacture or sale of food, food ingredients, color additives, or substances used in materials that come into contact with food.

In the **Federal Register** of April 10, 2026 (91 FR 18466), FDA published a 60-day notice requesting public comment on the proposed collection of information. One comment was received but was not PRA-related and will not be addressed here.

We estimate the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN [1]

Activity/21 CFR section; or Form No.	Numbers of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours	Total operating and mainte-nance costs
Submission of Petitions: Color Additive Including Labeling—70.25, 71.1	4	1	4	1,337	5,348	$11,200
Submission of Petitions: Food Additive Including Labeling—171.1	3	1	3	7,093	21,279	0
Form FDA 3503[2]	5	1	5	1	5	0

TABLE 1.—ESTIMATED ANNUAL REPORTING BURDEN [1]—Continued

Activity/21 CFR section; or Form No.	Numbers of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours	Total operating and maintenance costs
Total	....	....	....	....	26,632	$11,200

[1] There are no capital costs associated with this collection of information.
[2] Form FDA 3503 is used for both CAPs and FAPs.

Based on a review of the information collection since our last request for OMB approval, we have adjusted our burden estimate for CAPs since the average number submitted has increased over the last 10 years. Due to the increase of submissions, we estimate that 4 CAPs will be submitted annually. Thus, the estimated burden for the information collection reflects an overall increase of 2,674 hours. Our estimate of burden attributable to FAPs or CAPs is based on our experience with the information collection, which FAPs has not changed since our last review and reflects the average number of petitions we have received annually over a period of 10 years. The attendant burden we estimate also reflects an industry average, although burden associated with individual petitions may vary depending on the complexity of the petition, and the amount and type of data needed for scientific analysis.

CAPs are subject to fees. The listing fee for a CAP ranges from $1,600 to $3,000, depending on the intended use of the color additive and the scope of the requested amendment. A complete schedule of fees is set forth in 21 CFR 70.19. An average of two Category A and two Category B CAPs are expected per year. The maximum CAP fee for a Category A petition is $2,600, and the maximum CAP fee for a Category B petition is $3,000. Because an average of four CAPs are expected per calendar year, the estimated total annual operating and maintenance cost burden to petitioners for this startup cost would be less than or equal to $11,200 ((2 × $2,600) + (2 × $3,000) listing fees). There are no capital costs associated with CAPs.

The labeling requirements for food and color additives were designed to specify the minimum information needed for labeling so that food and color manufacturers may comply with all applicable provisions of the FD&C Act and other specific labeling acts administered by FDA. Label information does not require any additional information gathering beyond what is already required to assure conformance with all specifications and limitations in any given food or color additive regulation. Label information does not have any specific recordkeeping requirements unique to preparing the label. Therefore, because labeling requirements under § 70.25 for a particular color additive involve information required as part of the CAP safety review process, the estimate for number of respondents is the same for §§ 70.25 and 71.1, and the burden hours for labeling are included in the estimate for § 71.1. Also, because labeling requirements under parts 172, 173, 179, and 180 for particular food additives involve information required as part of the FAP safety review process under § 171.1, the burden hours for labeling are included in the estimate for § 171.1.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–19850 Filed 9–28–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–10132]

Agency Information Collection Activities; Proposed Collection; Comment Request; Protection of Human Subjects and Institutional Review Boards

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA, Agency, or we) is announcing an opportunity for public comment on the proposed collection of certain information by the Agency. Under the Paperwork Reduction Act of 1995 (PRA), Federal Agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, and to allow 60 days for public comment in response to the notice. This notice solicits comments on information collection requirements for the tracking of medical devices.

DATES: Either electronic or written comments on the collection of information must be submitted by November 30, 2026.

ADDRESSES: You may submit comments as follows. Please note that late, untimely filed comments will not be considered. The *https://www.regulations.gov* electronic filing system will accept comments until 11:59 p.m. Eastern Time at the end of November 30, 2026. Comments received by mail/hand delivery/courier (for written/paper submissions) will be considered timely if they are received on or before that date.

Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to *https://www.regulations.gov* will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on *https://www.regulations.gov.*
- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see "Written/Paper Submissions" and "Instructions").

Written/Paper Submissions

Submit written/paper submissions as follows:

- *Mail/Hand Delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

• For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in ''Instructions.''

Instructions: All submissions received must include the Docket No. FDA–2026–N–10132 for ''Agency Information Collection Activities; Proposed Collection; Comment Request; Protection of Human Subjects and Institutional Review Boards.'' Received comments, those filed in a timely manner (see **ADDRESSES**), will be placed in the docket and, except for those submitted as ''Confidential Submissions,'' publicly viewable at *https://www.regulations.gov* or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

• Confidential Submissions—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states ''THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.'' The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on *https://www.regulations.gov.* Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as ''confidential.'' Any information marked as ''confidential'' will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA's posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: *https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf.*

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to *https://www.regulations.gov* and insert the docket number, found in brackets in the heading of this document, into the ''Search'' box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

FOR FURTHER INFORMATION CONTACT: Domini Bean, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 301–796–5733, *PRAStaff@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501–3521), Federal Agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. ''Collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes Agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3506(c)(2)(A)) requires Federal Agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, FDA is publishing notice of the proposed collection of information set forth in this document.

With respect to the following collection of information, FDA invites comments on these topics: (1) whether the proposed collection of information is necessary for the proper performance of FDA's functions, including whether the information will have practical utility; (2) the accuracy of FDA's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques, when appropriate, and other forms of information technology.

Protection of Human Subjects; Informed Consent; and Institutional Review Boards—21 CFR Parts 50 and 56

OMB Control Number 0910–0130—Extension

This information collection supports Agency regulations pertaining to the protection of human subjects, informed consent, and responsibilities of institutional review boards (IRBs) as set forth in parts 50 and 56 (21 CFR parts 50 and 56). Parts 50 and 56 apply to all clinical investigations regulated by FDA under sections 505(i) and 520(g) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(i) and 360j(g), respectively), as well as clinical investigations that support applications for research or marketing permits for products regulated by FDA. The regulations in parts 50 and 56 are intended to protect the rights and safety of subjects involved in such investigations. The regulations also contain the standards for composition, operation, and responsibilities of IRBs that review clinical investigations regulated by FDA.

21 CFR Part 50—Protection of Human Subjects

Provisions in part 50 provide for the protection of human subjects involved in FDA-regulated clinical investigations. With few exceptions, no investigator may involve a human being as a subject in FDA-regulated research unless the investigator has obtained the legally effective informed consent of the subject or the subject's legally authorized representative. Basic elements of informed consent are set forth in § 50.25 (21 CFR 50.25) and include, among other things: (1) a statement of the purpose and duration of a subject's participation in the research; (2) a description of the procedures to be followed; (3) identification of any experimental procedures; (4) a description of risks, benefits, and appropriate alternative procedures or treatments; (5) a description of extent to which confidentiality of records identifying the subject will be maintained; (6) certain contact information; and (7) a statement that participation is voluntary and may be discontinued at any time. Additional elements set forth in § 50.25 are required in the informed consent as appropriate. Exceptions to these requirements are governed by 21 CFR 50.23, which requires both investigator and physician to certify in writing that necessary elements for exception from general requirements have been satisfied; and § 50.24 (21 CFR 50.24), which covers exception from informed consent requirements for emergency research. In accordance with § 50.27 (21 CFR 50.27) informed consent must be documented, except as provided in § 56.109(c) (21 CFR 56.109(c)), which provides for an IRB to waive documentation of informed consent in certain circumstances.

Informed consent must be documented using a written consent form approved by the IRB and signed and dated by the subject or the subject's legally authorized representative at the time of consent. For each clinical investigation reviewed by an IRB, we believe there will typically be one associated written consent form developed by an investigator. In some cases, investigators will seek IRB approval of changes in the research and/or consent form after initial IRB approval. For some multi-institutional clinical investigations, the IRB of each institution involved may separately conduct initial and continuing review of the research, including review of the written consent form to determine whether it is in accordance with § 50.25. However, in cases where a multi-institutional clinical investigation uses a single IRB review process, there may only be one IRB conducting such reviews. Additional safeguards are required for children, as prescribed in subpart D (21 CFR 50.50 through 50.56) of the regulations.

21 CFR Part 56—Institutional Review Boards

The general standards for the composition, operation, and responsibilities of an IRB are set forth in part 56. IRBs serve in an oversight capacity by reviewing, among other things, informed consent documents and protocols for FDA-regulated studies, to make findings required to approve research, and document IRB actions. Part 56 also regulates the administrative activities of IRBs reviewing FDA-regulated research including, among other things, identification of types of IRB records that must be prepared and maintained. Required recordkeeping includes documentation pertaining to written procedures, proposals reviewed, committee membership, meeting minutes, actions taken by the IRB, correspondence, as well as other functional and operational aspects of the IRB. Finally, the regulations describe administrative actions for noncompliance, including both disqualification of IRBs or IRB parent institutions, as well as reinstatement and alternative and additional actions.

The information collection also includes burden that may be attributable to requesting certain *Certificates of Confidentiality* (CoC). The 21st Century Cures Act (Cures Act) (Pub. L. 114–255, section 2012) amended the Public Health Service Act, section 301(d) (42 U.S.C. 241(d)), to help protect the privacy of human subject research participants from whom identifiable, sensitive information is being collected or used in furtherance of the research. The guidance document entitled, ''*Certificates of Confidentiality; Guidance for Sponsors, Sponsor-Investigators, Researchers, Industry, and Food and Drug Administration Staff*'' (November 2020), identifies agency contacts and provides instruction on how to request a discretionary CoC; explains the statutory requirements for requesting such a CoC; and communicates the statutory responsibilities associated with possessing a CoC. The Cures Act simplified certain aspects of the issuance of CoCs by requiring that CoCs be issued for federally-funded human subject research that collects or uses identifiable, sensitive information (referred to in this guidance as mandatory CoCs). For non-federally funded research, issuance of CoCs is not required but may be issued at the discretion of FDA (referred to as *discretionary* CoCs). The guidance was developed and issued consistent with our Good Guidance Practice regulations at 10.115 which provide for public comment at any time. The guidance is available for download from our website at *https://www.fda.gov/media/132966/download.*

Description of Respondents: Respondents to the information collection are IRBs that review and approve clinical investigations regulated by FDA and clinical investigators of such research who obtain informed consent of human subjects prior to research participation.

We are retaining the currently approved burden estimates for the collections of information, which are as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN [1]

21 CFR section	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
56.113; suspension or termination of research	2,520	1	2,520	0.5 (30 minutes)	1,260
56.120(a); IRB response to lesser administration actions for noncompliance.	7	1	7	10	70
56.123; reinstatement of an IRB or an institution	1	1	1	5	5
Requests for discretionary certificates of confidentiality.	28	1	28	1	28
Total			2,556		1,363

There are no capital costs or operating and maintenance costs associated with this collection of information.

Based on available data, there are approximately 2,520 IRBs overseeing FDA-regulated clinical research. We have organized the table summarizing estimated annual reporting burden to list only one requirement per row recognizing that some provisions may also include recordkeeping or third-party disclosure tasks. We believe we have accounted for all burden cumulatively across the information collection activity tables and invite comments on our estimates.

TABLE 2—ESTIMATED ANNUAL RECORDKEEPING BURDEN [1]

21 CFR section	Number of recordkeepers	Number of records per recordkeeper	Total annual records	Average burden per recordkeeping	Total hours
50.24; exceptions from informed consent for emergency research.	8	3	24	1	24
50.27; documentation of informed consent	2,520	40	100,800	0.5 (30 minutes)	50,400

TABLE 2—ESTIMATED ANNUAL RECORDKEEPING BURDEN [1]—Continued

21 CFR section	Number of recordkeepers	Number of records per recordkeeper	Total annual records	Average burden per recordkeeping	Total hours
56.115; IRB records (documentation of IRB activities), including waiver request reviews..	2,520	14.6	36,792	40	1,471,680
Total					1,522,104

There are no capital costs or operating and maintenance costs associated with this collection of information.

We characterize activities associated with §§ 50.24 and 50.27 as recordkeeping burden. We assume each of the 2,520 IRBs meets an average of 14.6 times annually and assume 40 hours of person-time per meeting are required to meet the IRB recordkeeping requirements of § 56.115. We also assume most recordkeeping is completed electronically.

TABLE 3—ESTIMATED ANNUAL THIRD-PARTY DISCLOSURE BURDEN [1]

21 CFR section	Number of respondents	Number of disclosures per respondent	Total annual disclosures	Average burden per disclosure	Total hours
50.25; elements of informed consent	2,520	40	100,800	0.5 (30 minutes)	50,400
56.109(d); written statement about minimal risk research when documentation of informed consent is waived.	2,520	2	5,040	0.5 (30 minutes)	2,520
56.109(e); written notification to approve or disapprove research.	2,520	40	100,800	0.5 (30 minutes)	50,400
56.109(g); IRB written statement about public disclosures to sponsor of emergency research under § 50.24.	8	2	16	1	16
Total					103,336

There are no capital costs or operating and maintenance costs associated with this collection of information.

We characterize activities associated with §§ 50.25 and 56.109(d) and (e) as disclosure burden. We estimate that eight IRBs per year will receive a request to review emergency research under § 50.24, thus requiring written notification under § 56.109(g) from the IRB to the sponsor. We estimate that it will take an IRB approximately 1 hour to prepare each written statement for a total of 2 hours per study. The total annual third-party disclosure burden for IRBs to fulfill this requirement is estimated at 16 hours.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–19849 Filed 9–28–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Agency Information Collection Activities: Submission to OMB for Review and Approval; Public Comment Request; National Marrow Donor Program Patient Support Center Survey

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, HRSA submitted an Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and approval. Comments submitted during the first public review of this ICR will be provided to OMB. OMB will accept further comments from the public during the review and approval period. OMB may act on HRSA's ICR only after the 30-day comment period for this Notice has closed.

DATES: Comments on this ICR should be received no later than October 29, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: To request a copy of the clearance requests submitted to OMB for review, email Samantha Miller, the HRSA Information Collection Clearance Officer, at *paperwork@hrsa.gov* or call (301) 443–9094.

SUPPLEMENTARY INFORMATION:

Information Collection Request Title: National Marrow Donor Program Patient Support Center Survey, OMB No. 0906–0004—Revision.

Abstract: The C.W. Bill Young Cell Transplantation Program (CWBYCTP) was established by the Stem Cell Therapeutic and Research Act of 2005 (Public Law [Pub. L.] 109–129) and was reauthorized in 2010 (Pub. L. 111–264), 2015 (Pub. L. 114–104), and again in 2021 (Pub. L. 117–15). The CWBYCTP's

Office of Patient Advocacy (OPA) is operated by the National Marrow Donor Program, d.b.a. NMDP℠. Through the OPA, NMDP℠ provides navigation services, educational resources, and support to people in need of or who have received an allogeneic hematopoietic cell transplant (HCT). As the contractor for the OPA, NMDP℠ is required to conduct surveys to evaluate patient satisfaction with the services provided. Accordingly, NMDP℠ will solicit feedback from HCT patients, caregivers, and family members who have contacted the NMDP℠ Patient Support Center (PSC). The survey is administered through a web-based system. In addition to questions that measure satisfaction, the survey also includes demographic questions to assess the representativeness of the findings.

A 60-day Notice was published in the **Federal Register** on July 1, 2026, vol. 91, No. 125, pp. 40004–40005. There were two public comments. The first commenter suggested that, for surveys administered repeatedly over time, previously submitted information be pre-populated to reduce respondent burden and improve the user experience. HRSA reviewed the comment and did not adopt this change, because this survey is not designed to collect longitudinal data. Although pre-populated information may reduce burden in some post-transplant follow-up contexts, this survey is specific to respondents who contact the NMDP℠ PSC immediately before and after transplant, generally within a 12-month period. Respondents generally receive the survey only once within that 12-month period after the first interaction. A subsequent survey is sent only if they have another contact with the NMDP℠ PSC after a 12-month period. Pre-populating the survey with prior responses would not be relevant to a subsequent survey because each survey measures satisfaction with a specific interaction. The second commenter recommended administering the survey in alternate formats (such as Short Message Service) and also suggested that survey response data should be presented in a way that clearly delineates the proportion of individuals served by the NMDP℠ PSC who received the survey, those that did not receive the survey because no email address was provided, those that responded to the survey, and those that received the survey but did not respond. HRSA reviewed this comment and determined that suggestions related to the presentation and interpretation of survey data are consistent with existing analysis and evaluation methodologies for this survey including delineation of surveyed and non-surveyed groups within the total population. HRSA also determined that the use of Short Message Service or other technologies for survey administration must be reviewed further for cost and implementation considerations. HRSA will complete this review and implement changes, if appropriate, by December 31, 2028. Therefore, no changes were made to the information collection in response to the two comments received.

Need and Proposed Use of the Information: HCT is a complex medical procedure that requires significant support before, during, and after the procedure. Many patients experience barriers that impede access to HCT. Barriers to HCT-related care and educational information are multifactorial. The NMDP℠ PSC offers programs and services to support patients, caregivers, and family members throughout their HCT journey. Feedback from recipients of NMDP℠ services is essential to understand the changing needs for services and information, as well as to assess the effectiveness of existing services. The primary use of information gathered through the survey is to assess the helpfulness of participants' initial contact with PSC patient navigators and to identify areas for improvement in service delivery. Patient navigators are nurses or oncology certified navigators, who respond to requests for information and support. Program managers and NMDP℠ leadership use this evaluation data to understand patient experiences and inform program and resource allocation decisions.

Web-based surveys will be administered to all participants (patients, caregivers, and family members) who have contact with the PSC. All participants for whom an email address is known will be invited to complete the survey online. Survey respondents will be notified via email invitation and in the survey instructions that participation is voluntary and that responses will be kept confidential. A follow-up invitation will be sent to non-respondents within 2 weeks.

The survey will include these items to measure: (1) their experience; (2) if the contact helped the participant feel more confident in coping with treatment; (3) if the contact helped the participant feel more hopeful; (4) if the contact helped the participant feel less alone; (5) increased awareness of available resources; (6) if the contact helped the participant feel more informed about treatment options; (7) if their questions were answered; and (8) types of challenges faced by participant. The survey data will be analyzed quarterly and annually, and results will be shared with program managers. Feedback indicating a need for improvement will be reviewed by program managers semiannually and implementation of resulting program changes or additions will be documented.

HRSA is revising some of the survey questions and phrasing to improve clarity, without changing the intent of the question. One response option has been added to the question about the respondent's education level. There are no changes to the instructions, frequency of collection, or use of the information.

Likely Respondents: Respondents will include patients, caregivers, and family members who have contact with the PSC via phone or email for HCT navigation services and support (advocacy). The decision to survey all participants was made based on the historically low response rate to this survey due to patients' frequent transitions in health status as well as transfers between home and the hospital for initial treatment and care for complications. Participants will receive the survey once in a 1-year cycle. If a participant contacts the PSC 1 or more years after the initial contact, the participants will receive a second survey. This is because participants' needs may change over time.

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.

The total respondent burden for the customer satisfaction survey is estimated to be 75 hours. HRSA expects a total of 1,000 respondents to complete the NMDP℠ PSC Survey with an estimated 4.5 minutes to complete each survey.

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
National Marrow Donor Program Patient Support Center Survey	1,000	1	1,000	0.075	75
Total	1,000	1	1,000	0.075	75

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 burden of the information collection.

Maria G. Button,

Director, Executive Secretariat.

[FR Doc. 2026–19883 Filed 9–28–26; 8:45 am]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Modification of Living Organ Donation Reimbursement Program Eligibility Guidelines in Response To Honor Our Living Donors Act

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services (HHS).

ACTION: Notice of final Living Organ Donation Reimbursement Program guidelines.

SUMMARY: On July 1, 2026, HRSA published a notice in the **Federal Register** to solicit comments on proposed modifications to the Living Organ Donation Reimbursement Program (LODRP or Program) eligibility guidelines in response to the Honor Our Living Donors (HOLD) Act. The HOLD Act, enacted in February 2026, prohibits consideration of an organ recipient's household income in determining a living organ donor's eligibility for reimbursement. This notice responds to the comments received and finalizes the Program Eligibility Guidelines.

FOR FURTHER INFORMATION CONTACT: Allison Hutchings, Division of Transplantation, Health Systems Bureau, Health Resources and Services Administration, 5600 Fishers Lane, Rockville, MD 20857; 240–290–2179 or *livingdonorsupport@hrsa.gov.*

SUPPLEMENTARY INFORMATION:

I. Overview of the Living Organ Donation Reimbursement Program (LODRP)

Under section 377 of the PHS Act, as amended,[1] Congress gives the Secretary of Health and Human Services specific authority to reimburse eligible living donors and donor candidates for qualifying expenses incurred toward living organ donation, with a preference for individuals who the Secretary determines are more likely to be otherwise unable to meet such expenses. Since 2007, HRSA's LODRP has fulfilled this function, reimbursing eligible living organ donor candidates and donors for qualifying non-medical expenses, including travel, meals, lost wages, and child and elder care. Eligible donors may receive reimbursement of up to $6,000 per organ donated for qualifying travel, lost wage, child-care, and elder-care expenses associated with donor evaluation, the donation surgery, and follow-up care occurring within two years of the procedure, or beyond that period in exceptional circumstances. Since the program's inception, LODRP (currently operated by Mayo Clinic Arizona and the National Living Donor Assistance Center, also known as NLDAC, via a cooperative agreement) has received more than 21,000 applications, approving nearly 89 percent of them. During this timeframe, LODRP facilitated over 12,000 living organ donations.

II. Summary of Comments Received

On July 1, 2026, HRSA published a notice[2] in the **Federal Register** requesting comments on proposed modifications to the LODRP eligibility guidelines to implement the HOLD Act, which prohibits consideration of an organ recipient's household income in determining a living organ donor's eligibility for reimbursement.[3]

The proposed guidelines established a donor-centered eligibility framework consisting of a first priority category for donors with household incomes (HHI) at or below 350 percent of the HHS Poverty Guidelines, a second priority category for donors with HHIs above 350 but no more than 500 percent of the HHS Poverty Guidelines (which would open mid-project period, subject to available funding), and a capped financial hardship waiver for donors with HHIs above 500 but no more than 750 percent of the HHS Poverty Guidelines.

2026 ANNUAL HOUSEHOLD INCOME THRESHOLDS[4]

Household size	48 Contiguous states and Washington, DC	Alaska	Hawaii
500% HHS Poverty Guidelines			
1	$79,800	$99,750	$91,800
2	108,200	135,250	124,450

[1] 42 U.S.C. 274f.

[2] HHS, HRSA. "Modification of Living Organ Donation Reimbursement Program Eligibility Guidelines in Response to Honor Our Living Donors Act." **Federal Register**, vol. 91, no. 125, 1 July 2026, pp. 40005–40009, FR Doc. No. 2026–13250, *www.federalregister.gov/documents/2026/07/01/2026-13250/modification-of-living-organ-donation-reimbursement-program-eligibility-guidelines-in-response-to.*

[3] United States Congress, House. *Consolidated Appropriations Act, 2026.* H.R. 7148, 119th Congress, 2nd Session. Signed into law 3 Feb. 2026. Public Law 119–75. Congress.gov, *www.congress.gov/bill/119th-congress/house-bill/7148/text.*

2026 ANNUAL HOUSEHOLD INCOME THRESHOLDS [4]—Continued

Household size	48 Contiguous states and Washington, DC	Alaska	Hawaii
3	136,600	170,750	157,100
4	165,000	206,250	189,750
5	193,400	241,750	222,400
6	221,800	277,250	255,050
7	250,200	312,750	287,700
8	278,600	348,250	320,350
750% HHS Poverty Guidelines			
1	119,700	149,625	137,700
2	162,300	202,875	186,675
3	204,900	256,125	235,650
4	247,500	309,375	284,625
5	290,100	362,625	333,600
6	332,700	415,875	382,575
7	375,300	469,125	431,550
8	417,900	522,375	480,525

HRSA requested comments on four specific topics related to the proposed Program guidelines:

(1) The proposed donor HHI eligibility thresholds and priority categories;

(2) The proposed financial hardship waiver cap for donor applicants with HHIs between 501 and 750 percent of the HHS Poverty Guidelines;

(3) The proposed categories of donors' financial hardship expenses; and

(4) Recommendations for forums, resources, and venues to distribute information about LODRP and the new eligibility guidelines, including suggestions for community-based outreach and education.

HRSA received a total of 44 comments from the public, including from prior living donors, transplant centers, organ procurement organizations, professional and patient stakeholder organizations, and other interested parties. No commenters opposed the overall shift from a recipient-income-based framework to a donor-income-based framework. Comments addressing each of the four numbered topics, as well as those outside the scope of the specific requests, are summarized below, along with HRSA's responses.

III. Comments on Proposed Donor HHI Eligibility Thresholds and Priority Categories

HHI Eligibility Thresholds

Thirty-four commenters expressed explicit support for a shift to a donor-centered eligibility framework, with many noting that the change corrects a longstanding barrier under which a donor's eligibility depended on a recipient's finances rather than the donor's own need. Seven commenters found the proposed thresholds (at or below 350 percent of the HHS Poverty Guidelines for Priority Category 1 and 351 to 500 percent for Priority Category 2) reasonable as written.

Others raised concern that a uniform, nationwide income threshold (*i.e.,* HHS Poverty Guidelines) would not account for significant differences in cost of living across geographic regions and recommended that HRSA incorporate regional cost-of-living adjustments into the HHI thresholds. Four commenters recommended that HRSA eliminate income thresholds and means-testing altogether so that all donors qualify for reimbursement regardless of income, and one of these four further recommended flat-dollar income thresholds in place of HHS Poverty Guidelines percentages, which vary by household size and may cause confusion.

HRSA Response: In response to the comments recommending elimination of income thresholds and means-testing altogether for all donor applicants, HRSA notes that the authorizing statute requires the Program to give preference to individuals who are ''more likely to be otherwise unable to meet such expenses.'' [5] This requirement makes it necessary to impose income eligibility parameters on applicants.

Regarding comments recommending regional cost-of-living adjustments, HRSA acknowledges that a uniform, nationwide HHS Poverty Guidelines-based threshold does not account for cost-of-living differences across regions and that donors in high-cost areas may face hardship at income levels above the proposed thresholds. Given the magnitude of administrative changes entailed, HRSA does not believe it would be feasible to develop and implement a reliable geographic adjustment mechanism or flat-dollar income thresholds at this time; however, in collaboration with the LODRP cooperative agreement recipient, HRSA will continue to evaluate whether income eligibility adjustments are warranted in a future revision of the Program's eligibility guidelines. In the interim, donors in high-cost areas facing financial hardship notwithstanding their household income may apply for the financial hardship waiver described in Section VII of this notice.

Priority Categories—Phased Opening of Priority Category 2

Nine commenters objected to HRSA's proposal to activate Priority Category 2 only upon determination of available program resources rather than at the outset of the project period.

These commenters expressed concern that a delayed or phased opening of Priority Category 2 could create inequitable outcomes for donors with similar financial circumstances depending solely on the timing of their application or donation, could discourage or delay donation while a recipient's health continues to decline, and could create administrative confusion for transplant programs counseling prospective donors. Five commenters recommended that all priority categories be open to

[4] HHS, Office of the Assistant Secretary for Planning and Evaluation. ''2026 Poverty Guidelines.'' *https://aspe.hhs.gov/sites/default/files/documents/b1bfa16b20ae9b89d525bc35de7c1643/detailed-guidelines-2026.pdf.*

[5] Reimbursement of Travel and Subsistence Expenses Incurred toward Living Organ Donation. 42 U.S.C. 274f. Office of the Law Revision Counsel, U.S. House of Representatives, *https://www.govinfo.gov/link/uscode/42/274f.*

applications from the start of the funding period by default, with categories closed only if and when necessary to preserve funding for higher-priority applicants. Three of these commenters cited historical program data indicating that LODRP funds have not been fully expended in past years and that a substantial share of previously approved applicants (variously cited as approximately 41 percent) would fall within the proposed Priority Category 2 income range, suggesting sufficient funding may exist to open all priority categories simultaneously. Two commenters recommended that HRSA establish a fixed annual eligibility schedule or provide advance notice (at least 60 days, per one commenter) before any change in category status, and two other commenters recommended that previously granted approvals be protected if a priority category later closes.

HRSA Response: After careful consideration of the comments received, HRSA has modified the proposed guidelines to enable applicants to apply to all priority category areas from the start of the project period, rather than delaying the opening of lower priority categories. HRSA, in collaboration with the LODRP cooperative agreement recipient, will monitor application volume and Program expenditures for each Priority category on a regular basis and provide participating transplant centers and the public with direct and advance notice if there is insufficient funding for Priority Categories 2 and 3.

HRSA agrees with the commenters that starting each project period with all priority categories open and then closing Priority Categories 2 and 3 if HRSA and the cooperative agreement recipient determine that there is insufficient funding to reimburse applicants in Priority Category 1 would reduce confusion among applicants and filers, particularly since this is how the Program has de facto operated since its inception. However, in response to commenters who expressed concerns that a delayed opening of lower priority categories would negatively affect applicants with higher HHIs, HRSA notes that these applicants would face similar outcomes should the Program need to close lower priority categories due to funding limitations.

Priority Categories—Hardship Waiver as a Separate Priority Category

Six commenters proposed restructuring the priority categories into three tiers rather than two, by separating the proposed 501 to 750 percent hardship waiver population into its own distinct preference category, to provide administrative clarity, and to avoid subjecting lower-income Category 2 applicants to hardship documentation requirements intended for a different population. One commenter recommended that HRSA monitor and publicly report use of the new categories by geography, race and ethnicity, rurality, insurance status, and organ type to assess the framework's equity impact.

HRSA Response: HRSA agrees with the recommendation to create a separate, third category (Priority Category 3) for financial hardship waiver applicants (*i.e.,* those with HHIs 501 to 750 percent of the HHS Poverty Guidelines) to ease administrative burden and reduce confusion among applicants and application filers. Going forward, HRSA, in collaboration with the cooperative agreement recipient, will closely monitor application data and plan to publicly report these and other program data.

IV. Comments on Proposed Capped Financial Hardship Waiver for Applicants With HHIs 501 to 750 Percent of the HHS Poverty Guidelines

Fourteen of the 43 commenters supported a financial hardship waiver capped at or near the proposed 750 percent of HHS Poverty Guidelines threshold, with several citing HRSA's estimate [6] that the majority of current applicants (approximately 92 percent) fall at or below this threshold. One commenter recommended that HRSA periodically reassess the hardship waiver ceiling after implementation, while another recommended eliminating the income ceiling for the hardship waiver altogether. One commenter urged HRSA to decouple waiver eligibility from Priority Category 2's open/closed status, so the waiver would remain available whenever the Program is accepting applications generally and recommended that waiver denials include a written basis and an opportunity for reconsideration upon additional documentation. Another commenter suggested that HRSA replace the proposed hardship waiver mechanism—under which a donor's documented donation-related expenses must reduce their effective HHI below 500 percent of the HHS Poverty Guidelines to qualify—with an alternative approach that would reimburse applicants with HHIs above 501 percent of the HHS Poverty Guidelines for qualifying expenses exceeding the current $6,000 reimbursement cap, up to the program maximum ($6,000). Finally, several commenters noted a typographical error in the original **Federal Register** request for comment, whereby the hardship waiver income threshold criteria was listed as 501 to 570 percent of the HHS Poverty Guidelines, instead of 501–750 percent.

HRSA Response: HRSA appreciates the strong support expressed for the proposed capped financial hardship waiver.

In response to comments recommending that HRSA eliminate the income ceiling on hardship waiver eligibility, or replace the waiver mechanism with an alternative reimbursement model, HRSA continues to believe that a capped hardship waiver, set at 750 percent of the HHS Poverty Guidelines, best targets the Program's limited resources to donors with demonstrated financial need while minimizing administrative burden relative to an uncapped waiver or a more complex alternative reimbursement structure.

The aforementioned creation of a *Priority Category 3* for hardship waiver applications allows HRSA and the recipient of the cooperative agreement to open, close, or otherwise manage hardship waiver applications independently of *Priority Category 2,* directly addressing the comment recommending HRSA decouple *Priority Category 2* from the hardship waiver.

HRSA will evaluate and consider the recommendation for a modified waiver denial and appeal process in future Program guidance and operational procedures developed in coordination with the LODRP cooperative agreement recipient. The recommendation to require a written basis for waiver denials and to permit applicants to submit additional documentation for hardship waiver would constitute a change to how the Program currently operates and requires further evaluation by HRSA and the cooperative agreement recipient.

HRSA concurs with the comment recommending periodic reassessment of the hardship waiver ceiling following implementation. In collaboration with the recipient of the cooperative agreement, HRSA will monitor application volume, approval rates, and other relevant data to evaluate whether the 750 percent threshold continues to appropriately balance program access

[6] As cited in HHS, HRSA. ''Modification of Living Organ Donation Reimbursement Program Eligibility Guidelines in Response to Honor Our Living Donors Act.'' **Federal Register**, Vol. 91, No. 125, 1 July 2026, pp. 40005–40009, FR Doc. No. 2026–13250, *www.federalregister.gov/documents/2026/07/01/2026-13250/modification-of-living-organ-donation-reimbursement-program-eligibility-guidelines-in-response-to.*

with availability of Program resources and will consider adjustments in future Program eligibility guideline revisions as warranted.

Finally, HRSA acknowledges the typographical error identified by several commenters in the original request for comment, which referenced a hardship waiver income range of 501 to 570 percent, rather than 501 to 750 percent, of the HHS Poverty Guidelines. HRSA confirms that 501 to 750 percent of the HHS Poverty Guidelines reflects its intended proposal and has corrected this error in the final guidelines (see Section VII below).

V. Comments on Proposed Categories of Donors' Financial Hardship Expenses

Five commenters supported the four proposed expense categories as sufficient and appropriate without recommending changes. Additionally, several commenters recommended adding pet care (boarding or in-home care during recovery) as a qualifying expense, and two of these commenters also recommended adding care for disabled adults, broadening the existing ''child-care and elder-care'' language to cover dependents more generally. Four commenters recommended including a donor household's broader out-of-pocket medical expenses, not limited to donation-related costs, as a qualifying hardship expense category; one of these four commenters also recommended including legally obligated support payments to a family member outside the household, such as child support. One commenter recommended explicitly excluding normal ongoing living expenses (such as routine housing, groceries, and utilities) as duplicative of the income-based eligibility criteria, while another commenter recommended including those types of expenses in the hardship waiver application.

Other comments focused on the burden of applying for hardship, with one commenter raising concerns about the administrative burden associated with itemized documentation of numerous expense categories, particularly for hourly or project-based workers, and recommending that HRSA consider standardized or flat allowances for certain expense types (for example, lost wages keyed to State median wage, or mileage reimbursement modeled on the Federal per diem or IRS mileage rate structures), with itemized documentation required only above the standard allowance or in the event of an audit. One commenter urged HRSA to avoid a detailed, prescriptive expense list altogether and instead rely on attestations from an authorized transplant center representative, such as a social worker, to establish a donor's effective household income for hardship purposes. Finally, another commenter recommended that HRSA work with the U.S. Department of the Treasury and the Internal Revenue Service to ensure LODRP reimbursement is not treated as taxable income to the donor.

HRSA Response: In response to the comments received, HRSA has expanded the proposed hardship waiver application categories to explicitly include consideration of pet care and disabled adult care expenses in the determination of hardship. Additionally, HRSA will modify the out-of-pocket medical expenses category in the proposed hardship waiver application to include out-of-pocket medical expenses (not limited to those related to the donation process) for the whole household. Finally, HRSA will add a hardship category for regular, legally mandated payments to support a family member who is not part of the household, such as child support. HRSA agrees that each of these expenses is non-discretionary and can have significant effects on a household's income and thus an individual's ability to proceed with living donation. Finally, HRSA notes that the proposed qualifying hardship waiver expenses are merely categories of expenses and that HRSA will work with the LODRP cooperative agreement recipient to provide clarity to applicants on the specific expenses that fall within each category.

HRSA does not agree with the recommendation to include ongoing household expenses as a hardship waiver category, as these expenses are already embedded in the HHS Poverty Guideline thresholds. Therefore, including them in the hardship waiver application would be duplicative.

In response to comments recommending a reduction or removal of documentation requirements related to the financial hardship waiver, HRSA reiterates the need for standardized and well-documented hardship expense categories, not only to promote consistent eligibility requirements for applicants across transplant centers, but also to support the Program's ability to withstand audit and ensure appropriate stewardship of Federal resources. For this reason, HRSA is not adopting the recommendation to forgo a defined expense list in favor of reliance on transplant center attestation alone, nor is HRSA adopting standardized or flat expense allowances in place of itemized documentation at this time. Finally, HRSA will consult with Treasury and the Internal Revenue Service to evaluate whether it is feasible for LODRP reimbursement to be treated as non-taxable income for the donor once the new Program eligibility guidelines take effect.

VI. Comments on Outreach and Education

Thirteen of the 44 commenters addressed forums, resources, or venues for disseminating information about LODRP and the new eligibility guidelines. Ten of these commenters recommended that HRSA and its cooperative agreement recipient pursue outreach through professional and clinical channels, including transplant center evaluation visits, independent living donor advocates, nephrology and dialysis practices, transplant social workers and financial coordinators, and professional societies and associations. Four commenters recommended that educational materials be multilingual and culturally appropriate, and four commenters specifically recommended that outreach be targeted to reach medically underserved and minority communities, which some of these commenters noted face documented disparities in living-donation rates.

Several of these commenters also recommended that donor financial assistance information be incorporated into standard informed consent and intake processes for both donors and recipients, since donors often raise practical questions with intended recipients before contacting a transplant center, and recommended that outreach materials prominently and clearly communicate the elimination of the recipient household income requirement so that donors and recipients who previously assumed they were ineligible are made aware of the change. One commenter recommended that LODRP-related outreach incorporate general messaging about deceased organ donation, given overlapping community channels and audiences for donation-related education. Other commenters recommended specific outreach tools, including a short, plain-language eligibility screening tool and a publicly available, regularly updated status page showing which priority categories and the hardship waiver are currently open.

HRSA Response: HRSA appreciates the suggestions received regarding outreach and education and will coordinate with the Public Education for Living Organ Donation Reimbursement Program (PE–LODRP) and LODRP cooperative agreement recipients, as well as each recipient's Advisory Board, to ensure that information about the Program is widely available and accessible to patients, transplant professionals, and the general public.

VII. Other/Out-of-Scope Comments

Non-Directed Donor Impact

Five commenters raised concerns specific to non-directed living donors, who by definition do not have or may not have access to an identified recipient's financial information. Four of these five commenters recommended that the final guidelines explicitly state that non-directed donors are exempt from recipient-related eligibility criteria and may apply without an identified recipient, consistent with existing program practice, to avoid an unintended barrier for this donor population.

HRSA Response: HRSA agrees that the eligibility guidelines should clearly reflect the Program's existing treatment of non-directed donors. In response to these comments, HRSA has revised the final guidelines to expressly state that non-directed donors are exempt from recipient-related eligibility criteria and documentation requirements and may apply for reimbursement without an identified recipient, consistent with current Program practice.

Privacy and Program Integrity

Five commenters raised privacy or program-integrity concerns. Four of these five recommended that HRSA collect the recipient's estimated household income directly from the recipient, rather than from the donor, to protect clinical boundaries and improve data accuracy. One commenter raised concern about the risk of the Program being used to facilitate impermissible payment for organs, and recommended informed consent disclosures regarding financial scrutiny, explicit privacy protections, and an opt-in application process kept separate from the transplant care team.

HRSA Response: HRSA appreciates the concerns raised regarding the collection of recipient household income data and the importance of maintaining clear clinical and ethical boundaries between donors, recipients, and the transplant care team. As described in the original **Federal Register** notice, HRSA will continue to collect limited, high-level information on recipient household income to monitor the Program's impact on recipients' access to living organ transplants. HRSA intends to submit a separate Paperwork Reduction Act package for Office of Management and Budget review, public comment, and clearance that will specify the demographic and other information the recipient of the cooperative agreement will be required to report to HRSA regarding the donors, donor candidates, and recipients benefiting from the Program. Consistent with its role in administering the Program, the recipient of the cooperative agreement will be responsible for determining a feasible and accurate method for collecting this information, which may include collecting recipient household income directly from the recipient rather than the donor. HRSA encourages the recipient of the cooperative agreement to consider this recommendation, among other approaches, in developing its data collection procedures.

In response to the comment expressing concern that the Program could be used to facilitate impermissible payment for organs, HRSA notes that the existing eligibility criteria already require both the donor and the recipient to certify that they understand and are in compliance with Section 301 of the National Organ Transplant Act (42 U.S.C. 274e), which prohibits the transfer of any human organ for valuable consideration affecting interstate commerce. HRSA believes this certification requirement, in conjunction with the transplant center's certification of good standing with the Organ Procurement and Transplantation Network, provides an appropriate safeguard against use of the Program for impermissible payment. HRSA will continue to evaluate whether additional informed consent disclosures or privacy protections are warranted as it gains further experience administering the Program under the revised eligibility guidelines.

Out-of-Scope Comments

Commenters also raised a number of issues outside the scope of the four numbered requests for comment. Four commenters recommended that HRSA raise the Program's maximum reimbursement amount, which has remained at $6,000 since 2007, with some recommending an increase to $10,000. Two commenters recommended extending the post-donation reimbursement window for living liver donors, whose recovery period is longer than for other donor types, from the current 4 weeks to 6 or 8 weeks. Three commenters proposed alternative or supplemental funding mechanisms to support living donors, including a proposal that insurers contribute a fee to the Program when a covered member's transplant results in removal from dialysis, and a proposal for a larger flat reimbursement amount available to all donors without means-testing.

Five commenters recommended that HRSA conduct or support research, data collection, or enhanced Congressional reporting on the Program's impact, including actual donation-related costs, sources of reimbursement other than the Program, and the experience of donors who forgo reimbursement. Three commenters recommended ongoing program monitoring for access, equity, and outcomes following implementation, particularly with respect to expanding access among lower-income and historically underserved communities.

Finally, two commenters submitted brief, general statements of support for the proposed shift to a donor-centered eligibility framework without addressing a specific numbered request for comment.

HRSA Response: HRSA appreciates this additional feedback but notes that the comments are out-of-scope for the present proposal. However, HRSA will consider these recommendations in future revisions to the Program's eligibility guidelines. With respect to the comments urging ongoing program monitoring, HRSA intends to work collaboratively with the recipient of the LODRP cooperative agreement to analyze the effects of the eligibility guideline modifications implemented in response to the HOLD Act and will propose further revisions to the guidelines as needed.

VIII. Final Living Organ Donation Reimbursement Program (LODRP) Eligibility Guidelines, as Amended

Note: These guidelines apply to all applications reviewed on or after September 30, 2026. Applications reviewed before this date will be processed according to the current Program guidelines outlined in the September 2020 ***Federal Register*** *Notice.*[7]

As provided for in the statutory authorization, LODRP is authorized to provide reimbursement only in those circumstances when payment cannot reasonably be covered by other specified sources of reimbursement. The recipient of the cooperative agreement, under Federal law, cannot provide reimbursement to any living organ

[7] HHS, HRSA. ''Reimbursement of Travel and Subsistence Expenses Toward Living Organ Donation Program Eligibility Guidelines.'' **Federal Register**, vol. 85, No. 184, 22 Sept. 2020, pp. 59530–59534, FR Doc. No. 2020–20805, *www.federalregister.gov/documents/2020/09/22/2020–20805/reimbursement-of-travel-and-subsistence-expenses-toward-living-organ-donation-program-eligibility.*

donor for listed qualifying expenses if the donor can receive reimbursement for these expenses from any of the following sources:

- Any State compensation program, an insurance policy, or any Federal or State health benefits program; or
- An entity that provides health services on a prepaid basis.

All persons who wish to become living organ donors are eligible to receive reimbursement for their qualifying expenses if they cannot receive reimbursement from the sources outlined above and if all the requirements outlined in the *Criteria for Donor Reimbursement* section below are satisfied. However, because reimbursement is subject to the availability of funds, prospective living organ donors who are most likely not able to cover these expenses will receive priority. The ability to cover these expenses is determined based on an evaluation of (1) the donor's HHI in relation to the HHS Poverty Guidelines and (2) financial hardship. As a general matter, income refers to the donor's total household income.

Criteria for Donor Reimbursement

The following criteria must be met in order for a donor to be eligible for reimbursement under LODRP:

- Any individual who in good faith incurs travel and other qualifying expenses toward the intended donation of an organ.
- Donor and recipient of the organ are U.S. citizens or lawfully present in the United States.
- Donor and recipient have primary residences in the United States or its Territories.
- Travel originates from the donor's primary residence.
- Donor and recipient certify that they understand and are in compliance with Section 301 of National Organ Transplant Act (42 U.S.C. 274e) which states in part that it shall be unlawful for any person to knowingly acquire, receive, or otherwise transfer any human organ for valuable consideration for use in human transplantation if the transfer affects interstate commerce.
- The transplant center where the donation procedure occurs certifies to its status of good standing with the Organ Procurement Transplantation Network.

Non-Directed Donors

Because non-directed donors may not have access to or knowledge of their recipient, they are exempt from recipient-related eligibility criteria and documentation requirements and may apply for reimbursement without an identified recipient. Non-directed donors must meet all other criteria noted above for reimbursement.

Priority Categories

Non-directed and directed donors meeting the criteria for reimbursement will be given preference in the following order of priority:

- *Priority Category 1:* Donor applicants with HHIs at or below 350 percent of the HHS Poverty Guidelines [8] at the time of the eligibility determination in their respective States of primary residence would receive the highest priority for reimbursement under LODRP.
- *Priority Category 2:* If sufficient program resources exist, applicants with HHIs greater than 350 but no greater than 500 percent of the HHS Poverty Guidelines would also be eligible to apply for reimbursement.
- *Priority Category 3:* If sufficient program resources exist, applicants with HHIs greater than 500 but no greater than 750 percent of the HHS Poverty Guidelines would also be eligible to apply for reimbursement via a financial hardship waiver.

At the start of each budget period, the LODRP cooperative agreement recipient will accept and process applications from all three priority categories. Each month, the cooperative agreement recipient will report to HRSA with the number of applications received and the amount of donor reimbursement issued over the past 30 calendar days. If HRSA and the cooperative agreement recipient determine that funding levels are insufficient to continue accepting applicants from *Priority Categories 2 and/or 3,* the LODRP cooperative agreement recipient will notify participating transplant programs and the public in a timely fashion prior to ''closing'' a Priority Category.

Financial Hardship Waiver

Applicants with HHIs greater than 500 but no greater than 750 percent of the HHS Poverty Guidelines at the time of the eligibility determination may apply for a financial hardship waiver.

Financial waiver requests will be reviewed on a case-by-case basis. Determination of hardship in a particular case will be based off attestation and documentation of the following types of expenses incurred by the donor or donor candidate:

- Lost wages attributable to the donation and/or recovery period.
- Travel, lodging, and meals related to the evaluation, donation and/or follow-up appointments.
- Child, elder, or other dependent care costs (*e.g.,* disabled adult care) incurred during the evaluation, donation, and/or recovery period.
- Out-of-pocket medical expenses incurred by the donor candidate and/or individuals in their household.[9]
- Pet care costs incurred during the evaluation, donation, and/or recovery period.
- Other non-discretionary household expenses (*e.g.,* child support).

Based on a complete evaluation of the donor's financial circumstances, a transplant social worker or other appropriate transplant center representative, will submit the written waiver request on the donor's behalf to the cooperative agreement recipient, attesting that the donor has provided documentation outlining significant expenses that reduce their HHI to at or below 500 percent of the HHS Poverty Guidelines. The waiver request is then reviewed by the cooperative agreement recipient and subject to final determination by HRSA. HRSA will communicate its final determination to the cooperative agreement recipient, and its determination will not be subject to appeal.

Qualifying Expenses

The total federal reimbursement for all qualifying expenses during the donation process shall not exceed $6,000 per potential donor evaluated and/or organ donated. For the purposes of LODRP, qualifying expenses include:

- Travel, lodging, meals and incidental expenses incurred by the donor and/or his/her accompanying person(s) as part of:
  - Donor evaluation and/or
  - Hospitalization for the living donor surgical procedure and/or
  - Medical or surgical follow-up, clinic visits, or hospitalization within 2 calendar years following the living donation procedure (or beyond the 2-year period if exceptional circumstances exist).
- Lost wages, child care, and elder care expenses incurred by the donor and/or his/her accompanying or assisting person(s) as part of:
  - Donor evaluation and/or
  - Hospitalization for the living donor surgical procedure and/or
  - Non-hospital post-surgery recovery time and/or

[8] HHS Poverty Guidelines for 2026, *https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines.*

[9] Note that recipients' health insurance generally covers all medical expenses related to donation including evaluation, surgery, and immediate follow-up care.

◦ Medical or surgical follow-up, clinic visits, or hospitalization within 2 calendar years following the living donation procedure (or beyond the 2-year period if exceptional circumstances exist).

The recipient of the cooperative agreement will pay for a total of up to five trips; three for the donor and two for accompanying individuals. However, in cases in which the transplant center requests the donor to return to the transplant center for additional visits as a result of donor complications or other health related issues, the recipient of the cooperative agreement may provide reimbursement for the additional visit(s) for the donor and an accompanying person. The accompanying person need not be the same in each trip.

Reimbursement for travel, lodging, meals, and incidental expenses, as appropriate, shall be provided at the Federal per diem rate, except for hotel accommodation, which shall be reimbursed at no more than 150 percent of the Federal per diem rate.[10]

Donors may receive up to 4 weeks of reimbursement for lost wages, and child care and elder care expenses associated with the surgery and recovery time. In addition, donors may receive reimbursement for up to 2 additional weeks for lost wages, and child care and elder care expenses if the donor requires follow-up visits and hospitalization as a result of donor complications or other health-related issues. Reimbursement for lost wages is based on the donor providing appropriate documentation, such as pay stubs, to the program. Reimbursement of lost wages is not limited to traditional wage rate income. Donors may receive reimbursement for non-traditional or irregular income, including in industries dependent on tips, through the program if they provide sufficient documentation of the expected lost wages.

To qualify for reimbursement of child care and elder care expenses, a donor shall have caretaker responsibilities for:

- A minor child;
- An elder who requires caretaker assistance.

Caretaker responsibilities are not limited to familial relationships between the donor and/or the accompanying or assisting person(s), and the aforementioned individuals. In considering requests for reimbursement for child care and elder care expenses, the recipient of the cooperative agreement is encouraged to adopt a consistent application of ''child'' and ''elder.'' The recipient of the cooperative agreement may consider applicable laws within the jurisdiction in which the caretaker resides in reviewing requests for reimbursement for expenses for care of a ''child'' and, in reviewing requests for reimbursement for elder care expenses, may consider ''elder'' to refer to an individual age 60 and older, consistent with the Older Americans Act, 42 U.S.C. 3002(40).

Requests for reimbursement for the expenses of persons accompanying or assisting the donor for travel, housing, meals, and incidental expenses are considered under the preference categories and processed for reimbursement at the same time as requests for reimbursement for expenses incurred by the donor. Requests for reimbursement for the expenses of persons accompanying or assisting the donor for lost wages and childcare and eldercare expenses are considered under the priority categories and will be processed separately. Requests for these expenses will be processed after all requests for expenses incurred by the donor, and expenses for persons accompanying or assisting the donor for qualifying expenses for travel, housing, meals, and incidental expenses, have been processed under all four preference categories.

Maximum Number of Prospective Donors Per Recipient

For the purposes of LODRP, the maximum number of donor candidates per recipient who may receive reimbursement through the program at any given time are listed below:

- Kidney: One donor at a time, with a maximum of three donors.
- Liver: One donor at a time, with a maximum of five donors.
- Lung: Two donors at a time, with a maximum of six donors.

Annual Report to Congress

The HOLD Act requires HRSA to submit an annual report to Congress, by December 31, 2027, with the following data:

- Number of donor applicants not fully reimbursed the previous fiscal year under LODRP.
- Estimated LODRP funding needed to fully reimburse all qualifying expenses for all eligible donor applicants under LODRP.

HRSA anticipates submitting a Paperwork Reduction Act package to the Office of Management and Budget to enable the LODRP cooperative agreement recipient to collect estimates of these data from all eligible living organ donors and donor candidates with approved applications for LODRP reimbursement.

Special Provisions

Many factors may prevent the intended and willing donor from proceeding with the donation. Circumstances that would prevent the transplant or donation from proceeding include present health status of the intended donor or recipient; perceived long-term risks to the intended donor; justified circumstances such as acts of God (major storms or hurricanes); or a circumstance when an intended donor proceeds toward donation in good faith, subject to a case-by-case evaluation by the recipient of the cooperative agreement but then elects not to pursue donation. In such cases, the intended donor and accompanying persons may receive reimbursement for qualifying expenses incurred as if the donation had been completed. The recipient of the cooperative agreement will file a form with the Internal Revenue Service reporting funds disbursed as income for expenses not incurred.

IX. Paperwork Reduction Act of 1995

The proposed changes may result in revisions to information collection requirements subject to review under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

X. Regulatory Impact

This notice is a significant regulatory action under Section 3(f) of Executive Order 12866.

XI. Implementation

The final eligibility guidelines contained in this **Federal Register** notice will apply to applications to LODRP reviewed on or after September 30, 2026.

XII. Other

This guidance aligns with statutory standards and is exempt from the Administrative Procedure Act (APA) as it pertains to a matter relating to grants/benefits (5 U.S.C. 553(a)(2)).

Ann M. Sheehy,

Principal Deputy Administrator.

[FR Doc. 2026–19911 Filed 9–28–26; 8:45 am]

BILLING CODE 4165–15–P

[10] See U.S. General Services Administration site for current Federal per diem rates: *https://www.gsa.gov/travel/plan-book/per-diem-rates.*

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

AIM Incarcerated Women Resource Kit

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice of supplemental funding.

SUMMARY: In fiscal year (FY) 2026, a Congressional Report accompanying the Consolidated Appropriations Act, 2026 (Pub. L. 119–75) included additional funding for the Innovation on Maternal Health program specifically to ''support the development and implementation of a resource kit for providers, as well as correctional custody and healthcare staff, who care for pregnant, birthing and postpartum women who are incarcerated'' (Senate Report 119–55). HRSA is awarding supplemental funding in the amount of $750,000 to JSI Research & Training Institute Inc., the current Alliance for Innovation on Maternal Health (AIM) Technical Assistance Center Program award recipient, HRSA–23–084, to develop the Care for Incarcerated Pregnant and Postpartum Women Resource Kit.

FOR FURTHER INFORMATION CONTACT: Cassie Phillips, Lead Public Health Analyst, Division of Women's Health, Maternal and Child Health Bureau, HRSA, at *cphillips1@hrsa.gov* and 301–945–3940.

SUPPLEMENTARY INFORMATION:

Intended Recipient(s) of the Award: JSI Research & Training Institute Inc., the current award recipient of the AIM Technical Assistance Center cooperative agreement.

Amount of Non-competitive award: $750,000.

Project Period: June 1, 2026, to February 28, 2027.

Assistance Listing Number: 93.688.

Award Instrument: Cooperative Agreement.

Authority: 42 U.S.C. 254c–21 (Title III, § 330O of the Public Health Service Act).

TABLE 1—RECIPIENT(S) AND AWARD AMOUNT(S)

Grant No.	Award recipient name	City, state	Award amount
UC4MC55412	JSI Research & Training Institute, Inc	Boston, MA	$750,000

Justification: This funding provides one-time supplemental funding to JSI Research & Training Institute, Inc., which currently carries out the AIM Technical Assistance Center cooperative agreement, with a budget period of September 2025 through February 2027. This supplement supports the recipient in developing the Care for Incarcerated Pregnant and Postpartum Women Resource Kit. Consistent with congressional intent outlined in Senate Report 119–55, which accompanied the FY 2026 appropriation, HRSA, through its Maternal and Child Health Bureau will ''support the development and implementation of a resource kit for providers, as well as correctional custody and healthcare staff, who care for pregnant, birthing and postpartum women who are incarcerated.'' Such resource kits should include best practices, resources, and planning materials for use by teams in healthcare settings that may not typically provide obstetric services or frequently care for people in need of obstetric care. The AIM Technical Assistance Center maintains a public facing website, *www.saferbirth.org,* which disseminates a variety of resource kits aimed at improving maternal health. The addition of a Care for Incarcerated Pregnant and Postpartum Women Resource Kit is complementary to the resources shared by the AIM Technical Assistance Center.

Thomas J. Engels,

Administrator.

[FR Doc. 2026–19886 Filed 9–28–26; 8:45 am]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Statement of Organization, Functions, and Delegations of Authority

AGENCY: Office of the General Counsel, Office of the Secretary, HHS.

ACTION: Notice.

SUMMARY: This document revises and restates the Statement of Organization, Functions, and Delegations of Authority for the Department of Health and Human Services, Office of the General Counsel (OGC). Issuance of this Statement of Organization rescinds all prior Statements of Organization.

FOR FURTHER INFORMATION CONTACT: Robert Fox Foster, Acting General Counsel, Office of the General Counsel, Office of the Secretary, 200 Independence Avenue SW, Washington, DC 20201. (202) 690–8454.

SUPPLEMENTARY INFORMATION: The Office of the Secretary (OS) Statement of Organization, Functions, and Delegations of Authority for the Department of Health and Human Services, Office of the General Counsel (OGC), should now read as follows:

Section I. Mission

The General Counsel is responsible for providing all legal services and advice to the Secretary, Deputy Secretary, and all subordinate organizational components of the Department, which legal advice, to the maximum extent permitted under Executive Order 14215 (Feb. 18, 2025), shall be binding on the Department unless overturned by the Secretary. Under direction of the General Counsel, the Office of the General Counsel (OGC) serves as the sole officially designated source of legal advice and services to the Department's operating and staff divisions (except the OIG) to ensure that all the operating and staff divisions receive uniform advice. OIG is authorized to have its own Office of the Counsel to the Inspector General (OCIG) with respect to matters solely within the OIG's jurisdiction. *See* 62 FR 30859 (June 5, 1997).

Section II. Organization and Leadership

The Office of the General Counsel, under the supervision of the General Counsel, consists of the Immediate Office and Divisions. OGC may maintain satellite offices as duty locations for attorneys and staff assigned to one or more Divisions. Satellite offices are not separate organizational components of OGC.

Subsection A. The Immediate Office of the General Counsel

1. The Immediate Office of the General Counsel

The Immediate Office of the General Counsel consists of the General Counsel, his or her executive assistant(s), a Principal Deputy General Counsel, such other Deputy General Counsel as the Secretary deems appropriate and appoints, such other Special Assistant Deputy General Counsel, Senior

Counsel, Counsel, Senior Advisors and attorneys and staff as the General Counsel deems appropriate, the Office of Legal Resources (OLR), and the Legislation Section (GCL).

a. The General Counsel. The General Counsel is the chief legal officer of the Department and is directly responsible to the Secretary.

b. Principal Deputy General Counsel. The Principal Deputy General Counsel is the second-ranking legal officer of the Department and is usually a non-career inferior officer appointed by the Secretary and is directly responsible to the General Counsel and the Secretary.

c. Deputy General Counsel. The Deputy General Counsel report to the General Counsel and each shall be responsible for overseeing such substantive legal areas and corresponding OGC portfolios as designated by the General Counsel. Deputy General Counsel may be assigned oversight of one or more portfolios within the Office of the General Counsel. In addition, certain Deputy General Counsel may generally be responsible for OGC management and operations, oversight of OLR, and such litigation, substantive, or programmatic portfolios and other duties as determined by the General Counsel. For performance evaluation purposes, it is OGC's policy that, when feasible, a career Deputy General Counsel will be assigned to serve as the rating official for all career Associate General Counsel, Chief Counsel, the OLR Director, and any career Senior Counsel or Senior Advisor.

d. Chief Legal Officer for the Centers for Medicare & Medicaid Services (CMS). The Chief Legal Officer for CMS is a Deputy General Counsel and is the principal legal officer for CMS and reports to the General Counsel. The Chief Legal Officer is responsible for overseeing the provision of legal services to CMS. The Chief Legal Officer shall be responsible for such substantive, litigation, programmatic, management, and other legal matters relating to CMS as determined by the General Counsel.

e. Chief Counsel, Food and Drug Administration. The Chief Counsel of the Food and Drug Administration (FDA) is an Associate General Counsel, serves as the principal legal officer for FDA, and reports to the General Counsel. The Chief Counsel heads the Office of the Chief Counsel, also known as the Food and Drug Division of the Office of the General Counsel. Consistent with 21 CFR 5.1105, the Office of the Chief Counsel is administratively within the Office of the Commissioner of Food and Drugs but is part of the Office of the General Counsel. Subject to the direction of the General Counsel, the Chief Counsel oversees the provision of legal services to FDA and performs the functions assigned to the Chief Counsel under applicable law, including designating and supervising Office of the General Counsel attorneys who represent FDA components or advise the Commissioner in administrative proceedings, consistent with applicable separation-of-functions requirements.

f. Special Assistant Deputy General Counsel. The General Counsel may designate one or more attorneys to act as a special assistant and to carry the title Special Assistant Deputy General Counsel. Any Special Assistant Deputy General Counsel shall report directly to the General Counsel or to such Deputy General Counsel as the General Counsel may designate.

g. Senior Counsel, Special Counsel, Counsel, or Senior Advisor to the General Counsel: Senior Counsel, Special Counsel, Counsel, or Senior Advisor to the General Counsel perform such duties as may be assigned to them by the General Counsel, Principal Deputy General Counsel, or Deputy General Counsel.

2. Order of Succession

a. General Counsel Vacancy. In the event of a ''vacancy'' in the position of General Counsel as a result of death, resignation, or an inability to perform the functions and duties of the office, the Principal Deputy General Counsel shall serve as the Acting General Counsel as dictated by the Federal Vacancies Reform Act of 1998, 5 U.S.C. 3345 *et seq.,* unless the President designates another Acting General Counsel pursuant to the Act.

b. Principal Deputy General Counsel Vacancy. In the event of vacancies in offices of both the General Counsel and the Principal Deputy General Counsel, the Deputy General Counsel with the greatest seniority in that position shall perform the functions of or serve as the Acting General Counsel as dictated by the Federal Vacancies Reform Act of 1998, unless the President designates another Acting General Counsel pursuant to the Act.

3. The Office of Legal Resources, Immediate Office of the General Counsel

The Office of Legal Resources (OLR) shall be headed by a Director, who is responsible for providing personnel, budget, correspondence, and information technology support to the Office of the General Counsel as well as providing legal information law services through the Law Library. The Office of Legal Resources includes six branches, each headed by a Director or Manager:

a. Budget.
b. Correspondence.
c. Human Capital Services.
d. Information Technology.
e. Legal Information.
f. Procurement, Policy and Planning.

4. The Legislation Section, Immediate Office of the General Counsel

The Legislation Section is a component of the Immediate Office. The Section shall be headed by a Senior Counsel for Legislation, who reports to the General Counsel through such Deputy General Counsel as the General Counsel may designate.

Subsection B. Divisions

Each OGC Division is under the general supervision of the General Counsel. Each OGC Division head reports directly to the designated Deputy General Counsel on substantive legal matters, litigation strategy, and other matters as directed by the General Counsel. There are 11 divisions in the Office of the General Counsel:

1. The Advanced Research Projects Agency for Health (ARPA–H) Division shall be headed by a Chief Counsel/Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel.

2. The Centers for Medicare & Medicaid Services Division (CMSD) shall be headed by an Associate General Counsel, who reports to the General Counsel through the Chief Legal Officer for CMS. The Division consists of four groups, each headed by at least one Deputy Associate General Counsel, and a Principal Deputy Associate General Counsel, reporting to the Associate General Counsel:

a. Litigation Group.
b. Program Review Group.
c. Program Integrity Group.
d. Program Enforcement Group.

The Associate General Counsel may designate supervisory attorneys to report to the Deputy Associate General Counsel as appropriate.

3. The Children, Families, and Aging Division (CFAD) shall be headed by an Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel.

CFAD also includes a Deputy Associate General Counsel, who reports to the Associate General Counsel. The Associate General Counsel may designate supervisory attorneys to report to the Deputy Associate General Counsel as appropriate.

4. The Civil Rights and Health Information Privacy Division (CPD) shall be headed by an Associate General

Counsel, who reports to the General Counsel through a designated Deputy General Counsel. The Division consists of two branches, each headed by a Deputy Associate General Counsel who reports to the Associate General Counsel:

a. Civil Rights Branch.

b. Health Information Privacy Branch.

5. The Ethics Division (ETH) shall be headed by an Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel. The Division consists of two branches, each headed by a Deputy Associate General Counsel reporting to the Associate General Counsel:

a. Ethics Advice and Policy Branch.

b. Ethics Program Administration Branch.

The Associate General Counsel and Deputy Associate General Counsel for Ethics Advice and Policy simultaneously serve by secretarial delegation as the Department's Designated Agency Ethics Official and Alternate Designated Agency Ethics Official, respectively.

6. The Food and Drug Division (FDD)—also known as the Office of the Chief Counsel—is headed by the Chief Counsel identified in II.A.1.d. The Division consists of two branches, each of which is headed by one or more Deputy Associate General Counsel who report to the Chief Counsel:

a. Litigation Branch.

b. Program Review Branch.

7. The General Law Division (GLD) shall be headed by an Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel. The Division consists of two branches, each headed by a Deputy Associate General Counsel reporting to the Associate General Counsel, as well as Assistant Deputy Associate General Counsel selected by the Associate General Counsel to provide oversight and supervision of Sections within the Division:

a. Claims and Employment Law Branch.

b. Procurement, Fiscal, and Information Law Branch.

8. The Disease Prevention and Health Information Technology Division (DPTD) shall be headed by an Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel. The Division may also have a designated Deputy Associate General Counsel. The Division consists of four sections, each reporting to the Associate General Counsel:

a. Global Affairs Section.

b. Health Information Technology Section.

c. Preparedness and Response Section.

d. Public and Environmental Health Section.

The General Counsel may designate an attorney from this Division to serve as the primary and responsible legal advisor to the Director of the Centers for Disease Control and Prevention (CDC), who may be designated the Chief Legal Officer for the CDC.

9. The Public Health Division (Ph.D.) shall be headed by an Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel. The Division consists of three branches, each of which is headed by a Deputy Associate General Counsel reporting to the Associate General Counsel:

a. Indian Health Service (IHS) Branch.

b. National Institutes of Health (NIH) Branch.

c. Public Health and Science Branch.

10. The National Complex Litigation and Investigations Division (NCLID) shall be headed by an Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel. The Division shall also have a designated Deputy Associate General Counsel for E-Discovery, who reports to the Associate General Counsel.

11. The Unaccompanied Alien Children Legal Representation Division (UACLRD) shall be headed by an Associate General Counsel, who reports to the General Counsel through a designated Deputy General Counsel. The Division operates as a legal service provider for unaccompanied alien children. The Division shall be separate and distinct from the Children, Families, and Aging Division and shall not provide legal advice or representation to the Administration for Children and Families or the Office of Refugee Resettlement with respect to matters in which the Division provides legal advice, counsel, or representation to an unaccompanied alien child. The Associate General Counsel may designate supervisory attorneys to provide oversight and supervision of attorneys and staff within the Division, as appropriate.

Subsection C. Satellite Offices

The General Counsel may establish satellite offices at locations designated by the General Counsel. Attorneys and staff assigned to a satellite office remain assigned to their respective Divisions and subject to the operational, professional, and substantive supervision of the General Counsel through applicable Division leadership and designated Deputy General Counsel.

The General Counsel may designate a senior attorney as a Managing Counsel at a satellite office to provide limited, site-specific administrative oversight, including oversight of facilities, space, security, and other shared administrative matters. Such designation does not confer authority to assign or direct legal work, supervise or evaluate personnel, establish litigation or legal positions, or otherwise exercise operational, professional, or substantive oversight, except pursuant to a separate written delegation.

Section III. Functions

Subsection A. The General Counsel and the Office of the General Counsel

1. The General Counsel. The General Counsel is authorized to promulgate such directives and issue such legal opinions as may be necessary to carry out the responsibilities of the Office. The General Counsel, directly or through attorneys in the Office of the General Counsel, undertakes the following activities unless an applicable statute provides otherwise or the General Counsel has delegated the responsibility elsewhere:

a. Furnishes all legal services and advice to the Secretary, Deputy Secretary, and all offices, branches, and units of the Department in connection with the operations and administration of the Department and its programs, unless otherwise expressly delegated by statute to another agency or official.

b. Furnishes legal services and advice on such other matters as may be submitted by the Secretary, the Deputy Secretary, any other senior leaders, and other persons authorized by the Secretary to request such service or advice.

c. Represents the Department in all litigation when such direct representation is not precluded by law, and in other cases, supervises the conduct of such litigation.

d. Acts as the Department's representative in communicating with the Department of Justice, including all United States Attorneys, on all civil and criminal matters.

e. Acts as the Department's representative in communicating with Office of White House Counsel and the Offices of General Counsel for any other Department or Agency.

f. Authorizes indemnification of Department employees, as appropriate, pursuant to 45 CFR part 36.

g. Oversees the Department's legal review of proposed Federal legislation and prescribes Department-wide procedures for routing and reviewing legislative materials.

h. Supervises all legal activities of the Department and its operating and staff divisions, except with respect to certain matters within the jurisdiction of the OIG.

i. Ensures that no one in the Department, other than those in OGC or expressly authorized by the General Counsel to do so, provides any legal advice to anyone in the Department that implies that they are functioning as a departmental lawyer.

j. Issues all Advisory Opinions except those relating to the Anti-Kickback Act (SSA 1128B(b)), the Anti-Inducement Act (SSA 1128A(a)(5)), and the Ethics in Patient Referral Act of 1989.

2. The Legislation Section (GCL). The Legislation Section:

a. Drafts all proposed legislation originating in the Department, reviews specifications for such proposed legislation, and reviews all proposed Federal legislation submitted to the Department or any constituent unit of the Department for comment.

b. Prepares or reviews reports and letters to congressional committees, the Office of Management and Budget, and others concerning proposed Federal legislation.

c. Reviews proposed testimony of Department officials before congressional committees relating to proposed Federal legislation.

d. Acts as the Department's liaison with the Office of Management and Budget on legislative matters.

e. Prescribes procedures governing the routing and review within the Department of all materials relating to proposed Federal legislation, including all such materials received by any constituent unit of the Department.

Subsection B. Functions and Responsibilities of the OGC Divisions

The Divisions within OGC provide legal counsel to their clients, as described below, subject to the professional supervision and control of the General Counsel and the designated Deputy General Counsel.

1. The Advanced Research Projects Agency for Health (ARPA–H) Division. The ARPA–H Division provides legal services to ARPA–H.

2. Centers for Medicare & Medicaid Services Division (CMSD). CMSD provides legal services to the Centers for Medicare & Medicaid Services (CMS), the Office of Medicare Hearings and Appeals (OMHA) and the Departmental Appeals Board (DAB). CMSD also represents CMS in connection with certain administrative and judicial proceedings involving programs administered by CMS, provides legal guidance for programs administered by CMS, and reviews proposed and final regulations and **Federal Register** notices prepared by CMS. CMSD acts as the primary liaison to the Department of Justice and other federal departments for programs administered by CMS.

3. Children, Families, and Aging Division (CFAD). CFAD provides legal services to the Administration for Children and Families and its various agencies, including the Office of Refugee Resettlement and Administration for Community Living. In addition, the Division advises the Department on initiatives authorized by the Indian Employment, Training, and Related Services Demonstration Act of 2017.

4. Civil Rights and Health Information Privacy Division (CPD). CPD provides legal services to the Office for Civil Rights (OCR) and advises on the implementation and enforcement of civil rights laws, conscience and religious freedom laws, and health information privacy laws, including *e.g.,* the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and 42 CFR part 2. CPD does not defend claims filed by HHS employees.

5. Ethics Division (ETH). ETH administers and oversees Department-wide implementation of comprehensive government ethics program requirements under the Ethics in Government Act of 1978 as amended, Executive Order 12731, and implementing regulations at 5 CFR part 2638. This includes providing legal advice, training, and policy instruction and guidance consistent with core ethics program elements, including conflict of interest, impartiality, financial disclosure, outside activities, political activity, lobbying, pre-clearance ethics agreements, gifts, and travel payments from non-federal sources.

ETH also communicates on matters related to government ethics with the Office of Counsel to the President, the Office of Government Ethics, the Office of Special Counsel, the Office of Inspector General, Special Investigations Unit, the Department of Justice, the Office of Personnel Management, and the General Services Administration.

In addition, ETH develops component-specific conduct regulations and implementing procedures.

6. Food and Drug Division (FDD). FDD acts as the legal advisor to the Commissioner of Food and Drugs and provides legal services to the Food and Drug Administration (FDA). This includes representing the FDA in connection with judicial and administrative proceedings involving programs administered by the FDA, providing legal advice and policy guidance for programs administered by the FDA, and reviewing proposed and final regulations and **Federal Register** notices prepared by FDA. FDD acts as the Department and FDA's primary liaison to the Department of Justice and other federal departments for programs administered by FDA; all criminal prosecutions, investigations, and civil matters may be referred to the Department of Justice only through or in consultation with the Chief Counsel, appropriate Deputy General Counsel or the General Counsel.

7. General Law Division (GLD). GLD provides advice and representation with respect to laws and regulations that are applicable Government-wide including laws and regulations that govern business management activities and administrative operations such as procurement, contracting, personnel, budget, appropriations, federal real property, employment, information disclosure and privacy (but not health information privacy) and federal tort claims. In addition, the Associate General Counsel for GLD acts as the Department Claims Officer unless otherwise determined by the Secretary.

8. National Complex Litigation and Investigations Division (NCLID). NCLID provides legal services to all agencies and offices within the Department, as directed by the General Counsel. NCLID provides legal services in connection with complex litigation or anticipated complex litigation by or against the Department. Such litigation may include cases for which other OGC divisions request NCLID participation, cases spanning multiple OGC divisions, or cases outside the scope of other OGC divisions. NCLID administers the OGC-wide E-discovery program and coordinates the use of E-discovery technology with agencies and offices within the Department. NCLID will also conduct internal investigations at the request of the Secretary, Deputy Secretary, or the General Counsel.

9. The Disease Prevention and Health Information Technology Division (DPTD) provides legal services to the Centers for Disease Control and Prevention (CDC), the Agency for Toxic Substances and Disease Registry (ATSDR), the Office of the National Coordinator for Health Information Technology (ONC), and the Administration for Strategic Preparedness and Response (ASPR). DPTD also provides legal services to the Office of Global Affairs (OGA) and the

Office of the Assistant Secretary for Planning and Evaluation (ASPE).

The Public and Environmental Health Section provides legal services to CDC and ATSDR concerning public-health, disease-control, quarantine and isolation, emergency-response, environmental-health, occupational safety and worker health, and hazardous-substance authorities.

The Health Information Technology Section advises ONC concerning its authorities under the HITECH Act, the 21st Century Cures Act, the Public Health Service Act, and related statutes.

The Global Affairs Section advises OGA and the CDC's Global Health Center concerning global health, international public health engagement and activities, and such additional functions in the international space as may be assigned by the General Counsel.

The Preparedness and Response Section advises ASPR concerning emergency preparedness and response authorities; public-health emergency declarations and waivers; the Public Readiness and Emergency Preparedness Act; medical countermeasures; the Biomedical Advanced Research and Development Authority; and the Strategic National Stockpile.

10. Public Health Division (Ph.D.). Ph.D. provides legal services to all Public Health Service agencies and programs not otherwise assigned to another OGC Division, including, but not limited to (i) the Office of the Assistant Secretary for Health, and its various programs, including the Office of the Surgeon General and the Commissioned Corps of the U.S. Public Health Service; (ii) the Office of the Secretary's Office of Minority Health; (iii) the National Institutes of Health; (iv) the Health Resources and Services Administration; (v) the Indian Health Service; (vi) the Agency for Healthcare Research and Quality; and (vii) the Substance Abuse and Mental Health Services Administration.

11. Unaccompanied Alien Children Legal Representation Division (UACLRD). UACLRD provides direct legal services to unaccompanied alien children (UAC). Attorneys within UACLRD provide direct legal advice and counsel to UAC; provide introductory legal orientation concerning immigration proceedings and applicable processes, rights, and responsibilities; and represent individual UAC as counsel in immigration proceedings, including by entering appearances on behalf of UAC before immigration courts and other appropriate immigration adjudicatory bodies. UACLRD attorneys may provide such representation throughout the course of an individual UAC's immigration proceedings, as appropriate.

UACLRD performs these functions independently of the Children, Families, and Aging Division, the Administration for Children and Families, and the Office of Refugee Resettlement. UACLRD does not provide legal advice or representation to those entities with respect to matters in which UACLRD represents an individual UAC. The Division may coordinate with other OGC components and appropriate Federal entities as necessary to carry out its responsibilities, consistent with its professional responsibilities to the UAC whom its attorneys represent.

Robert F. Kennedy, Jr.,

Secretary, U.S. Health and Human Services.

[FR Doc. 2026–19903 Filed 9–28–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[Docket No. USCG–2026–0041]

Guidance on the Streamlined Inspection Program; Reopening of Comment Period

AGENCY: Coast Guard, DHS.

ACTION: Reopening of comment period.

SUMMARY: The Coast Guard is reopening the comment period on its draft Navigation and Vessel Inspection Circular (NVIC) 02–99, Change 1, Guidance on the Streamlined Inspection Program.

DATES: The comment period for the notice published August 24, 2026, at 91 FR 54729, is reopened. Comments must be submitted to the online docket via *https://www.regulations.gov* on or before October 29, 2026.

ADDRESSES: You may submit comments identified by docket number USCG–2026–0041 at *https://www.regulations.gov.* See the ''Public Participation and Request for Comments'' portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

FOR FURTHER INFORMATION CONTACT: For information about this document call or email LCDR Samuel Rodriguez, Coast Guard; telephone 571–608–7959, email *Samuel.Rodriguez-Gonzalez@uscg.mil.*

SUPPLEMENTARY INFORMATION:

Public Participation and Comments

We encourage you to submit comments (or related material) on the draft NVIC 02–99, Change 1. We will consider all submissions and may adjust our final action based on your comments. If you submit a comment, please include the docket number for this notice, indicate the specific section of this document to which each comment applies, and provide a reason for each suggestion or recommendation.

Submitting comments. We encourage you to submit comments at *http://www.regulations.gov.* To do so, go to *https://www.regulations.gov,* type USCG–2026–0041 in the search box and click ''Search.'' Next, look for this document in the Search Results column, and click on it. Then click on the Comment option. If your material cannot be submitted using *http://www.regulations.gov,* contact the person in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

Viewing material in docket. To view documents mentioned in this notice as being available in the docket, find the docket as described in the previous paragraph, and then select ''Supporting & Related Material'' in the Document Type column. Public comments will also be placed in our online docket and can be viewed by following instructions on the *https://www.regulations.gov* Frequently Asked Questions web page.

Personal information. We accept anonymous comments. Comments we post to *https://www.regulations.gov* will include any personal information you have provided. For more about privacy and submissions in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

Discussion

The Notice of the availability and request for comments on draft NVIC 02–99, Change 1 was published on August 24, 2026. 91 FR 54729. The original comment period closed on September 23, 2026. However, stakeholders notified the Coast Guard that they need more time to prepare their comments. The Coast Guard has decided that a longer public comment period would be appropriate to allow interested parties additional time to submit comments for Coast Guard's consideration. Thus, Coast Guard is reopening the comment period for 30 days, until October 29, 2026. This notice is issued under authority of 5 U.S.C. 552(a); 46 U.S.C. 3103 and 3306; 46 CFR part 8, subpart E; and Department of Homeland Security Delegation No. 00170.1(II)(92).

Dated: September 24, 2026.

C.F. Heard IV,

Captain, U.S. Coast Guard, Chief, Office of Commercial Vessel Compliance.

[FR Doc. 2026–19895 Filed 9–28–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Accreditation and Approval of Intertek USA, Inc. (Chelsea, MA), as a Commercial Gauger and Laboratory

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

ACTION: Notice of accreditation and approval of Intertek USA, Inc. (Chelsea, MA), as a commercial gauger and laboratory.

SUMMARY: Notice is hereby given, pursuant to CBP regulations, that Intertek USA, Inc. (Chelsea, MA), has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes for the next three years as of August 28, 2024.

DATES: Intertek USA, Inc. (Chelsea, MA), was approved and accredited as a commercial gauger and laboratory as of August 28, 2024. The next triennial inspection date will be scheduled for August 2027.

FOR FURTHER INFORMATION CONTACT: Dr. Laura Granell-Ortiz, Laboratories and Scientific Services, U.S. Customs and Border Protection, 1331 Pennsylvania Avenue NW, Suite 1501A North, Washington, DC 20004, tel. 202–344–1060.

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to 19 CFR 151.12 and 19 CFR 151.13, that Intertek USA, Inc., 230 Crescent Ave., Chelsea, MA 02150, has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes, in accordance with the provisions of 19 CFR 151.12 and 19 CFR 151.13.

Intertek USA, Inc. (Chelsea, MA) is approved for the following gauging procedures for petroleum and certain petroleum products from the American Petroleum Institute (API):

API chapters	Title
3	Tank Gauging.
7	Temperature Determination.
8	Sampling.
12	Calculations.
17	Marine Measurement.

Intertek USA, Inc. (Chelsea, MA) is accredited for the following laboratory analysis procedures and methods for petroleum and certain petroleum products set forth by the U.S. Customs and Border Protection Laboratory Methods (CBPL) and American Society for Testing and Materials (ASTM):

CBPL No.	ASTM	Title
27–08	D 86	Standard Test Method for Distillation of Petroleum Products at Atmospheric Pressure.
27–11	D 445	Standard Test Method for Kinematic Viscosity of Transparent and Opaque Liquids (and Calculation of Dynamic Viscosity).
27–48	D 4052	Standard Test Method for Density and Relative Density of Liquids by Digital Density Meter.
27–53	D 2709	Standard Test Method for Water and Sediment in Middle Distillate Fuels by Centrifuge.
27–57	D 7039	Standard Test Method for Sulfur in Gasoline and Diesel Fuel by Monochromatic Wavelength Dispersive X-Ray Fluorescence Spectrometry.
27–58	D 5191	Standard Test Method for Vapor Pressure of Petroleum Products (Mini Method).

Anyone wishing to employ this entity to conduct laboratory analyses and gauger services should request and receive written assurances from the entity that it is accredited or approved by the U.S. Customs and Border Protection to conduct the specific test or gauger service requested. Alternatively, inquiries regarding the specific test or gauger service this entity is accredited or approved to perform may be directed to the U.S. Customs and Border Protection by calling (202) 344–1060. The inquiry may also be sent to *CBPGaugersLabs@cbp.dhs.gov*. Please reference the website listed below for a complete listing of CBP approved gaugers and accredited laboratories. *http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories*.

Patricia A. Coleman,

Acting Assistant Commissioner, Laboratories and Scientific Services.

[FR Doc. 2026–19925 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–14–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Accreditation and Approval of Laboratory Services, Inc. (Kemah, TX) as a Commercial Gauger and Laboratory

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

ACTION: Notice of accreditation and approval of Laboratory Services, Inc. (Kemah, TX), as a commercial gauger and laboratory.

SUMMARY: Notice is hereby given, pursuant to CBP regulations, that Laboratory Services, Inc. (Kemah, TX), has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes for the next three years as of July 22, 2025.

DATES: Laboratory Services, Inc. (Kemah, TX) was approved and accredited as a commercial gauger and laboratory as of July 22, 2025. The next triennial inspection date will be scheduled for July 2028.

FOR FURTHER INFORMATION CONTACT: Dr. Laura Granell-Ortiz, Laboratories and Scientific Services, U.S. Customs and Border Protection, 1331 Pennsylvania Avenue NW, Suite 1501A North, Washington, DC 20004, tel. 202–344–1060.

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to 19 CFR 151.12 and 19 CFR 151.13, that Laboratory Services, Inc., 1001 Sue Drive A8, Kemah, Texas 77565, has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes, in accordance with the provisions of 19 CFR 151.12 and 19 CFR 151.13. Laboratory Services, Inc. (Kemah, TX) is approved for the following gauging procedures for petroleum and certain petroleum products from the American Petroleum Institute (API):

API chapters	Title
3	Tank Gauging.
7	Temperature Determination.
8	Sampling.
12	Calculations of Petroleum Quantities.
17	Marine Measurement.

Laboratory Services, Inc. (Kemah, TX) is accredited for the following laboratory analysis procedures and methods for petroleum and certain petroleum products set forth by the U.S. Customs and Border Protection Laboratory Methods (CBPL) and American Society for Testing and Materials (ASTM):

CBPL No.	ASTM	Title
27–08	D 86	Standard Test Method for Distillation of Petroleum Products at Atmospheric Pressure.
27–48	D 4052	Standard Test Method for Density, Relative Density, and API Gravity of Liquids by Digital Density Meter.

Anyone wishing to employ this entity to conduct laboratory analyses and gauger services should request and receive written assurances from the entity that it is accredited or approved by the U.S. Customs and Border Protection to conduct the specific test or gauger service requested. Alternatively, inquiries regarding the specific test or gauger service this entity is accredited or approved to perform may be directed to the U.S. Customs and Border Protection by calling (202) 344–1060. The inquiry may also be sent to *CBPGaugersLabs@cbp.dhs.gov.* Please reference the website listed below for a complete listing of CBP approved gaugers and accredited laboratories. *http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories.*

Patricia A. Coleman,

Acting Assistant Commissioner, Laboratories and Scientific Services.

[FR Doc. 2026–19926 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–14–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Accreditation and Approval of Intertek USA, Inc. (Carteret, NJ), as a Commercial Gauger and Laboratory

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

ACTION: Notice of accreditation and approval of Intertek USA, Inc. (Carteret, NJ), as a commercial gauger and laboratory.

SUMMARY: Notice is hereby given, pursuant to CBP regulations, that Intertek USA, Inc. (Carteret, NJ), has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes for the next three years as of August 28, 2025.

DATES: Intertek USA, Inc. (Carteret, NJ), was approved and accredited as a commercial gauger and laboratory as of August 28, 2025. The next triennial inspection date will be scheduled for August 2028.

FOR FURTHER INFORMATION CONTACT: Dr. Laura Granell-Ortiz, Laboratories and Scientific Services, U.S. Customs and Border Protection, 1331 Pennsylvania Avenue NW, Suite 1501A North, Washington, DC 20004, tel. 202–344–1060.

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to 19 CFR 151.12 and 19 CFR 151.13, that Intertek USA, Inc., 1000 Port Carteret Dr., Suite C, Carteret, NJ 07008, has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes, in accordance with the provisions of 19 CFR 151.12 and 19 CFR 151.13.

Intertek USA, Inc. (Carteret, NJ), is approved for the following gauging procedures for petroleum and certain petroleum products from the American Petroleum Institute (API):

API chapters	Title
3	Tank Gauging.
7	Temperature Determination.
8	Sampling.
12	Calculations of Petroleum Quantities.
17	Marine Measurement.

Intertek USA, Inc. (Carteret, NJ), is accredited for the following laboratory analysis procedures and methods for petroleum and certain petroleum products set forth by the U.S. Customs and Border Protection Laboratory Methods (CBPL) and American Society for Testing and Materials (ASTM):

CBPL No.	ASTM	Title
27–01	D287	Standard Test Method for API Gravity of Crude Petroleum and Petroleum Products (Hydrometer Method).
27–04	D95	Standard Test Method for Water in Petroleum Products and Bituminous Materials by Distillation.
27–06	D473	Standard Test Method for Sediment in Crude Oils and Fuel Oils by the Extraction Method.
27–07	D4807	Standard Test Method for Sediment in Crude Oil by Membrane Filtration.
27–08	D86	Standard Test Method for Distillation of Petroleum Products at Atmospheric Pressure.
27–11	D445	Standard Test Method for Kinematic Viscosity of Transparent and Opaque Liquids (and Calculation of Dynamic Viscosity).
27–13	D4294	Standard Test Method for Sulfur in Petroleum and Petroleum Products by Energy-Dispersive X-ray Fluorescence Spectrometry.
27–46	D5002	Standard Test Method for Density, Relative Density, and API Gravity of Crude Oils by Digital Density Analyzer.
27–48	D4052	Standard Test Method for Density and Relative Density of Liquids by Digital Density Meter.
27–50	D93	Standard Test Methods for Flash Point by Pensky-Martens Closed Cup Tester.
27–53	D2709	Standard Test Method for Water and Sediment in Middle Distillate Fuels by Centrifuge.
27–58	D5191	Standard Test Method for Vapor Pressure of Petroleum Products (Mini Method).
N/A	D1319	Standard Test Method for Hydrocarbon Types in Liquid Petroleum Products by Fluorescent Indicator Adsorption.
N/A	D2699	Standard Test Method for Research Octane Number of Spark-Ignition Engine Fuel.

CBPL No.	ASTM	Title
N/A	D2700	Standard Test Method for Motor Octane Number of Spark-Ignition Engine Fuel.
N/A	D3606	Standard Test Method for Determination of Benzene and Toluene in Finished Motor and Aviation Gasoline by Gas Chromatography.
N/A	D5599	Standard Test Method for Determination of Oxygenates in Gasoline by Gas Chromatography and Oxygen Selective Flame Ionization Detection.
N/A	D5769	Standard Test Method for Determination of Benzene, Toluene, and Total Aromatics in Finished Gasolines by Gas Chromatography/Mass Spectrometry.

Anyone wishing to employ this entity to conduct laboratory analyses and gauger services should request and receive written assurances from the entity that it is accredited or approved by the U.S. Customs and Border Protection to conduct the specific test or gauger service requested. Alternatively, inquiries regarding the specific test or gauger service this entity is accredited or approved to perform may be directed to the U.S. Customs and Border Protection by calling (202) 344–1060. The inquiry may also be sent to *CBPGaugersLabs@cbp.dhs.gov*. Please reference the website listed below for a complete listing of CBP approved gaugers and accredited laboratories. *http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories*.

Patricia A. Coleman,

Acting Assistant Commissioner, Laboratories and Scientific Services.

[FR Doc. 2026–19924 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–14–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA–2026–0001]

Notice of Adjustment of Countywide Per Capita Impact Indicator

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: FEMA gives notice that the countywide per capita impact indicator under the Public Assistance program for disasters with an incident start date on or after October 1, 2025, were increased.

DATES: This adjustment applies to major disasters with an incident start date on or after October 1, 2025.

FOR FURTHER INFORMATION CONTACT: Robert M. Pesapane, Recovery Directorate, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472, (202) 646–3834.

SUPPLEMENTARY INFORMATION: In assessing damages for area designations under 44 CFR 206.40(b), FEMA uses a countywide per capita indicator to evaluate the impact of the disaster at the county level. FEMA will adjust the countywide per capita impact indicator under the Public Assistance program to reflect annual changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.

FEMA gives notice of an increase in the countywide per capita impact indicator to $4.86 for all disasters with an incident start date on or after October 1, 2025.

FEMA bases the adjustment on an increase in the Consumer Price Index for All Urban Consumers of 2.9 percent for the 12-month period that ended in August 2025. The Bureau of Labor Statistics of the U.S. Department of Labor released the information on September 11, 2025.

Catalog of Federal Domestic Assistance No. 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters).

Cameron Hamilton,

Administrator, Federal Emergency Management Agency.

[FR Doc. 2026–19858 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–23–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA–2026–0001]

Notice of Maximum Amount of Assistance Under the Individuals and Households Program

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: FEMA gives notice of the maximum amount for assistance under the Individuals and Households Program for emergencies and major disasters declared on or after October 1, 2025.

DATES: This adjustment applies to emergencies and major disasters declared on or after October 1, 2025.

FOR FURTHER INFORMATION CONTACT: Zachary Usher, Recovery Directorate, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472, (202) 212–1000.

SUPPLEMENTARY INFORMATION: Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act), 42 U.S.C. 5174, prescribes that FEMA must annually adjust the maximum amount for assistance provided under the Individuals and Households Program (IHP). FEMA gives notice that the maximum amount of IHP financial assistance provided to an individual or household under section 408 of the Stafford Act with respect to any single emergency or major disaster is $44,800 for housing assistance and $44,800 for other needs assistance. The increase in award amount is for any single emergency or major disaster declared on or after October 1, 2025. In addition, in accordance with 44 CFR 61.17(c), this increases the maximum amount of available coverage under any Group Flood Insurance Policy (GFIP) issued.

FEMA bases the adjustment on an increase in the Consumer Price Index for All Urban Consumers of 2.9 percent for the 12-month period, which ended in August 2025. The Bureau of Labor Statistics of the U.S. Department of Labor released the information on September 11, 2025.

Catalog of Federal Domestic Assistance No. 97.048, Federal Disaster Assistance to Individuals and Households in Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs.

Cameron Hamilton,

Administrator, Federal Emergency Management Agency.

[FR Doc. 2026–19854 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–23–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA–2026–0001]

Notice of Adjustment of Disaster Grant Amounts

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: FEMA gives notice of an adjustment to the threshold for Small Project subgrants made to state, tribal, and local governments and private nonprofit facilities for disasters declared on or after October 1, 2025.

DATES: This adjustment applies to major disasters and emergencies declared on or after October 1, 2025.

FOR FURTHER INFORMATION CONTACT: Robert M. Pesapane, Recovery Directorate, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472, (202) 646–3834.

SUPPLEMENTARY INFORMATION: The Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5207, as amended by the Sandy Recovery Improvement Act, Public Law 113–2, provides that FEMA will annually adjust the threshold for assistance provided under section 422, Simplified Procedures, relating to the Public Assistance program, to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.

FEMA gives notice that $1,093,800 is the threshold for any Small Project subgrant made to state, tribal, and local governments or to the owner or operator of an eligible private nonprofit facility under section 422 of the Stafford Act for all major disasters or emergencies declared on or after October 1, 2025.

FEMA bases the adjustment on an increase in the Consumer Price Index for All Urban Consumers of 2.9 percent for the 12-month period that ended in August 2025. This is based on information released by the Bureau of Labor Statistics at the U.S. Department of Labor on September 11, 2025.

Catalog of Federal Domestic Assistance No. 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters).

Cameron Hamilton,

Administrator, Federal Emergency Management Agency.

[FR Doc. 2026–19898 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–23–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA–2026–0001]

Notice of Adjustment of Statewide per Capita Impact Indicator

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: FEMA gives notice that the statewide per capita impact indicator under the Public Assistance program for disasters with an incident start date on or after October 1, 2025, were increased.

DATES: This adjustment applies to major disasters with an incident start date on or after October 1, 2025.

FOR FURTHER INFORMATION CONTACT: Robert M. Pesapane, Recovery Directorate, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472, (202) 646–3834.

SUPPLEMENTARY INFORMATION: FEMA regulations at 44 CFR 206.48 provides that FEMA will adjust the statewide per capita impact indicator under the Public Assistance program to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.

FEMA gives notice that the statewide per capita impact indicator was increased to $1.94 for all disasters with an incident start date on or after October 1, 2025.

FEMA bases the adjustment on an increase in the Consumer Price Index for All Urban Consumers of 2.9 percent for the 12-month period that ended in August 2025. The Bureau of Labor Statistics of the U.S. Department of Labor released the information on September 11, 2025.

Catalog of Federal Domestic Assistance No. 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters).

Cameron Hamilton,

Administrator, Federal Emergency Management Agency.

[FR Doc. 2026–19855 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–23–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA–2026–0001]

Notice of Adjustment of Minimum Project Worksheet Amount

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: FEMA gives notice that the minimum Project Worksheet Amount under the Public Assistance program for disasters and emergencies declared on or after October 1, 2025, were increased.

DATES: This adjustment applies to major disasters and emergencies declared on or after October 1, 2025.

FOR FURTHER INFORMATION CONTACT: Robert M. Pesapane, Recovery Directorate, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472, (202) 646–3834.

SUPPLEMENTARY INFORMATION: FEMA regulations at 44 CFR 206.202(d)(2) provides that FEMA will annually adjust the minimum Project Worksheet amount under the Public Assistance program to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.

FEMA gives notice of an increase to $4,100 for the minimum amount that will be approved for any Project Worksheet under the Public Assistance program for all major disasters and emergencies declared on or after October 1, 2025.

FEMA bases the adjustment on an increase in the Consumer Price Index for All Urban Consumers of 2.9 percent for the 12-month period that ended in August 2025. This is based on information released by the Bureau of Labor Statistics at the U.S. Department of Labor on September 11, 2025.

Catalog of Federal Domestic Assistance No. 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters).

Cameron Hamilton,

Administrator, Federal Emergency Management Agency.

[FR Doc. 2026–19859 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–23–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA–2026–0001]

Notice of Award Amount Adjustment for Serious Needs Assistance

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: FEMA gives notice of the award amount for Serious Needs Assistance provided under the Individuals and Households Program for emergencies and major disasters declared on or after October 1, 2025.

DATES: This adjustment applies to emergencies and major disasters declared on or after October 1, 2025.

FOR FURTHER INFORMATION CONTACT: Zachary Usher, Recovery Directorate, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472, (202) 212–1000.

SUPPLEMENTARY INFORMATION: FEMA regulations at 44 CFR 206.119(b)(1) prescribe that FEMA will annually adjust the award amount for Serious Needs Assistance (SNA) provided under the Individuals and Households Program. FEMA gives notice that the award amount for SNA provided to an individual or household under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act with respect to any single emergency or major disaster is $790. The increase in award amount is for any single emergency or major disaster declared on or after October 1, 2025.

FEMA bases the adjustment on an increase in the Consumer Price Index for all Urban Consumers of 2.9 percent for the 12-month period, which ended in August 2025. The Bureau of Labor Statistics of the U.S. Department of Labor released the information on September 11, 2025.

Catalog of Federal Domestic Assistance No. 97.048, Federal Disaster Assistance to Individuals and Households in Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs.

Cameron Hamilton,

Administrator, Federal Emergency Management Agency.

[FR Doc. 2026–19856 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–23–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Immigration and Customs Enforcement

[OMB Control Number 1653–0041]

Agency Information Collection Activities: Extension of a Currently Approved Collection; Designation of Attorney in Fact/Revocation of Attorney in Fact

AGENCY: U.S. Immigration and Customs Enforcement, Department of Homeland Security.

ACTION: 30-Day notice.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995 the Department of Homeland Security (DHS), U.S. Immigration and Customs Enforcement (ICE) will submit the following Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and clearance. This information collection was previously published in the **Federal Register** on December 15, 2025, allowing for a 60-day comment period. ICE received no comments. In the 60-day notice, the burden hours on the public were stated incorrectly. Those have now been changed to the correct values. Other information is available on *www.reginfo.gov/public/do/PRAMain.* The purpose of this notice is to allow an additional 30 days for public comments.

DATES: Comments are encouraged and will be accepted until October 29, 2026.

ADDRESSES: Written comments and recommendations for this information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function under e-Docket ID number ICEB–2009–0001–0011.

FOR FURTHER INFORMATION CONTACT: For specific question related to collection activities, please contact U.S. Immigration and Customs Enforcement at *ICEPRA@ice.dhs.gov.*

SUPPLEMENTARY INFORMATION:

Comments

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

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

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

Overview of This Information Collection

(1) *Type of Information Collection:* Extension of a Currently Approved Collection.

(2) *Title of the Form/Collection:* Designation of Attorney in Fact/Revocation of Attorney in Fact.

(3) *Agency form number, if any, and the applicable component of the Department of Homeland Security sponsoring the collection:* I–312/I–312A; U.S. Immigration and Customs Enforcement.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract: Primary:* State, Local, or Tribal Government. Section § 103(a) the Immigration and Nationality Act (INA) authorizes the Secretary of Homeland Security to establish regulations prescribing forms of bond. Section 103.6 of Title 8 of the Code of Federal Regulations (CFR) provides for the posting of surety or cash bonds. All bonds posted in immigration cases shall be executed on Form I–352, Immigration Bond, and secured with some form of collateral by an Obligor. In the case of a cash bond, the Obligor will deposit with U.S. Immigration and Customs Enforcement (ICE) the face value of the bond. The Obligor can designate a third party as an Attorney in Fact to accept on their behalf the return of the collateral security deposited to secure the surety bond upon cancellation of the bond or performance of the Obligor. The Form I–312, Designation of Attorney in Fact, is the instrument used by the Obligor to officially designate their Attorney in Fact. Upon receipt of a properly executed Form I–312, ICE Financial Operations will remit to the Attorney in Fact the principal and interest on the security deposit in the event of a bond cancellation, or the interest on the security deposit in the event of a bond

breach. Immigration bonds might remain in place for years, and Obligors might choose to appoint a new Attorney in Fact as circumstances change. To ensure that ICE Financial Operations properly executes its fiduciary duties to the Obligor under the Form I–352 bond contract, and exercises due diligence in ensuring that remittances are made to the proper person, ICE uses Form I–312A as the document by which the Obligor could expressly indicate that a previously valid Form I–312 Attorney in Fact designation had been revoked.

(5) An estimate of the total number of responses and the amount of time estimated for an average respondent to respond:

Annual Reporting Burden, Form I–312

a. *Number of Respondents:* 193.
b. *Number of Responses per Each Respondent:* 1.
c. *Total Annual Responses:* 193.
d. *Hours per Response:* 1.
e. *Total Annual Reporting Burden Hours:* 193.

Annual Reporting Burden, Form I–312A

a. *Number of Respondents:* 5.
b. *Number of Responses per Each Respondent:* 1.
c. *Total Annual Responses:* 5.
d. *Hours per Response:* 1.
e. *Total Annual Reporting Burden Hours:* 5.

The projected hours per response for this collection of information were derived by first breaking the process into four basic components:

Learning about the Law and the Form: 10 Minutes.
Completion of the Form: 10 Minutes.
Assembling and Filing the Form: 10 Minutes.
Obtaining Notary Seal: 30 Minutes.
Total Hours per Response: 60 Minutes.

(6) An estimate of the total public burden (in hours) associated with the collection: 193 annual burden hours.

Dated: 24 July 2026.

Ashley Pearce,

Deputy Chief Data Officer.

[FR Doc. 2026–19853 Filed 9–28–26; 8:45 am]

BILLING CODE 9111–28–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6086–N–13]

National Standards for the Physical Inspection of Real Estate: Scoring Notice

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Office of the Assistant Secretary for Public and Indian Housing (PIH), HUD.

ACTION: Request for public comment.

SUMMARY: This notice seeks public comment on revisions to the NSPIRE Scoring Notice, ''National Standards for the Physical Inspection of Real Estate and Associated Protocols, Scoring Notice''. Pursuant to the governing regulation, which requires periodic revision of the NSPIRE Scoring Notice and an opportunity for public comment, HUD is providing an opportunity for public comment on the revisions to the scoring procedures set forth in this notice. HUD will consider comments received in response to this notice before publishing a final NSPIRE Scoring Notice in the **Federal Register** and posting the updated NSPIRE Scoring Notice on *www.hud.gov.*

DATES: *Comments Due:* November 30, 2026.

ADDRESSES: Interested persons are invited to submit comments responsive to this notice. Communications should refer to the above docket number and title. There are two methods for submitting public comments.

1. *Electronic Submission of Comments.* Comments may be submitted electronically through the Federal eRulemaking Portal at *https://www.regulations.gov.* HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make comments immediately available to the public. Comments submitted electronically through the website can be viewed by other commenters and interested members of the public. Commenters should follow instructions provided on that site to submit comments electronically.

2. *Submission of Comments by Mail.* Comments may also be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410–0500. Due to security measures at all Federal agencies, submission of comments by mail often results in delayed delivery. To ensure timely receipt, HUD recommends that comments be mailed at least 2 weeks in advance of the public comment deadline.

Note: To receive consideration as public comments, comments must be submitted using one of the two methods specified above.

No Facsimile Comments. Facsimile (fax) comments are not acceptable.

3. *Public Inspection of Comments.* All comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. ET on weekdays at the above address. Due to security measures at HUD Headquarters, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 708–3055. This is not a toll-free number. Copies of all comments submitted are available for inspection and downloading at *https://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Dakisha Spratling, Real Estate Assessment Center, Office of Public and Indian Housing, Department of Housing and Urban Development, 550 12th Street SW, Suite 100, Washington, DC 20410–4000, telephone number (202) 402–7146 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit: *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.*

SUPPLEMENTARY INFORMATION:

I. NSPIRE Rule

On May 11, 2023, HUD published the final rule, ''Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate'' (88 FR 30442), to align expectations of housing quality and consolidate inspection standards across HUD programs.

24 CFR 5.709(a) states that HUD will publish a notice establishing NSPIRE scoring methodology to score and rank HUD housing. 24 CFR 5.709(a)(1) further establishes that HUD will subsequently publish in the **Federal Register** for a public comment period of not less than 30 days, any revisions to the inspection and scoring procedures that HUD determines to be necessary, at least once every 3 years or 3 years after the most recent revision, whichever is later. The revision process provides an opportunity for the public to examine proposed changes to the scoring procedure, share pertinent comments, and suggest the inclusion of industry best practices. A 3-year revision cycle allows HUD to be more responsive to the ever-changing public and assisted housing portfolio and research findings in the field.

II. NSPIRE Scoring Background

On July 7, 2023, HUD published the final NSPIRE Scoring Notice, ''National Standards for the Physical Inspection of Real Estate and Associated Protocols, Scoring Notice'' (88 FR 43371), effective July 1, 2023. The NSPIRE Scoring Notice establishes the methodology for weighing deficiencies identified during inspections conducted under the NSPIRE Standards and for scoring those deficiencies for each program. The Scoring Notice also establishes the gradations and severity levels applicable to each deficiency under the scoring methodology, as well as the compliance date for the new affirmative requirements for HUD housing subject to NSPIRE.

The NSPIRE Scoring Notice does not apply to the Housing Choice Voucher and Project-Based Voucher programs and does not revise the inspection frequencies established under the applicable program regulations.

III. Proposed Revisions to the NSPIRE Scoring Notice

This notice sets forth three revisions to the NSPIRE Scoring Notice for public comment. As discussed below, each revision was previously published in a separate notice.

Revised Compliance Date for NSPIRE New Affirmative Requirements

This first revision to the NSPIRE Scoring Notice addresses the compliance date for the new affirmative requirements in NSPIRE standards. These affirmative requirements include: Fire Labeled Doors; Electrical—Ground-Fault Circuit Interrupter (GFCI) outlet or breaker; Guardrail; Heating, Ventilation, and Air Conditioning (HVAC); Interior Lighting; and Minimum Electrical and Lighting (see the full list in Section III of Notice PIH 2025–27/H 2025–06). For detailed descriptions of each category of new affirmative requirements and the associated defects, refer to Section IV.D of the NSPIRE Scoring Notice.

The affirmative requirements are property attributes or requirements that must be met. When a property does not meet these requirements, it constitutes a defect in the inspection and may result in point deductions from the property's score. The NSPIRE Scoring Notice provided properties with a 12-month period before scoring the new affirmative requirements. On December 17, 2024, HUD issued a notice extending the period before scoring the new affirmative requirements to October 1, 2025. (Notice PIH 2024–39/H 2024–11). On September 30, 2025, HUD extended the date on which it will begin scoring the new affirmative requirements to October 1, 2026, to provide stakeholders additional time to comply (Notice PIH 2025–27/H 2025–06). Beginning October 1, 2026, deficiencies identified under the new affirmative requirements will be included in the calculation of a property's inspection score. The extension applies to inspections conducted in the Public Housing and Multifamily Housing portfolios.

Sample Size Correction

The second revision to the NSPIRE Scoring Notice concerns a correction to the sample size. In reviewing the published notice, HUD identified two inadvertent errors in Table 9, Section V, titled, ''Number of Units Sampled Under NSPIRE Scoring and Sampling Methodology Based on Property Size.'' HUD corrected those errors in correction notice ''National Standards for the Physical Inspection of Real Estate and Associated Protocols, Scoring Notice; Correction'' (90 FR 5973) published in the **Federal Register** on January 17, 2025. Specifically, the entries for the following two rows listing the number of units in a property were incorrect:

Units in property	UPCS sample	NSPIRE sample
111–132	22–23	26
133–166	23–24	27

HUD is correcting these errors so that these rows read as follows:

Units in property	UPCS sample	NSPIRE sample
111–133	22–23	26
134–166	23–24	27

The UPCS (Uniform Physical Condition Standards) and NSPIRE *sample sizes* remain unchanged.

For clarity, the corrected Table 9, in its entirety is as follows:

TABLE 9—NUMBER OF UNITS SAMPLED UNDER NSPIRE SCORING AND SAMPLING METHODOLOGY BASED ON PROPERTY SIZE

Units in property	UPCS sample	NSPIRE sample
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5
6	5	6
7	6	6
8	7	7
9	7	8
10	8	8
11–12	8	9
13–14	9	10
15–16	10	11
17–18	11	12
19–21	12	13
22–24	13	14
25–27	14	15
28–30	14	16
31–35	15	17
36–39	16	18
40–45	17	19
46–51	18	20
52–59	18	21
60–67	19	22
68–78	20	23
79–92	21	24
93–110	21–22	25
111–133	22–23	26
134–166	23–24	27
167–214	24–25	28
215–295	25	29
296–455	25–26	30
456–920	26	31
921+	27	32

The final revision concerns two corrections under Example 2, titled: ''Example 2: A Property Where HUD Inspects 10 Units and the Unit Defect Deduction Value is Above 30''. The Defect Deduction Value Per Unit is listed incorrectly as 39.6 when it should be 37.6 as calculated in the following paragraph. Similarly, the Total Defect Deduction Value per Unit (Inspectable Area) is incorrectly entered as 379; this figure should be 310.2 as indicated correctly in the preceding paragraph.

IV. Final NSPIRE Scoring Notice

The current version of the NSPIRE Scoring Notice can be found on the HUD website and **Federal Register**.[1] HUD seeks comments on the three revisions to the scoring procedures for this public comment period.

HUD will respond to the comments received and take them into consideration as the final revisions to the proposed NSPIRE Scoring Notice are completed. If HUD makes changes to the published revisions, the final version of the NSPIRE Scoring Notice will be published in the **Federal Register**. HUD will also publish the final NSPIRE Scoring Notice at: *https://www.hud.gov/reac/nspire.*

[1] The published NSPIRE Scoring Notice can be accessed on **Federal Register** website at the following link: *https://www.federalregister.gov/documents/2023/07/07/2023-14362/national-standards-for-the-physical-inspection-of-real-estate-and-associated-protocols-scoring.*

V. Environmental Review

This Notice provides operating instructions and procedures in connection with activities under a **Federal Register** document, ''Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate'' (88 FR 30442), that has previously been subject to a required environmental review. Accordingly, pursuant to 24 CFR 50.19(c)(4), this Notice is categorically excluded from environmental review under the National Environmental Policy Act (42 U.S.C. 4321, *et seq.*).

Benjamin Hobbs,

Assistant Secretary for Public and Indian Housing

Joseph M. Gormley,

President of the Government National Mortgage Association performing the delegable duties of the Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 2026–19881 Filed 9–28–26; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[267A2100DD AAKE200000/ A0A501010.000000]

Indian Gaming; Approval by Operation of Law of the Squaxin Island Tribe and State of Washington Gaming Compact

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: This notice announces the approval by operation of law of the Seventh Amendment to the Tribal-State Compact for Class III Gaming Between the Squaxin Island Tribe and the State of Washington governing the operation and regulation of class III gaming activities.

DATES: The Compact takes effect on September 29, 2026.

FOR FURTHER INFORMATION CONTACT: Mr. Troy Woodward, Acting Director, Office of Indian Gaming, Office of the Assistant Secretary—Indian Affairs, Washington, DC 20240, *IndianGaming@ bia.gov;* (202) 219–4066.

SUPPLEMENTARY INFORMATION: The Indian Gaming Regulatory Act of 1988, 25 U.S.C. 2701 *et seq.,* (IGRA) provides the Secretary of the Interior (Secretary) with 45 days to review and approve or disapprove the Tribal-State compact governing the conduct of class III gaming activity on the Tribe's Indian lands. *See* 25 U.S.C. 2710(d)(8). If the Secretary does not approve or disapprove a Tribal-State compact within the 45 days, IGRA provides the Tribal-State compact is considered to have been approved by the Secretary, but only to the extent the compact is consistent with IGRA. *See* 25 U.S.C. 2710(d)(8)(D). The IGRA also requires the Secretary to publish in the **Federal Register** notice of the approved Tribal-State compacts for the purpose of engaging in class III gaming activities on Indian lands. *See* 25 U.S.C. 2710(d)(8)(D). As required by 25 CFR 293.4, all compacts and amendments are subject to review and approval by the Secretary. The Compact authorizes class III gaming on the Tribe's Indian lands in the State of Washington. The Secretary took no action on the Compact within the 45-day statutory review period. Therefore, the Compact is considered to have been approved, but only to the extent it is consistent with IGRA. *See* 25 U.S.C. 2710(d)(8)(C).

William Henry Kirkland III,

Assistant Secretary—Indian Affairs.

[FR Doc. 2026–19928 Filed 9–28–26; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Office of the Secretary

[XXXD5198NI DS61100000 DNINR0000.000000 DX61104]

Reestablishment of the Exxon Valdez Oil Spill Public Advisory Committee

AGENCY: Office of the Secretary, Interior.

ACTION: Notice of reestablishment.

SUMMARY: The U.S. Department of the Interior is reestablishing the *Exxon Valdez* Oil Spill Public Advisory Committee (Committee). The Secretary of the Interior, after consultation with the General Services Administration, is reestablishing the Committee charter for 2 years. The Committee provides advice related, and not limited to, commercial fishing, tourism, general season and subsistence hunting, outdoor recreation, wildlife conservation, and native land issues.

DATES: Comments regarding the reestablishment of the Committee must be submitted no later than October 6, 2026.

ADDRESSES: You may submit your comments to *lisa_fox@ios.doi.gov.*

FOR FURTHER INFORMATION CONTACT: Lisa Fox, U.S. Department of the Interior, Office of Environmental Policy and Compliance, 3801 Centerpoint Dr., Anchorage, Alaska 99503, (907) 227–3783, or by email at *lisa_fox@ ios.doi.gov.* Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

SUPPLEMENTARY INFORMATION: The Memorandum of Agreement and Consent Decree (settlement of *United States* v. *State of Alaska,* No. A91–081 CV, Section V.A.4.) (1991) (Consent Decree) establishing the *Exxon Valdez* Oil Spill Trustee Council (Trustee Council), also required the creation of a public advisory group to advise the Trustee Council. Consequently, the Committee was established and began functioning in October 1992. The Committee consists of 10 members representing the following principal interests: aquaculture/mariculture, commercial fishing, commercial tourism, conservation/environmental, native land ownership, recreation, sport hunting/fishing, subsistence, science/technology, and public-at-large. In order to ensure that a broad range of public viewpoints continues to be available to the Trustee Council, and in keeping with the settlement agreement, the continuation of the Committee is recommended.

In accordance with the provisions of the Federal Advisory Committee Act, as amended (5 U.S.C., Ch. 10), and in consultation with the General Services Administration, the Secretary of the Interior hereby reestablishes the charter for the *Exxon Valdez* Oil Spill Public Advisory Committee.

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 review, we cannot guarantee that we will be able to do so.

Public Interest Determination

Pursuant to 41 U.S.C. 102–3.60(a) to establish, renew, reestablish, or merge a discretionary (agency discretion) advisory committee, an agency must first consult with the General Services Administration's Committee Management Secretariat (Secretariat) and, as part of the consultation, provide a written public interest determination approved by the head of the agency to the Secretariat with a copy to the Office of Management and Budget. In addition, pursuant to 41 U.S.C. 102–3.35, an agency shall follow the same consultation process and document in writing the same determination of need before creating a subcommittee under a discretionary committee that is not made up entirely of members of a parent advisory committee.

Information on the following factors for the *Exxon Valdez* Oil Spill Public Advisory Committee (Committee) is provided to the Secretariat to demonstrate that establishing the Committee is in the public interest:

1. Annual budget.

Up to $25,337. All costs are paid by the *Exxon Valdez* settlement fund.

a. *Federal personnel on a full-time equivalent (FTE) basis:* 0.05 FTEs.

b. *Other Federal internal costs:* Approximately $5,343.

c. *Proposed payments to members:* $0.

d. *Proposed number of members:* 10.

e. *Reimbursable costs:* Approximately $19,994.

2. If applicable, the total dollar value of grants expected to be recommended during the fiscal year.

N/A.

3. Criteria for selecting members to ensure the committee has the necessary expertise and fairly balanced membership.

Committee membership, balance, including individual/industry perspectives and expertise are primarily dictated by the Committee Charter. To obtain members in support of Committee Charter requirements for balanced perspective for ten seats, the Department of the Interior announces a 30-day open call for nominations period in the **Federal Register** and the Designated Federal Officer solicits candidate names from the Federal and State agencies. The call for nominations is also announced on the *Exxon Valdez* Oil Spill Trustee Council website and the Trustee Council advertises vacancies on social media sites. Members will be selected from among all sources described above, as well as the interest groups listed in the Committee Charter. This membership model for the Committee assures a range of perspectives and expertise reflecting the breadth of its responsibilities as identified in the Committee Charter.

4. List of all other Federal advisory committees of the agency.

Acadia National Park Advisory Commission
Advisory Committee on Landslides
Alaska Resource Advisory Council
Aquatic Nuisance Species Task Force
Arizona Resource Advisory Council
Avi Kwa Ame National Monument Advisory Committee
Baaj Nwaavjo I'tah Kukveni-Ancestral Footprints of the Grand Canyon National Monument Advisory Committee
Bears Ears National Monument Advisory Committee
Boston Harbor Islands National Recreation Area Advisory Council
Bristol Bay Subsistence Regional Advisory Council
Bureau of Indian Affairs Advisory Board for Exceptional Children
California Desert District Advisory Council
Cape Cod National Seashore Advisory Commission
Cedar Creek and Belle Grove National Historical Park Advisory Commission
Central California Resource Advisory Council
Colorado River Basin Salinity Control Advisory Council
Committee for the Preservation of the White House
Eastern Interior Alaska Subsistence Regional Advisory Council
Eastern Washington Resource Advisory Council
Exxon Valdez Oil Spill Public Advisory Committee
Geologic Mapping Advisory Committee
Gettysburg National Military Park Advisory Commission
Gila Box Riparian National Conservation Area Advisory Committee
Glen Canyon Dam Adaptive Management Work Group
Grand Staircase-Escalante National Monument Advisory Committee
Hunting and Wildlife Conservation Council
Idaho Resource Advisory Council
Jimmy Carter National Historic Site Advisory Commission
John Day-Snake Resource Advisory Council
Kalaupapa National Historical Park Advisory Commission
Kodiak/Aleutians Subsistence Regional Advisory Council
Mary McLeod Bethune Council House National Historic Site Advisory Commission
McInnis Canyons National Conservation Area Advisory Council
Missouri Basin Resource Advisory Council
Mojave-Southern Great Basin Resource Advisory Council
National Geospatial Advisory Committee
National Park of American Samoa Advisory Board
National Park Service Subsistence Resource Commission-Aniakchak National Monument
National Park Service Subsistence Resource Commission-Cape Krusenstern National Monument
National Park Service Subsistence Resource Commission-Denali National Park
National Park Service Subsistence Resource Commission-Gates of the Arctic National Park
National Park Service Subsistence Resource Commission-Kobuk Valley National Park
National Park Service Subsistence Resource Commission-Lake Clark National Park
National Park Service Subsistence Resource Commission-Wrangell-St. Elias National Park
National Volcano Early Warning System Advisory Committee
Native American Graves Protection and Repatriation Review Committee
North Slope Science Initiative Science Technical Advisory Panel
North Slope Subsistence Regional Advisory Council
Northern California District Resource Advisory Council
Northern New Mexico Resource Advisory Council
Northwest Arctic Subsistence Regional Advisory Council
Northwest Resource Advisory Council
Preservation Technology and Training Board
Rio Puerco Management Committee
Rocky Mountain Resource Advisory Council
San Rafael Swell Recreation Advisory Council
Santa Rosa and San Jacinto Mountains National Monument Advisory Committee
Scientific Earthquake Studies Advisory Committee
Seward Peninsula Subsistence Regional Advisory Council
Sierra Front Northern Great Basin Resource Advisory Council
Southcentral Alaska Subsistence Regional Advisory Council
Southeast Alaska Subsistence Regional Advisory Council
Southeast Oregon Resource Advisory Council
Southern New Mexico Resource Advisory Council
Southwest Resource Advisory Council
Sport Fishing and Boating Partnership Council
Steens Mountain Advisory Council
Tallgrass Prairie National Preserve Advisory Committee
The Wyoming Resource Advisory Council
Tule Springs Fossil Beds National Monument Advisory Council
Utah Resource Advisory Council
Wekiva River System Advisory Management Committee

Western Interior Alaska Subsistence Regional Advisory Council
Western Montana Resource Advisory Council
Western Oregon Resource Advisory Council
Wild Horse and Burro Advisory Board
Yukon/Kuskokwim Delta Subsistence Regional Advisory Council

5. Justification that the information or advice provided by the Federal advisory committee or subcommittee is not available from another Federal advisory committee, another Federal Government source, or any other more cost-effective and less burdensome source.

The Committee provides unique and substantive input to the Trustee Council based on the subject matter expertise, professional affiliations, and professional and personal experiences of Committee members. The Committee provides advice related, and not limited to, commercial fishing, tourism, general season and subsistence hunting, outdoor recreation, wildlife conservation, and native land issues. Members of the Committee typically have years of professional experience as business owners, managers, participants in the wildlife conservation and recreation field, or as leaders on other regionally based public boards, councils or interest groups. There is no equivalent body of advisers empaneled to address the specific set of issues the Committee is tasked with, or to assist the Trustee Council with the specific subject matter by providing consensus, group advice. The Department of the Interior is obligated by the Consent Decree to solicit Committee members and facilitate meetings. Any costs incurred by the Department of the Interior for these purposes are paid by *Exxon Valdez* Oil Spill funds.

6. If the consultation is a committee renewal, a summary of the previous accomplishments of the committee and the reasons it needs to continue.

The Committee has been in existence since it was required by the Consent Decree and subsequently established in October 1992. The Committee has provided consistent expertise and consolidated advice to the Trustee Council for over 30 years. Specifically, the Committee has successfully advised the Trustee Council in decisions regarding planning, evaluation and allocation of available funds; planning, evaluation and conduct of injury assessments; restoration activities; long term monitoring; and research activities.

7. Explanation of why the committee/subcommittee is essential to the conduct of agency business.

The Trustee Council was established to manage the funds obtained from the civil settlement of the *Exxon Valdez* Oil Spill. The Trustee Council is composed of three Federal representatives (Secretary, U.S. Department of Agriculture; Administrator, National Oceanic and Atmospheric Administration; and Secretary, U.S. Department of the Interior) and three State of Alaska trustees (Attorney General; Commissioner, Department of Environmental Conservation; and Commissioner, Department of Fish and Game). The Committee is a requirement of the Consent Decree, and the Committee Charter identifies the Department of the Interior, Alaska, as the Designated Federal Officer. Trustee Council administration of *Exxon Valdez* oil spill funds dedicated to the recovery of resources injured by the oil spill, as well as long term research and monitoring, are of tremendous public benefit. The Committee serves the public interest as the sole advisory body to the Trustee Council by providing expertise and professional knowledge essential to the Trustee Council in decisions regarding administration of these funds.

In conclusion, this public interest determination documents that reestablishing the Committee is in the public interest, essential to the conduct of agency business, and that the information to be obtained is not already available through another advisory committee or source within the Federal Government.

Certification Statement

I hereby certify that the reestablishment of the charter for the *Exxon Valdez* Oil Spill Public Advisory Committee is necessary and in the public interest in connection with the performance of duties mandated by the settlement of *United States* v. *State of Alaska,* No. A91–081 CV, and is in accordance with the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended and supplemented.

(Authority: 5 U.S.C. Ch. 10)

Doug Burgum,

Secretary of the Interior.

[FR Doc. 2026–19933 Filed 9–28–26; 8:45 am]

BILLING CODE 4334–63–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1451]

Certain Ink Cartridges and Components Thereof I; Notice of a Commission Determination Finding a Violation of Section 337; Issuance of a Limited Exclusion Order and Cease and Desist Orders; Termination of the Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission (''Commission'') has determined to affirm, with supplemental findings and modified reasoning, an initial determination (''ID'') (Order No. 16) of the presiding administrative law judge (''ALJ'') granting a motion for summary determination of violation. The Commission has determined to issue a general exclusion order (''GEO'') prohibiting the importation of certain ink cartridges and components thereof that infringe certain claims of U.S. Patent No. 8,540,347 (''the '347 patent''), U.S. Patent No. 9,061,508 (''the '508 patent''), U.S. Patent No. 11,535,037 (''the '037 patent''), U.S. Patent No. 11,820,150 (''the '150 patent''), and U.S. Patent No. 12,246,539 (''the '539 patent''); and cease and desist orders (''CDOs'') against respondents Mountain Peak, Inc. and Straightouttaink, LP. The investigation is terminated.

FOR FURTHER INFORMATION CONTACT: Edward S. Jou, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, D.C. 20436, telephone (202) 205–3316. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.* For help accessing EDIS, please email *EDIS3Help@usitc.gov.* General information concerning the Commission may also be obtained by accessing its internet server at *https://www.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on June 17, 2025, based upon a complaint filed on behalf of Epson Portland Inc. of Hillsboro, Oregon, Epson America, Inc. of Los Alamitos, California, and Seiko Epson Corporation of Nagano, Japan (collectively, ''Complainants''). 90 FR 25643–44 (June 17, 2025). The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337 (''section 337''), based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain ink cartridges and components thereof by reason of the infringement of certain claims of U.S. Patent No. 8,540,347 (''the '347 patent''), U.S. Patent No. 9,061,508 (''the '508 patent''), U.S. Patent No. 11,535,037 (''the '037 patent''), U.S. Patent No. 11,820,150 (''the '150 patent''), and U.S. Patent No. 12,246,539 (''the '539 patent''). *Id.* at 25643. The complaint, as supplemented, further alleges that an industry in the United States exists as required by subsection (a)(2) of section 337. *Id.*

The Commission's notice of investigation named as respondents: Dongguan Ocbestjet Digital Technology Co., Ltd. d/b/a Ocbestjet of Guangdong, China (''Dongguan Ocbestjet''); Ocbestjet Printer Consumables (HK) Co., Ltd., d/b/a Ocbestjet of Hong Kong (''Ocbestjet HK''); Tatrix International China Co., Ltd. of Guangdong, China (''Tatrix''); Luozhi Trading Co., Ltd. of Guangdong, China (''Luozhi Trading''); Shenzhen Hongxinyuan E-Commerce Co., Ltd., d/b/a Jianjai, d/b/a Vi-US of Guangdong, China; Shenzhen Kaizhen Technology Co., Ltd., d/b/a PayForLess of Guangdong, China (''Kaizhen Tech.''); Zhuhai Zhenyang Electronics Co., Ltd., d/b/a Oinkwere of Guangdong, China (''Zhenyang Elec.''); Shangrao Shixuan E-Commerce Co., Ltd., d/b/a Inkgo of Jiangxi, China; Zhuhai Hengyunda Electronics Co., Ltd., d/b/a Upriin of Guangdong, China (''Hengyunda Elec.''); Zhuhai Rongtaida Electronics Co., Ltd., d/b/a Hookink of Guangdong, China (''Rongtaida Elec.''); Zhuhai Shi Wei Tai Electronics Co., Ltd., d/b/a Ondula-A of Guangdong, China (''Shi Wei Tai Elec.''); Zhuhai Yixing Electronics Co., Ltd., d/b/a Greenjob USSOP of Guangdong, China (''Yixing Elec.''); Mei Jin Technology HK Co., Ltd., d/b/a YBFeir, d/b/a MJing of Hong Kong (''Mei Jin Tech.''); ZhuHai MeiJiAn Trading Co., Ltd., d/b/a HaloFox of Guangdong, China (''MeiJiAn Trading''); Qiong Wang, d/b/a 7-magic of Guangdong, China; Shen Zhen Sailing Technology Limited, d/b/a Triple-Color of Shenzhen, China; Zhuhai Shuofeng E-commerce Co., Ltd., d/b/a super-ink-club of Guangdong, China (''Shuofeng E-commerce''); Zhuhai Bowang Technology Co., Ltd., d/b/a office-print-club of Guangdong, China (''Bowang Tech.''); Mountain Peak, Inc., d/b/a/ Billiontree Technology USA, Inc. (''Mountain Peak''), d/b/a TonerKingdom of City of Industry, California; and Straightouttaink, LP, d/b/a discountinkllc, d/b/a einkshop2014 of San Jose, California (''Straightouttaink''). *Id.* at 25643–44. The Office of Unfair Import Investigations (''OUII'') is also a party to this investigation. *Id.* at 25644.

Respondents Shenzhen Hongxinyuan E-Commerce Co., Ltd., Shangrao Shixuan E-Commerce Co., Ltd., Shen Zhen 2 Sailing Technology Limited, and Qiong Wang were terminated from the investigation by withdrawal of the complaint. Order No. 12 (Dec. 16, 2025), *unreviewed by* Comm'n Notice (Jan. 7, 2026).

Respondents Tatrix, Zhenyang Elec., Hengyunda Elec., Rongtaida Elec., Shi Wei Tai Elec., Yixing Elec., Mei Jin Tech., Mountain Peak, Straightouttaink, Dongguan Ocbestjet, Ocbestjet HK, Luozhi Trading, Kaizhen Tech., MeiJiAn Trading, Shuofeng E-commerce, and Bowang Tech. (the ''Defaulting Respondents'') have been found in default. Order No. 10 (Sept. 30, 2025), *unreviewed by* Comm'n Notice (Dec. 5, 2025); Order No. 13 (Dec. 16, 2025), *unreviewed by* Comm'n Notice (Jan. 8, 2026).

Complainants have withdrawn their allegations as to claims 1, 4, 14, 16–17, and 23 of the '347 patent, claims 1, 3, 9, 12, 14, and 19 of the '508 patent, claims 9 and 10 of the '037 patent, claims 9–11 and 19–20 of the '150 patent, and claims 2, 9, 11, 18, 20, and 27 of the '539 patent, and these claims have been terminated from the investigation. Order No. 14 (Dec. 18, 2025), *unreviewed by* Comm'n Notice (Jan. 8, 2026).

On February 3, 2026, Complainants filed a motion for summary determination of violation by the Defaulting Respondents by reason of infringement of claims 8, 11, and 20 of the '037 patent, claims 7 and 17 of the '508 patent, claim 1 of the '037 patent, claim 1 of the '150 patent, and claims 1, 10, and 19 of the '539 patent. On February 13, 2026, OUII filed a response in support of Complainants' motion.

On May 15, 2026, the ALJ issued the subject ID (Order No. 16) granting the motion for summary determination, which included a recommended determination on remedy and bonding. No petitions for review of the ID were filed.

On May 18, 2026, the Commission issued a notice of request for submissions on the public interest. 91 FR 29982–83 (May 21, 2026). The Commission received public interest statements from Complainants and from non-party Obelisk Tech Systems, Inc.

On July 1, 2026, the Commission determined to review the ID with respect to indirect infringement and the domestic industry requirement. 91 FR 41659–60 (July 7, 2026). The Commission solicited briefing from the parties in response to three questions regarding the domestic industry requirement. *Id.* at 41659. The parties filed opening submissions on July 15, 2026, and reply submissions on July 22 and July 23, 2026.

Having reviewed the record of the investigation, including the ID, the pleadings, and the parties' submissions, the Commission has determined to affirm the ID's finding of a violation of section 337 with supplemental findings and modified reasoning as set forth in an opinion issued herewith. The Commission has determined that the appropriate remedy is a GEO and CDOs directed to respondents Mountain Peak and Straightouttaink.

The Commission has further determined that the public interest factors enumerated in subsections (d)(1), (f)(1), and (g)(1) (19 U.S.C. 1337(d)(1), (f)(1), and (g)(1)) do not preclude issuance of the above referenced remedial orders. Additionally, the Commission has determined to impose a bond in the amount of one hundred percent (100%) of the entered value of the covered products during the period of Presidential review. 19 U.S.C. 1337(j). The Commission issues its opinion herewith setting forth its determinations. The investigation is terminated.

The Commission vote for this determination took place on September 23, 2026.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

Issued: September 23, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–19847 Filed 9–28–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–807 and 731–TA–1808 (Preliminary)]

Wooden Fence Pickets From China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping and countervailing duty investigation Nos. 701–TA–807 and 731–TA–1808 (Preliminary) pursuant to the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of wooden fence pickets from China, provided for in subheadings 4404.10.00, 4407.19.00, and 4421.99.70 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value and alleged to be subsidized by the Government of China. Unless the Department of Commerce (''Commerce'') extends the time for initiation, the Commission must reach a preliminary determination in antidumping and countervailing duty investigations in 45 days, or in this case by November 9, 2026. The Commission's views must be transmitted to Commerce within five business days thereafter, or by November 17, 2026.

DATES: September 24, 2026.

FOR FURTHER INFORMATION CONTACT: Peter Stebbins (205–2039), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*https://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 1673b(a)), in response to a petition filed on September 24, 2026, by the American Alliance of Wooden Fence Producers, which is comprised of Alta Forest Products, Chehalis, Washington; Sierra Pacific Industries, Anderson, California; and Mendocino Forest Products, Santa Rosa, California.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A and B (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

Participation in the investigations and public service list.—Persons wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping duty and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Office of Investigations will hold a staff conference in connection with the preliminary phase of these investigations beginning at 9:30 a.m. on October 16, 2026. Requests to appear at the conference should be emailed to *preliminaryconferences@usitc.gov* (DO NOT FILE ON EDIS) on or before noon on October 14, 2026. Please provide an email address for each conference participant in the email. Information on conference procedures, format, and participation, including guidance for requests to appear as a witness via videoconference, will be available on the Commission's Public Calendar (Calendar (USITC) | United States International Trade Commission). A nonparty who has testimony that may aid the Commission's deliberations may request permission to participate by submitting a short statement.

Please note the Secretary's Office will accept only electronic filings during this time. Filings must be made through the Commission's Electronic Document Information System (EDIS, *https://edis.usitc.gov*). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice.

Written submissions.—As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before 5:15 p.m. on October 20, 2026, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties shall file written testimony and supplementary material in connection with their presentation at the conference no later than 4:00 p.m. on October 15, 2026. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's *Handbook on Filing Procedures,* available on the Commission's website at *https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf,* elaborates upon the Commission's procedures with respect to filings.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Certification.—Pursuant to § 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these investigations must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will acknowledge that any information that it submits to the Commission during these investigations may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of these or related investigations or reviews, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes. All contract personnel will sign appropriate nondisclosure agreements.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.12 of the Commission's rules.

By order of the Commission.

Issued: September 24, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–19875 Filed 9–28–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–523 and 731–TA–1259 (Second Review)]

Boltless Steel Shelving Units Prepackaged for Sale From China; Determinations

On the basis of the record [1] developed in the subject five-year reviews, the United States International Trade Commission (''Commission'') determines, pursuant to the Tariff Act of 1930 (''the Act''), that revocation of the antidumping and countervailing duty orders on boltless steel shelving units prepackaged for sale from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

Background

The Commission instituted these reviews on April 1, 2026 (91 FR 16234) and determined on July 6, 2026, that it would conduct expedited reviews (91 FR 52082, August 12, 2026).

The Commission made these determinations pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)). It completed and filed its determinations in these reviews on September 24, 2026. The views of the Commission are contained in USITC Publication 5793 (September 2026), entitled *Boltless Steel Shelving Units Prepackaged for Sale from China: Investigation Nos. 701–TA–523 and 731–TA–1259 (Second Review).*

[1] The record is defined in § 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] Commissioner Samuel T. Negatu not participating.

Issued: September 24, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–19852 Filed 9–28–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation 701–TA–499–500 and 731–TA–1215–1216, 1221–1223 (Second Review)]

Oil Country Tubular Goods From India, South Korea, Turkey, Ukraine, and Vietnam; Determinations

On the basis of the record [1] developed in the subject five-year reviews, the United States International Trade Commission (''Commission'') determines, pursuant to the Tariff Act of 1930 (''the Act''), that revocation of the countervailing duty orders on oil country tubular goods from India and Turkey and the antidumping duty orders on oil country tubular goods from India, South Korea, Turkey, Ukraine, and Vietnam would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

Background

The Commission instituted these reviews on July 1, 2025 (90 FR 28768, July 1, 2025) and determined on November 24, 2025 [3] that it would conduct full reviews (91 FR 5110, February 4, 2026).[4] Notice of the scheduling of the Commission's reviews 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 March 24, 2026 (91 FR 14039). The Commission conducted its hearing on July 23, 2026. All persons who requested the opportunity were permitted to participate.

The Commission made these determinations pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)). It completed and filed its determinations in these reviews on September 24, 2026. The views of the Commission are contained in USITC Publication 5790 (September 2026), entitled *Oil Country Tubular Goods from India, South Korea, Turkey, Ukraine, and Vietnam: Investigation Nos. 701–TA–499–500 and 731–TA–1215–1216 and 1221–1223 (Second Review).*

[1] The record is defined in § 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] Commissioner Jason E. Kearns voted in the negative with respect to the antidumping duty order on oil country tubular goods from Ukraine. Commissioner Samuael T. Negatu did not participate in these reviews as he was not a member of the Commission at the time.

[3] Due to the lapse in appropriations and ensuing cessation of Commission operations, the Commission tolled its schedule during the adequacy phase of this proceeding.

[4] Commissioners David S. Johanson, Jason E. Kearns, and Amy A. Karpel participated in the adequacy phase of these proceedings. Chairman Brett W. Doyle and Commissioners Peter-Anthony Pappas, Bart Thanhauser, David Foley Jr., and Samuel T. Negatu did not participate in the adequacy votes as they were not members of the Commission at the time.

By order of the Commission.

Issued: September 24, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–19879 Filed 9–28–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–1534–1536 (Review)]

Methionine From France, Japan, and Spain; Notice of Commission Determination To Conduct Full Five-Year Reviews

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to the Tariff Act of 1930 to determine whether revocation of the antidumping duty orders on methionine from France, Japan, and Spain would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date.

DATES: September 4, 2026.

FOR FURTHER INFORMATION CONTACT: Alexis Yim (202–708–1446), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*https://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov*.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

SUPPLEMENTARY INFORMATION: On September 4, 2026, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)). The Commission found that both the domestic and respondent interested party group responses from Japan to its notice of institution (91 FR 32435, June 1, 2026) were adequate, and determined to conduct a full review of the order on imports from Japan. The Commission also found that the respondent interested party group responses from France and Spain were inadequate but determined to conduct full reviews of the orders on imports from those countries in order to promote administrative efficiency in light of its determinations to conduct a full review of the order with respect to Japan. A record of the Commissioners' votes will be available from the Office of the Secretary and at the Commission's website.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

By order of the Commission.

Issued: September 25, 2026.

Sharon Bellamy,

Supervisory Hearings and Information Officer.

[FR Doc. 2026–19914 Filed 9–28–26; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. 25–73]

Johann Farley, M.D.; Decision and Order

On August 29, 2025, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to Johann Farley, M.D., of Merrillville, Indiana (Registrant). Request for Final Agency Action (RFAA), Exhibit (RFAAX) 1, at 1, 3. The OSC proposed the revocation of Registrant's DEA registration, No. BF8869628,[1] alleging that he has been mandatorily excluded ''from participation in Medicare, Medicaid, and all Federal health care programs pursuant to 42 U.S.C. 1320a–7(a).'' *Id.* at 1 (citing 21 U.S.C. 824(a)(5)).

On August 10, 2026, the Government submitted an RFAA to the Administrator requesting that the Agency[2] issue a default final order revoking Registrant's registration. RFAA, at 1, 4. After carefully reviewing the entire record and conducting the analysis as set forth in detail below, the Agency grants the Government's RFAA and revokes Registrant's registration.

I. Procedural History

On August 29, 2025, a DEA Diversion Investigator personally served the OSC on Registrant and sent an electronic copy of the OSC to his registered email address. RFAAX 2, at 1–2. On September 26, 2025, Registrant, through counsel, submitted a timely hearing request and answer to the Office of Administrative Law Judges. RFAAX 3. The matter was assigned to an administrative law judge, and on April 29, 2026, the Chief Administrative Law Judge (Chief ALJ) issued an Order for Prehearing Statements, ordering the Government to file a prehearing statement by May 13, 2026, and Registrant to file a prehearing statement by May 27, 2026. RFAAX 4, at 2, 4.

The Government timely filed its prehearing statement on May 12, 2026. RFAAX 5. On June 3, 2026, the Chief ALJ issued an Order Directing Compliance, noting that Registrant had not filed a prehearing statement by the initial May 27 deadline, and providing Registrant with a second opportunity to file a prehearing statement by June 8, 2026. RFAAX 6, at 1.

On the same day, Registrant sent an email to OALJ stating that the Order Directing Compliance was the '' 'first notification' '' he had received in this matter, after which the Government forwarded its prehearing statement to Registrant. RFAAX 7, at 1, n.1. On June 9, 2026, the Chief ALJ issued an Order Finding [Registrant] in Default and Terminating Proceedings (Termination Order), finding that Registrant failed for the second time to file a prehearing statement.[3] RFAAX 7. The Chief ALJ further found Registrant in default for ''display[ing] a pattern of noncompliance with [the Chief ALJ's] orders'' and failing to defend his case. *Id.* at 2 (citing 21 CFR 1301.43(c)(3)). Accordingly, the Chief ALJ terminated the proceedings. *Id.*

II. Registrant Is in Default

DEA regulations provide that a registrant ''who has requested a hearing fails to plead . . . or otherwise defend'' his case, shall be deemed to be in default. 21 CFR 1301.43(c)(3). Unless excused, a default is deemed to constitute ''an admission of the factual allegations of the [OSC].'' 21 CFR 1301.43(e).

The OSC notified Registrant that he would ''be deemed to have waived the right to a hearing and to be in default'' if he failed to plead or defend his case after requesting a hearing. RFAAX 1, at 2 (citing 21 CFR 1301.43(c)(3)). The Chief ALJ's Order for Prehearing Statements and Order Directing Compliance also notified Registrant of the same. RFAAX 4, at 4; RFAAX 6, at 1.

Registrant was provided with two opportunities to file a prehearing statement and was notified in the OSC, Order for Prehearing Statements, and Order Directing Compliance that a failure to defend his case would result in a finding of default and deemed admission of the OSC's factual allegations. RFAAX 1, at 2; RFAAX 4, at 4; RFAAX 6, at 1. And yet, Registrant failed to file a prehearing statement as ordered by the Chief ALJ in two separate orders. RFAAX 4; RFAAX 6.

Accordingly, the Agency finds that the Chief ALJ did not err in finding

[1] According to the OSC and Agency records, Registrant's registration expired on September 30, 2025. RFAAX 1, at 1. The Agency has previously held that it is within its jurisdiction and discretion to adjudicate a matter to finality where a registration expired after issuance of an OSC and before issuance of a final order. *See Jeffrey D. Olsen, M.D.,* 84 FR 68474, 68475–79 (2019); *see also Abdul Naushad, M.D.,* 89 FR 54059, 54060 (2024) (applying the same principle and adjudicating a matter to finality where a registration expired before issuance of the OSC). Here, adjudicating the matter to finality will achieve similar goals as in *Olsen;* it will support future interactions between the Agency and Registrant, inform current and prospective members of the registrant community about the Agency's expectations, provide continuing education to all DEA personnel, help coordinate law enforcement efforts, and inform stakeholders, such as legislators and the public, about the Agency's work. *Olsen,* 84 FR at 68479.

[2] The Controlled Substances Act delegates authority to the Attorney General, who has delegated it to the Administrator of DEA (the Agency). 28 CFR 0.100.

[3] The Termination Order notes that the Order for Prehearing Statements, Government's prehearing statement, and Order Directing Compliance were sent to the correct email address on file for Registrant's attorney. RFAAX 7, at 1, n.1. The Termination Order also notes that OALJ ''received no non-delivery notification when serving either the [Order for Prehearing Statements] or [Order Directing Compliance]'' on Registrant. *Id.*

Registrant in default and terminating proceedings pursuant to 21 CFR 1301.43(c)(3). RFAAX 7; *see Hollywood Med. Rehab. Care, Inc.,* 90 FR 47827, 47827–28 (2025) (affirming the ALJ's finding of default where the registrant failed to comply with multiple deadlines to file an answer); *see also Robert L. Carter, D.D.S.,* 90 FR 9631, 9631–32 (2025) (collecting cases and affirming the ALJ's authority to find a waiver of the right to a hearing and terminate proceedings for noncompliance with filing deadlines); *Mert Kivanc, D.O.,* 90 FR 48429, 48429 (2025) (same).

The Agency further finds that Registrant is in default and, therefore, is deemed to have admitted to the factual allegations in the OSC. 21 CFR 1301.43(c)(3), (e), (f)(1).

III. Findings of Fact

In light of Registrant's default, the factual allegations in the OSC are deemed admitted. 21 CFR 1301.43(e). Accordingly, the Agency finds, and Registrant is deemed to have admitted, that on June 11, 2024, in the United States District Court for the Northern District of Indiana, Registrant pleaded guilty to one count of health care fraud, in violation of 18 U.S.C. 1347. RFAAX 1, at 2. Further, based on this conviction, the U.S. Department of Health and Human Services, Office of Inspector General (HHS/OIG), mandatorily excluded Registrant from participation in Medicare, Medicaid, and all Federal health care programs pursuant to 42 U.S.C. 1320a–7(a) for a minimum period of 12 years, effective May 20, 2025. *Id.* Accordingly, the Agency finds substantial record evidence that Registrant has been mandatorily excluded from participation in Medicare, Medicaid, and all Federal health care programs pursuant to 42 U.S.C. 1320a–7(a).

IV. Discussion

Pursuant to 21 U.S.C. 824(a)(5), the Attorney General is authorized to suspend or revoke a registration upon finding that the registrant ''has been excluded (or directed to be excluded) from participation in a program pursuant to section 1320a–7(a) of Title 42.'' The exclusion must be mandatory, rather than permissive, to constitute a basis for revocation under 21 U.S.C. 824(a)(5). *Kansky J. Delisma, M.D.,* 85 FR 23845, 23849 (2020). The underlying conviction forming the basis for mandatory exclusion from participation in federal health care programs need not involve controlled substances to provide the grounds for revocation pursuant to 21 U.S.C. 824(a)(5). *Moustafa M. Aboshady, M.D.,* 90 FR 15992, 15993 n.5 (2025).

The Government has the burden of proof in this proceeding, 21 CFR 1301.44(e), and the Agency must make its findings based on ''substantial [record] evidence.'' [4] 5 U.S.C. 556(d); *see* 5 U.S.C. 706(2); 21 U.S.C. 877. If the Government meets its burden of establishing a *prima facie* case that Registrant ''has been excluded (or directed to be excluded) from participation in a program pursuant to [42 U.S.C.] 1320a–7(a),'' 21 U.S.C. 824(a)(5), then the burden shifts to Registrant to demonstrate that he can be trusted with registration. *Delisma,* 85 FR at 23846, 23849, 23851.

Here, the Agency found above that HHS/OIG mandatorily excluded Registrant from participation in Medicare, Medicaid, and all Federal health care programs pursuant to 42 U.S.C. 1320a–7(a). Accordingly, the Agency finds that the Government has established a *prima facie* case for revoking Registrant's registration under 21 U.S.C. 824(a)(5).

V. Sanction

Where, as here, the Government has met its *prima facie* burden of showing that Registrant's registration should be revoked, the burden shifts to Registrant to show why he can be entrusted with a registration. *Morall* v. *Drug Enf't Admin.,* 412 F.3d 165, 174 (D.C. Cir. 2005); *Jones Total Health Care Pharmacy, LLC* v. *Drug Enf't Admin.,* 881 F.3d 823, 830 (11th Cir. 2018); *Delisma,* 85 FR at 23853. The issue of trust is necessarily a fact-dependent determination based on the circumstances presented by the individual registrant. *Jones Total Health Care Pharmacy,* 881 F.3d at 833; *Jeffrey Stein, M.D.,* 84 FR 46968, 46972 (2019). Moreover, as ''past performance is the best predictor of future performance,'' the Agency requires that a registrant who has committed acts inconsistent with the public interest accepts responsibility for those acts, understands the gravity and seriousness of the misconduct, and demonstrates that the registrant will not engage in future misconduct. *ALRA Labs., Inc.* v. *Drug Enf't Admin.,* 54 F.3d 450, 452 (7th Cir. 1995); *Jones Total Health Care Pharmacy,* 881 F.3d at 831–33. The Agency requires a registrant's unequivocal acceptance of responsibility. *Janet S. Pettyjohn, D.O.,* 89 FR 82639, 82641 (2024); *Mohammed Asgar, M.D.,* 83 FR 29569, 29573 (2018); *Jones Total Health Care Pharmacy,* 881 F.3d at 830–31. In addition, a registrant's candor during the investigation and hearing, if one is requested, is an important factor in determining acceptance of responsibility and the appropriate sanction. *Jones Total Health Care Pharmacy,* 881 F.3d at 830–31; *Hoxie* v. *Drug Enf't Admin.,* 419 F.3d 477, 483–84 (6th Cir. 2005). Further, the Agency considers the egregiousness and extent of the misconduct as significant factors in determining the appropriate sanction. *Jones Total Health Care Pharmacy,* 881 F.3d at 834 & n.4. The Agency also considers the need to deter similar acts by a registrant and by the community of registrants. *Stein,* 84 FR at 46972–73.

Here, although Registrant initially requested a hearing, he failed to ''plead . . . or otherwise defend'' and was deemed to be in default. 21 CFR 1301.43(c)(3). To date, Registrant has not filed any motion to set aside the default with the Office of the Administrator. *Id.* Thus, Registrant has made no representations as to his future compliance with the CSA nor made any demonstration that he can be entrusted with registration. Moreover, the evidence presented by the Government shows that Registrant was convicted of charges related to defrauding health care benefits programs, further indicating that Registrant cannot be trusted with registration.

Accordingly, the Agency will order that Registrant's 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. BF8869628, issued to Johann Farley, 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 Johann Farley, M.D., to renew or modify this registration, as well as any other pending application of Johann Farley, M.D., for additional registration in Indiana. This Order is effective October 29, 2026.

Signing Authority

This document of the Drug Enforcement Administration was signed on September 21, 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

[4] According to the CSA, ''[f]indings of fact by the [DEA Administrator], if supported by substantial evidence, shall be conclusive.'' 21 U.S.C. 877. Here, where Registrant is found to be in default, all the factual allegations in the OSC are deemed to be admitted. These uncontested and deemed admitted facts constitute evidence that exceeds the ''substantial evidence'' standard of 21 U.S.C. 877.

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. 2026–19821 Filed 9–28–26; 8:45 am]

BILLING CODE 4410–09–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Angela Turner-Brown, N.P.; Decision and Order

On November 18, 2025, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to Angela Turner-Brown, N.P., of Evansville, Indiana (Registrant). Request for Final Agency Action (RFAA), Exhibit (RFAAX) 2, at 1, 4. The OSC proposed the revocation of Registrant's Certificate of Registration No. MB0434035, alleging that Registrant is ''currently without authority to prescribe, administer, dispense, or otherwise handle controlled substances in the State of Indiana, the state in which [she is] registered with DEA.'' *Id.* at 2 (citing 21 U.S.C. 824(a)(3)).[1]

The OSC notified Registrant of her right to file a written request for hearing, and that if she failed to file such a request, she would be deemed to have waived her right to a hearing and be in default. *Id.* at 2–3 (citing 21 CFR 1301.43). Here, Registrant did not request a hearing, and the Agency finds her to be in default. RFAA, at 2–3.[2] ''A default, unless excused, shall be deemed to constitute a waiver of the registrant's/applicant's right to a hearing and an 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 4; *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 October 31, 2023, Registrant's Indiana Controlled Substances Registration (CSR) Prescriptive Authority license expired by its own terms. RFAAX 2, at 2. Further, on October 31, 2025, Registrant's Indiana Advanced Practice Registered Nurse (APRN) Prescriptive Authority license expired by its own terms. *Id.*

According to Indiana online records, of which the Agency takes official notice,[3] both Registrant's Indiana CSR Prescriptive Authority license and Registrant's Indiana APRN Prescriptive Authority license are expired. Indiana Licensing Enterprise License Search, *https://mylicense.in.gov/everification* (last visited date of signature of this Order). Accordingly, the Agency finds that Registrant is not licensed to handle controlled substances in Indiana, the state in which she 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); *Ashley Vermillion, N.P.,* 91 FR 35270 (2026).[5]

According to Indiana statute, and subject to exceptions irrelevant here, ''[e]very person who dispenses or proposes to dispense any controlled substance within Indiana must have a registration issued by the [Indiana Board of Pharmacy] in accordance with the board's rules.'' Ind. Code 35–48–3–3(b) (2025). Further, ''dispense'' means ''to deliver a controlled substance to an ultimate user or research subject by or pursuant to the lawful order of a

[1] According to Agency records, Registrant's DEA registration expired on July 31, 2026. The fact that a registrant allows her 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, 68476–68479 (2019).

[2] Based on the Government's submissions in its RFAA dated April 8, 2026, the Agency finds that service of the OSC on Registrant was adequate. The included declaration from a DEA Diversion Investigator (DI) indicates that on or about November 20, 2025, the DI mailed copies of the OSC to both Registrant's registered address and Registrant's residential address. RFAAX 3, at 3. The copy of the OSC that was sent to Registrant's residential address was successfully delivered and signed for by ''A. Brown,'' with the DI receiving FedEx Proof of Delivery. *Id.; see also id.,* Attachments D–E.

[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 Decision and Order, is not licensed to handle controlled substances in Indiana. 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 Controlled Substances Act (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).

practitioner and includes the prescribing, administering, packaging, labeling, or compounding necessary to prepare the substance for that delivery.'' *Id.* at 35–48–1.1–11.

Here, the undisputed evidence in the record is that Registrant currently lacks authority to handle controlled substances in Indiana because her Indiana CSR Prescriptive Authority license is expired. As discussed above, a person must hold an Indiana controlled substances registration to dispense a controlled substance in Indiana. Thus, because Registrant lacks authority to handle controlled substances in Indiana, 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. MB0434035, issued to Angela Turner-Brown, N.P. 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 Angela Turner-Brown, N.P., to renew or modify this registration, as well as any other pending application of Angela Turner-Brown, N.P., for additional registration in Indiana. This Order is effective October 29, 2026.

Signing Authority

This document of the Drug Enforcement Administration was signed on September 15, 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. 2026–19844 Filed 9–28–26; 8:45 am]

BILLING CODE 4410–09–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Christopher Nadorff, M.D.; Decision and Order

On February 24, 2026, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to Christopher Nadorff, M.D., of Worthington, Ohio (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. FN4962761, alleging that Registrant is ''currently without authority to prescribe, administer, dispense, or otherwise handle controlled substances in the State of Ohio, the state in which [he is] registered with DEA.'' *Id.* at 2 (citing 21 U.S.C. 824(a)(3)).

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.* at 2 (citing 21 CFR 1301.43). Here, Registrant did not request a hearing, and the Agency finds him to be in default. RFAA, at 2.[1] ''A default, unless excused, shall be deemed to constitute a waiver of the registrant's/applicant's right to a hearing and an 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.* 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), and 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, effective October 8, 2025, the State Medical Board of Ohio suspended Registrant's Ohio medical license. RFAAX 1, at 2.

According to Ohio online records, of which the Agency takes official notice, Registrant's Ohio medical license status remains suspended.[2] eLicense Ohio Professional Licensure License Lookup, https://elicense.ohio./oh_verifylicense (last visited date of signature of this Order). Accordingly, the Agency finds that Registrant is not currently licensed to practice medicine in Ohio, the state in which he is registered with DEA.[3]

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

[1] Based on the Government's submissions in its RFAA dated April 22, 2026, the Agency finds that service of the OSC on Registrant was adequate. The included declaration from a DEA Diversion Investigator (DI) indicates that on February 25, 2026, the DI unsuccessfully attempted to serve Registrant at his registered location. RFAA, Attachment 1, at 1. The following day, the DI emailed Registrant a copy of the OSC to seven different email addresses linked to Registrant and received delivery receipt for five of the email addresses. *Id.* at 2. The DI additionally attempted to serve Registrant the OSC through USPS but was unsuccessful, which then led the DI to slide a copy of the OSC under the door at Registrant's registered location. *Id.* 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)); *see also 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).

[2] 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).

[3] 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 in Ohio. 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.*

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).'').[4] The Agency has applied these principles consistently. *See, e.g., James L. Hooper, M.D.,* 76 FR 71371, 71372 (2011), *pet. for rev. denied,* 481 F. App'x 826 (4th Cir. 2012); *Frederick Marsh Blanton, M.D.,* 43 FR 27616, 27617 (1978).

According to Ohio statute, ''[n]o person shall knowingly obtain, possess, or use a controlled substance or a controlled substance analog,'' except pursuant to a ''prescription issued by a licensed health professional authorized to prescribe drugs if the prescription was issued for a legitimate medical purpose.'' Ohio Rev. Code § 2925.11(A), (B)(1)(d) (2025). Further, a '' '[l]icensed health professional authorized to prescribe drugs' or 'prescriber' means an individual who is authorized by law to prescribe drugs or dangerous drugs or drug therapy related devices in the course of the individual's professional practice.'' *Id.* § 4729.01(I). The Ohio statute further defines an authorized prescriber as ''[a] physician authorized under Chapter 4731. of the Revised Code to practice medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery.'' *Id.* § 4729.01(I)(5). Additionally, Ohio law permits ''[a] licensed health professional authorized to prescribe drugs, if acting in the course of professional practice, in accordance with the laws regulating the professional's practice'' to prescribe or administer schedule II, III, IV, and V controlled substances to patients. *Id.* § 3719.06(A)(1)(a)–(b).

Here, the undisputed evidence in the record is that Registrant currently lacks a license to practice medicine in Ohio. As discussed above, an individual must be a licensed health professional authorized to prescribe drugs in order to handle controlled substances in Ohio. Thus, because Registrant lacks a license to practice medicine in Ohio and, therefore, is not authorized to handle controlled substances in Ohio, Registrant is not eligible to maintain a DEA registration in Ohio. 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. FN4962761 issued to Christopher Nadorff, 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 Christopher Nadorff, M.D., to renew or modify this registration, as well as any other pending application of Christopher Nadorff, M.D., for additional registration in Ohio. This Order is effective October 29, 2026.

Signing Authority

This document of the Drug Enforcement Administration was signed on September 21, 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. 2026–19840 Filed 9–28–26; 8:45 am]

BILLING CODE 4410–09–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Jorge J. Figueroa, M.D.; Decision and Order

On May 27, 2026, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to Jorge J. Figueroa, M.D., of West New York, New Jersey (Registrant). Request for Final Agency Action (RFAA), Exhibit (RFAAX) 1, at 1, 4. The OSC proposed the revocation of Registrant's Certification of Registration No. FF1775660, alleging that Registrant has been mandatorily excluded from participation in Medicare, Medicaid, and all Federal health care programs pursuant to 42 U.S.C. 1320a–7(a). *Id.* at 2 (citing 21 U.S.C. 824(a)(5)).

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.* at 3 (citing 21 CFR 1301.43). Here, Registrant did not request a hearing, and the Agency finds him to be in default. RFAA, at 3.[1] ''A default, unless excused, shall be deemed to constitute a waiver of the registrant's/applicant's right to a hearing and an 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), and 1301.46. RFAA, at 3; *see* 21 CFR 1316.67.[2]

Findings of Fact

Registrant is deemed to admit, and the Agency finds, that on December 6, 2017, in the United States District Court for the District of New Jersey, Registrant pled guilty to one count of racketeering,

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[4] This rule derives from the text of two provisions of the Controlled Substances Act (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., James L. Hooper, M.D.,* 76 FR at 71371–72; *Sheran Arden Yeates, M.D.,* 71 FR 39130, 39131 (2006); *Dominick A. Ricci, M.D.,* 58 FR 51104, 51105 (1993); *Bobby Watts, M.D.,* 53 FR 11919, 11920 (1988); *Frederick Marsh Blanton, M.D.,* 43 FR at 27617.

[1] Based on the Government's submissions in its RFAA dated July 22, 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 the DI unsuccessfully attempted to personally serve Registrant a copy of the OSC three times; twice on June 3, 2026, and once on June 4, 2026. RFAAX 2, at 2. On June 4, 2026, the DI then mailed and emailed a copy of the OSC to Registrant, in response to which the DI received a certified USPS return receipt signed by Registrant which confirmed delivery of the OSC on June 5, 2026. *Id.; see id.* Appendix A, at 2. Here, the Agency finds that Registrant was successfully served the OSC by mail.

[2] The RFAA states that ''the Administrator is authorized to render the Agency's final order, without holding a hearing or making findings of fact in this matter.'' RFAA, at 3 (citing 21 CFR 1301.43(c), (f), and 1301.46). However, 21 CFR 1316.67 requires that the Administrator's final order ''set forth the final rule and findings of fact and conclusions of law upon which the rule is based.'' *See JYA LLC d/b/a Webb's Square Pharmacy,* 90 FR 31244, 31246 n.7 (2025).

transporting in aid of travel in violation of 18 U.S.C. 2 and 1952(a)(3). RFAAX 1, at 2. As a result of Registrant's guilty plea, the U.S. Department of Health and Human Services, Office of Inspector General (HHS/OIG), mandatorily excluded Registrant from participation in Medicare, Medicaid, and all Federal health care programs, effective April 19, 2018, for a minimum period of 15 years, pursuant to 42 U.S.C. 1320a–7(a). *Id.* Accordingly, the Agency finds substantial record evidence that Registrant has been mandatorily excluded from participation in Medicare, Medicaid, and all Federal health care programs pursuant to 42 U.S.C. 1320a–7(a).

Discussion

Pursuant to 21 U.S.C. 824(a)(5), the Attorney General is authorized to suspend or revoke a registration issued under section 823 of the CSA upon finding that the registrant ''has been excluded (or directed to be excluded) from participation in a program pursuant to section 1320a–7(a) of Title 42.'' The Agency has consistently held that it may also deny an application upon finding that an applicant has been excluded from a federal health care program. *Mark Agresti, M.D.,* 90 FR 30098, 30099 (2025); *Samirkumar Shah, M.D.,* 89 FR 71931, 71933 (2024); *Arvinder Singh, M.D.,* 81 FR 8247, 8248 n.3 (2016). The exclusion must be mandatory, rather than permissive, to constitute a basis for revocation under 21 U.S.C. 824(a)(5). *Kansky J. Delisma, M.D.,* 85 FR 23845, 23849 (2020). The underlying conviction forming the basis for mandatory exclusion from participation in federal health care programs need not involve controlled substances to provide the grounds for revocation pursuant to 21 U.S.C. 824(a)(5). *Moustafa M. Aboshady, M.D.,* 90 FR 15992, 15993 n.5 (2025).

The Government has the burden of proof in this proceeding, 21 CFR 1301.44(e), and the Agency must make its findings based on ''substantial [record] evidence.'' [3] 5 U.S.C. 556(d); *see* 5 U.S.C. 706(2); 21 U.S.C. 877. If the Government meets its burden of establishing a *prima facie* case that Registrant ''has been excluded (or directed to be excluded) from participation in a program pursuant to [42 U.S.C.] 1320a–7(a),'' 21 U.S.C. 824(a)(5), then the burden shifts to Registrant to demonstrate that he can be trusted with registration. *Delisma,* 85 FR at 23846, 23849, 23851.

The Agency found above that HHS/OIG mandatorily excluded Registrant from participation in Medicare, Medicaid, and all Federal health care programs pursuant to 42 U.S.C. 1320a–7(a). Accordingly, the Agency finds that substantial record evidence establishes the Government's *prima facie* case for revocation of Registrant's registration under 21 U.S.C. 824(a)(5).

Sanction

Where, as here, the Government has met its *prima facie* burden of showing that Registrant's registration should be revoked, the burden shifts to Registrant to show why he can be entrusted with a registration. *Morall* v. *Drug Enf't Admin.,* 412 F.3d. 165, 174 (D.C. Cir. 2005); *Jones Total Health Care Pharmacy, LLC* v. *Drug Enf't Admin.,* 881 F.3d 823, 830 (11th Cir. 2018); *Garrett Howard Smith, M.D.,* 83 FR 18882 (2018). The issue of trust is necessarily a fact-dependent determination based on the circumstances presented by the individual practitioner. *Jeffrey Stein, M.D.,* 84 FR 46968, 46972 (2019); *see Jones Total Health Care Pharmacy,* 881 F.3d at 833. Moreover, as past performance is the best predictor of future performance, DEA Administrators have required that a registrant who has committed acts inconsistent with the public interest must accept responsibility for those acts and demonstrate that the registrant will not engage in future misconduct. *Jones Total Health Care Pharmacy,* 881 F.3d at 833; *ALRA Labs, Inc.* v. *Drug Enf't Admin.,* 54 F.3d 450, 452 (7th Cir. 1995). Historically, the Agency has considered acceptance of responsibility, egregiousness, and deterrence when making this assessment. *See Michael Bouknight,* 90 FR 31247, 31250 (2025); *Sasha Melissa Ikramelahai,* 90 FR 32017, 32020–21 (2025); *Frank Joseph Stirlacci, M.D.,* 85 FR 45229, 45239–40 (2020).

The Agency requires a registrant's unequivocal acceptance of responsibility. *Janet S. Pettyjohn, D.O.,* 89 FR 82639, 82641 (2024); *Mohammed Asgar, M.D.,* 83 FR 29569, 29573 (2018); *see Jones Total Health Care Pharmacy,* 881 F.3d at 830–31. In addition, a registrant's candor during the investigation and hearing, if one is requested, is an important factor in determining acceptance of responsibility and the appropriate sanction. *See Jones Total Health Care Pharmacy,* 881 F.3d at 830–31; *Hoxie* v. *Drug Enf't Admin.,* 419 F.3d 477, 483–84 (6th Cir. 2005). Further, the Agency has found that the egregiousness and extent of the misconduct are significant factors in determining the appropriate sanction. *Jones Total Health Care Pharmacy,* 881 F.3d at 833 n.4, 834. The Agency also considers the need to deter similar acts by a registrant and by the community of registrants. *Jeffrey Stein, M.D.,* 84 FR at 46972–73.

Here, Registrant did not timely request a hearing or answer the allegations in the OSC and was deemed to be in default. To date, Registrant has not filed a motion with the Office of the Administrator to excuse the default. 21 CFR 1301.43(c)(1). Registrant has thus failed to properly answer the allegations contained in the OSC and has not otherwise availed himself of the opportunity to refute the Government's case. As such, Registrant has not accepted responsibility for the proven violations, has made no representations regarding his future compliance with the CSA, and has not demonstrated that he can be trusted with registration.

Accordingly, the Agency will order the revocation of Registrant's registration.

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. FF1775660, issued to Jorge J. Figueroa, 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 Jorge J. Figueroa, M.D., to renew or modify this registration, as well as any other pending application of Jorge J. Figueroa, M.D., for additional registration in New Jersey. This Order is effective October 29, 2026.

Signing Authority

This document of the Drug Enforcement Administration was signed on September 21, 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

[3] According to the CSA, ''[f]indings of fact by the [DEA Administrator], if supported by substantial evidence, shall be conclusive.'' 21 U.S.C. 877. Here, where Registrant is found to be in default, all the factual allegations in the OSC are deemed to be admitted. These uncontested and deemed admitted facts constitute evidence that exceeds the ''substantial evidence'' standard of 21 U.S.C. 877.

the legal effect of this document upon publication in the **Federal Register**.

Heather Achbach,

Federal Register Liaison Officer, Drug Enforcement Administration.

[FR Doc. 2026–19839 Filed 9–28–26; 8:45 am]

BILLING CODE 4410–09–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

JT Medical, LLC; Decision and Order

On September 29, 2025, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to JT Medical, LLC, of Lewistown, Pennsylvania (Applicant). Request for Final Agency Action (RFAA), Exhibit (RFAAX) 2, at 1, 6. The OSC proposed the denial of Applicant's application for DEA registration, Control No. W17047690E, alleging that Applicant's registration would be inconsistent with the public interest. *Id.* at 1 (citing 21 U.S.C. 823(a)).

More specifically, the OSC alleged that Applicant could not provide a bona fide supply agreement and did not have ''a substantially secured cabinet to store marihuana.'' RFAAX 2, at 4 (citing 21 U.S.C. 822(f); 21 U.S.C. 823(a); 21 CFR 1301.71; 21 CFR 1301.72(a)(1)(ii); 21 CFR 1318.05(a)(1); 21 CFR 1318.05(b)(3)(i)). On November 24, 2025, the Government submitted an RFAA requesting that the Agency issue a default final order denying Applicant's application for registration. RFAA, at 1–3.

After carefully reviewing the entire record and conducting the analysis as set forth in detail below, the Agency [1] grants the Government's RFAA and denies Applicant's application for registration.

I. Default Determination

As a preliminary matter, the Agency finds that service of the OSC was adequate. On October 1, 2025, a DEA Diversion Investigator ''personally served'' the OSC on Applicant at its proposed place of business in Lewistown, Pennsylvania. RFAAX 3, at 1. At the time of service, Applicant's president, Mr. S.N., signed a Form DEA–12, Receipt for Cash or Other Items, acknowledging receipt of the OSC. RFAAX 3, at 1–2 & Appendix A.

Under 21 CFR 1301.43, an applicant entitled to a hearing who fails to file a timely hearing request ''within 30 days after the date of receipt of the [OSC] . . . shall be deemed to have waived their right to a hearing and to be in default'' unless ''good cause'' is established for the failure. 21 CFR 1301.43(a), (c)(1). In the absence of a demonstration of good cause, an applicant who fails to timely file an answer also is ''deemed to have waived their right to a hearing and to be in default.'' 21 CFR 1301.43(c)(2).

Here, the OSC notified Applicant of its right to file a written request for hearing and answer, and that if it failed to file such a request and answer, it would be deemed to have waived its right to a hearing and be in default. RFAAX 2, at 4–5 (citing 21 CFR 1301.43). Here, Applicant did not request a hearing or file an answer. RFAA, at 2. Accordingly, Applicant is in default. 21 CFR 1301.43(c)(1).

''A default, unless excused, shall be deemed to constitute a waiver of [Applicant's] right to a hearing and an admission of the factual allegations of the [OSC].'' 21 CFR 1301.43(e). Because Applicant is in default and has not moved to excuse the default, the Agency finds that Applicant has admitted to the factual allegations in the OSC. 21 CFR 1301.43(c)(1), (e), (f)(1).

Further, ''[i]n the event that [an applicant] . . . 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.'' 21 CFR 1301.43(f)(1). Here, the Government has requested final agency action based on Applicant's default pursuant to 21 CFR 1301.43(c), (f)(1), and 1301.46. RFAA, at 2; *see also* 21 CFR 1316.67.

II. Applicable Law

The Controlled Substances Act (CSA) states that the Agency shall register an applicant to manufacture controlled substances in schedule I or II if such registration is determined to be ''consistent with the public interest and with United States obligations under international treaties, conventions, or protocols in effect on May 1, 1971.'' 21 U.S.C. 823(a); *see* 21 CFR 1318.03(a); RFAAX 2, at 2. The CSA provides six factors the Agency must consider in determining the public interest in the context of registering a manufacturer of controlled substances in schedule I or II. 21 U.S.C. 823(a)(1)–(6); 21 CFR 1318.05(a)(1)–(6); RFAAX 2, at 2.

One of the CSA's required considerations is the ''maintenance of effective controls against diversion of particular controlled substances and any controlled substance in schedule I or II compounded therefrom into other than legitimate medical, scientific, research, or industrial channels, by limiting the importation and bulk manufacture of such controlled substances to a number of establishments which can produce an adequate and uninterrupted supply of these substances under adequately competitive conditions for legitimate medical, scientific, research, and industrial purposes.'' 21 U.S.C. 823(a)(1); 21 CFR 1318.05(a)(1); RFAAX 2, at 2.

DEA regulations further provide that in determining which applicants to grant a manufacturer registration, the Agency shall place ''particular emphasis'' on certain ''criteria'' when assessing the six public interest factors of 21 U.S.C. 823(a). 21 CFR 1318.05(b); RFAAX 2, at 3. Relevant here, DEA regulations direct the Agency to determine ''the number of qualified applicants necessary to produce an adequate and uninterrupted supply of cannabis under adequately competitive conditions.'' 21 CFR 1318.05(b)(3)(i); RFAAX 2, at 3. In making this determination, the Agency ''shall place particular emphasis on the extent to which any applicant is able to supply cannabis or its derivatives in quantities and varieties that will satisfy the anticipated demand of researchers and other registrants in the United States who wish to obtain cannabis to conduct activities permissible under the [CSA], as demonstrated through a bona fide supply agreement with a registered researcher or manufacturer as defined in this subpart.'' 21 CFR 1318.05(b)(3)(i); RFAAX 2, at 3.

In other words, the regulation directs the Agency to determine the number of qualified applicants necessary to produce an adequate supply of cannabis and, in doing so, to ''place particular emphasis'' on the extent to which a bona fide supply agreement demonstrates whether any individual applicant is capable of meeting demand. 21 CFR 1318.05(b)(3)(i); RFAAX 2, at 3; *MCRGC, LLC,* 90 FR 48431, 48432 (2025).

DEA regulations also establish various security requirements for the storage of controlled substances. 21 CFR 1301.71, .72; RFAAX 2, at 4. In general, DEA regulations require that ''[a]ll applicants and registrants shall provide effective controls and procedures to guard against theft and diversion of controlled substances,'' and that in order for DEA ''to determine whether a registrant has provided effective controls against diversion, the Administrator shall use the security requirements set forth in [21 CFR 1301.72–1301.76] as standards for the physical security controls and

[1] The CSA delegates authority to the Attorney General, who has delegated it to the Administrator of DEA (the Agency). 28 CFR 0.100.

operating procedures necessary to prevent diversion.'' 21 CFR 1301.71(a); RFAAX 2, at 4.

DEA regulations also establish specific security requirements for controlled substances in schedules I and II. 21 CFR 1301.72(a); RFAAX 2, at 4. Relevant here, these regulations require that the ''[r]aw material, bulk materials awaiting further processing, [and] finished products which are controlled substances listed in Schedule I or II . . . shall be stored in . . . a safe or steel cabinet . . . [w]hich safe or steel cabinet, if it weighs less than 750 pounds, is bolted or cemented to the floor or wall in such a way that it cannot be readily removed.'' 21 CFR 1301.72(a)(1)(ii); RFAAX 2, at 4.

III. Findings of Fact

In light of Applicant's default, the factual allegations in the OSC are deemed admitted.[2] 21 CFR 1301.43(e). Accordingly, Applicant admits that on or about May 22, 2017, Applicant's president submitted an application on behalf of Applicant to obtain a DEA registration as a manufacturer (bulk) in schedule I controlled substances (marihuana, marihuana extract, and tetrahydrocannabinol).[3] RFAAX 2, at 4; 21 CFR 1308.11(d)(23), (31), (58). Applicant further admits that it cannot provide a bona fide supply agreement and that it does not have ''a substantially secured cabinet to store marihuana.'' RFAAX 2, at 4.

IV. Discussion

Here, Applicant cannot provide a bona fide supply agreement, nor any other evidence, for the Agency to consider under 21 CFR 1318.05(b)(3)(i). RFAAX 2, at 4; 21 U.S.C. 823(a)(1); *MCRGC, LLC,* 90 FR at 48432. In addition, Applicant does not have a secured cabinet to store marihuana for the Agency to consider under 21 CFR 1301.71 and .72. RFAAX 2, at 4; 21 U.S.C. 823(a)(1). Therefore, these criteria[4] under Agency consideration weigh against Applicant. 21 U.S.C. 823(a)(1); 21 CFR 1301.71, .72; 21 CFR 1318.05(a), (b)(3)(i).

Considering the public interest factors of 21 U.S.C. 823(a), and specifically Applicant's failure to provide a bona fide supply agreement and have a secured cabinet to store schedule I controlled substances, the Agency determines that issuing Applicant a manufacturer registration (bulk) for marihuana would not be consistent with the public interest. Accordingly, the Agency will order the denial of Applicant's application for registration.[5]

Order

Pursuant to 28 CFR 0.100(b) and the authority vested in me by 21 U.S.C. 823(a), I hereby deny the pending application for a DEA Certificate of Registration, Control No. W17047690E, submitted by JT Medical, LLC, as well as any other pending application of JT Medical, LLC, to amend or modify this application, or for additional registration in Pennsylvania. This Order is effective October 29, 2026.

Signing Authority

This document of the Drug Enforcement Administration was signed on September 8, 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. 2026–19842 Filed 9–28–26; 8:45 am]

BILLING CODE 4410–09–P

[2] According to the CSA, ''[f]indings of fact by the [DEA Administrator], if supported by substantial evidence, shall be conclusive.'' 21 U.S.C. 877. Here, where Applicant is found to be in default, all the factual allegations in the OSC are deemed to be admitted. These uncontested and deemed admitted facts constitute evidence that exceeds the ''substantial evidence'' standard of 21 U.S.C. 877; it is unrebutted evidence.

[3] A Notice of Applicant's application was published in the **Federal Register** on August 27, 2019. *Bulk Manufacturer of Controlled Substances Applications: Bulk Manufacturers of Marihuana,* 84 FR 44920, 44922 (2019); RFAAX 2, at 4.

[4] The burden is on the applicant to establish that its registration is consistent with the public interest. 21 CFR 1301.44(a); 21 CFR 1318.03(b); RFAAX 2, at 2. Here, by virtue of its default, Applicant has failed to present any evidence whatsoever to establish its registration is consistent with the public interest, and the deemed admitted facts (*i.e.,* the lack of a bona fide supply agreement and effective controls against diversion), weigh against a finding in favor of registration. Although the lack of a bona fide supply agreement and secured cabinet are only factors, they are dispositive here because Applicant's default means it not only waived the right to present evidence regarding these two factors, but it also waived the right to present any other evidence that its registration would be consistent with the public interest.

[5] Denial of Applicant's application in this Order does not prohibit Applicant from submitting an application through the new framework established for issuing registrations based on state licenses to handle marihuana for medical purposes, if applicable. *See Schedules of Controlled Substances: Rescheduling of Food and Drug Administration Approved Products Containing Marijuana From Schedule I to Schedule III; Corresponding Change to Permit Requirements,* 91 FR 22714, 22721 (2026) (adding paragraph (k) to 21 CFR 1301.13 ''establish[ing] an expedited review process for entities holding state medical marijuana licenses who seek registration as a marijuana manufacturer''); *see also id.* at 22722 (adding paragraphs (g)(2)–(4) to 21 CFR 1308.13 placing into schedule III marihuana, marihuana extract, and delta-9-tetrahydrocannabinols ''subject to a state medical marijuana license'').

DEPARTMENT OF JUSTICE

Executive Office for Immigration Review

[Dir. Order No. 10–2026]

Inflation Adjustment for EOIR OBBBA Fees for Certain DHS Forms; Fiscal Year 2027

AGENCY: Executive Office for Immigration Review, Department of Justice.

ACTION: Notice of inflationary fee adjustment.

SUMMARY: The Department of Justice (''Department'') is providing notice of statutorily required inflation adjustments to immigration-related fees for certain Department of Homeland Security (''DHS'') forms filed with the Executive Office for Immigration Review (''EOIR'') under the One Big Beautiful Bill Act for Fiscal Year (''FY'') 2027.

DATES: The fees announced in this notice are effective October 1, 2026.

FOR FURTHER INFORMATION CONTACT: Jamee E. Comans, Assistant Director, Office of Policy, Executive Office for Immigration Review, 5107 Leesburg Pike, Suite 2500, Falls Church, VA 22041, telephone (703) 305–0289 (not a toll-free call).

SUPPLEMENTARY INFORMATION:

I. Background

On July 4, 2025, a Congressional budget reconciliation bill (H.R. 1), commonly referred to as the One Big Beautiful Bill Act (''OBBBA''), became law. Public Law 119–21, 139 Stat. 72. As relevant here, OBBBA introduced new required immigration-related fees for EOIR applications, motions, and appeals beginning in FY 2025 (''OBBBA fees'') and mandated that the Attorney General annually update these OBBBA fees for inflation. *See* 8 U.S.C. 1802, 1808, 1812.

Therefore, on August 21, 2026, the Department issued a final rule updating its regulations to make the required FY 2027 OBBBA inflation adjustments for the relevant EOIR forms and motions. *See* Inflation Adjustment for EOIR

OBBBA Fees; Fiscal Year 2027, 91 FR 54211 (Aug. 21, 2026).

In order to provide further clarity, this notice details the FY 2027 OBBBA inflation adjustments for the following DHS forms when filed with EOIR: Form I–485, Application to Register Permanent Residence or Adjust Status; Form I–589, Application for Asylum and for Withholding of Removal; Form I–601, Application for Waiver of Grounds of Inadmissibility; and Form I–821, Application for Temporary Protected Status.

Importantly, this notice does not change any fees for these DHS forms collected pursuant to section 286(m) of the Immigration and Nationality Act. *See* 8 U.S.C. 1356(m). The 286(m) fee amounts for these forms are detailed in DHS's fee schedule, and EOIR's regulations continue to direct readers to DHS's fee schedule for such fee amounts. *See* 8 CFR 1103.7(b)(4)(ii) (''The fees for applications published by the Department of Homeland Security and used in immigration proceedings are governed by 8 CFR 103.7 and 8 CFR part 106.''); *see also* USCIS, *Fee Schedule* (Sept. 9, 2026), *https://www.uscis.gov/sites/default/files/document/forms/g-1055.pdf* [*https://perma.cc/H87F-FPU8*]. The amounts displayed on EOIR's Payment Portal and website are the combined total of the section 286(m) and OBBBA fees.

II. Basis for Adjustment

OBBBA requires that all EOIR-collected OBBBA fees be adjusted annually for inflation and directs that a specific adjustment formula be applied to each fee. *See* 8 U.S.C. 1802, 1808, 1812. For all OBBBA fees, the inflation-adjusted amount is calculated by adding: (1) the amount of the OBBBA fee required for the most recently concluded fiscal year to (2) the product of the OBBBA fee required for the most recently concluded fiscal year multiplied by the percentage (if any) by which the Consumer Price Index for All Urban Consumers (''CPI–U'') for the July preceding the date on which such adjustment takes effect (here, July 2026) exceeds the CPI–U for the same month of the preceding calendar year (here, July 2025), either rounded down to the nearest multiple of $10, *see* 8 U.S.C. 1802(c), 1812(a)(2)(B), or, for the Annual Asylum Fee (''AAF''), rounded down to the nearest dollar. *See* 8 U.S.C. 1808(b)(2). The CPI–U percent change for calculating FY 2027 OBBBA fees is 3.4 percent.[1]

The table below shows the FY 2027 OBBBA fee amounts as adjusted for inflation.

Immigration fee type	FY 2026 OBBBA fee	Inflation adjustment (rounded)	FY 2027 OBBBA fee
Form I–485, Application to Register Permanent Residence or Adjust Status	$1,540	$50	$1,590
Form I–589, Application for Asylum and for Withholding of Removal—Initial Application	100	0	100
Form I–589, Application for Asylum and for Withholding of Removal—Annual Asylum Fee	102	3	105
Form I–601, Application for Waiver of Grounds of Inadmissibility	1,070	30	1,100
Form I–821, Application for Temporary Protected Status	510	10	520

III. Effective Date and Implementation

The FY 2027 filing fee amounts will be required for any relevant filings with the Immigration Courts or the Board of Immigration Appeals filed on or after October 1, 2026 (the first day of FY 2027). EOIR will continue to reject any filings that are not accompanied by a proper filing fee or request for an applicable fee waiver.

EOIR will update its website and electronic payment portal with the filing fee amounts established in this notice and any future inflationary adjustments. *See, e.g.,* EOIR, *Types of Appeals, Motions, and Required Fees* (Feb. 18, 2026), *https://www.justice.gov/eoir/types-appeals-motions-and-required-fees* [*https://perma.cc/Q6CM-HKWN*]; EOIR, *Forms & Fees* (July 29, 2026), *https://www.justice.gov/eoir/eoir-forms* [*https://perma.cc/BE8R-SPK2*]; EOIR, *EOIR Payment Portal* (Aug. 27, 2026), *https://epay.eoir.justice.gov/index* [*https://perma.cc/LF3L-VACV*].

Sirce E. Owen,

Acting Director, Executive Office for Immigration Review, Department of Justice.

[FR Doc. 2026–19841 Filed 9–28–26; 8:45 am]

BILLING CODE 4410–30–P

DEPARTMENT OF LABOR

Employment and Training Administration

Agency Information Collection Activities; Comment Request; DOL-Only Performance Accountability, Information, and Reporting

ACTION: Notice.

SUMMARY: The Department of Labor's (DOL) Employment and Training Administration (ETA) is soliciting comments concerning a proposed revision for the authority to conduct the information collection request (ICR) titled, ''DOL-only Performance Accountability, Information, and Reporting.'' This comment request is part of continuing Departmental efforts to reduce paperwork and respondent burden in accordance with the Paperwork Reduction Act of 1995 (PRA).

DATES: Consideration will be given to all written comments received by November 30, 2026.

ADDRESSES: A copy of this ICR with applicable supporting documentation, including a description of the likely respondents, proposed frequency of response, and estimated total burden, may be obtained free by contacting Kellen Grode by email at *grode.kellen.m@dol.gov.*

Submit written comments about, or requests for a copy of, this ICR by mail or courier to the U.S. Department of Labor, Employment and Training Administration, Office of Policy Development and Research, 200 Constitution Ave. NW, Room N–5641, Washington, DC 20210; by email: *grode.kellen.m@dol.gov.*

FOR FURTHER INFORMATION CONTACT: Kellen Grode by email at *grode.kellen.m@dol.gov.*

SUPPLEMENTARY INFORMATION: DOL, as part of continuing efforts to reduce paperwork and respondent burden, conducts a pre-clearance consultation program to provide the general public and Federal agencies an opportunity to comment on proposed and/or continuing collections of information before submitting them to the Office of Management and Budget (OMB) for final approval. This program helps to ensure requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized,

[1] *See* U.S. Bureau of Labor Statistics, *Economic News Release, Consumer Price Index—July 2026* (Aug. 12, 2026), *https://www.bls.gov/news.release/archives/cpi_08122026.htm* [*https://perma.cc/RC5W-VWF3*].

collection instruments are clearly understood, and the impact of collection requirements can be properly assessed.

As a part of this revision request, ETA has made changes to the Participant Individual Record Layout (ETA–9172), (Program) Performance Report (ETA–9173) that include: (1) removing a significant number of elements from the ETA–9172; (2) removing (unchecking) numerous remaining data elements for specific programs; (3) revising element names, definitions/instructions, and code fields to enhance the clarity of the collection; and (4) revising the ETA–9173 Quarterly Performance Reports (QPR) template that were impacted be the reduction in elements in the ETA–9172. These revisions reduce the burden of the collection.

Section 116 of WIOA (29 U.S.C. 3141) authorizes this information collection. The Department of Labor's (DOL)'s Employment and Training Administration (ETA) developed the (Program) Performance Report (ETA–9173) and the Pay-for-Performance Report (ETA–9174) to facilitate State performance reporting. In order to collect the participant level data that will be aggregated and displayed in the (Program) Performance Report (ETA–9173) quarterly and the Pay-for-Performance Report (ETA–9174) annual reports, States will use a standardized individual record file for program participants, called the DOL Participant Individual Record Layout (PIRL, ETA–9172). The PIRL provides a standardized set of data elements, definitions, and reporting instructions that will be used to describe the characteristics, activities, and outcomes of WIOA and DOL partner program participants. States and grantees will be required to collect participant information that corresponds with the data elements and descriptions delineated within the PIRL. Once collected, this information will then be aggregated according to the conditions outlined in the specifications found within the Program Performance Report spreadsheet. This document details the common data elements and technical specifications necessary for calculation of reporting elements under all the DOL programs listed in the paragraph below. Once aggregated, the outcomes of the PIRL data will be submitted by the States and grantees to ETA and then displayed according to the framework within the (Program) Performance Report. Each program mentioned in this supporting statement will generate a program specific report that mirrors the construct of the (Program) Performance Report. DOL requires States and grantees to certify and submit the (Program) Performance Report to ETA on a quarterly basis.

This ICR is the product of a joint effort among the DOL offices that administer the following programs: WIOA Adult, WIOA Dislocated Worker, WIOA Youth, National Dislocated Worker Grants, Dislocated Worker Projects authorized under WIOA sec. 169(c), Wagner-Peyser Employment Service, National Farmworker Jobs Program, Job Corps, YouthBuild, Indian and Native American Program, as well as non-WIOA covered programs, including Trade Adjustment Assistance (TAA), REO, H–1B discretionary grants, Senior Community Service Employment Program (SCSEP), Apprenticeship grants, and the Jobs for Veterans' State Grants Programs. While H–1B grants, TAA, SCSEP, Apprenticeship grants and the REO programs are not authorized under WIOA, these programs utilize the data element definitions and reporting templates in this ICR.

The accuracy, reliability, and comparability of program reports submitted by States and grantees using Federal funds are fundamental elements of good public administration and are necessary tools for maintaining and demonstrating system integrity. The use of a standard set of data elements, definitions, and specifications at all levels of the workforce system helps states to coordinate funding and leverage resources available to create a more efficient and effective system to improve the quality of the performance information that is received by DOL.

The set of primary indicators of performance represents the key results that ETA strives to achieve for their customers, and that Congress has required through statute and ETA is also interested in measuring. Using this set of primary indicators affords ETA the ability to describe, in a similar manner, the core purposes of the workforce system—through the program services received, how many people found jobs; what were their earnings; and what skill gains they achieved. They are an integral part of ETA's performance accountability system, and through the Workforce Performance Accountability, Information, and Reporting System, ETA will continue to collect from States and grantees the data on program activities, participants, and outcomes that are necessary for program management and to convey full and accurate information on the performance of workforce programs to policymakers and stakeholders.

The DOL is specifically interested in comments on the following two topics:

1. In addition to the elements marked for removal in this proposal, DOL is seeking comments regarding whether there are other elements that DOL can and should remove from the PIRL.

2. DOL is also seeking comments and recommendations regarding how ETA should collect information on outcomes related to services and activities funded through the WIOA title I Governor's Reserve that are not collected in the PIRL, such as adding a quarterly narrative update on WIOA title I Governor's Reserve funded activities.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless it is approved by OMB under the PRA and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid Control Number. *See* 5 CFR 1320.5(a) and 1320.6.

Interested parties are encouraged to provide comments to the contact shown in the **ADDRESSES** section. Comments must be written to receive consideration, and they will be summarized and included in the request for OMB approval of the final ICR. In order to help ensure appropriate consideration, comments should mention DOL Only 1205–0521.

Submitted comments will also be a matter of public record for this ICR and posted on the internet, without redaction. DOL encourages commenters not to include personally identifiable information, confidential business data, or other sensitive statements/ information in any comments.

DOL is particularly interested in comments that:

• Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility;

• Evaluate the accuracy of the Agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

• Enhance the quality, utility, and clarity of the information to be collected; and

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

Agency: DOL- ETA.

Type of Review: Revision.

Title of Collection: DOL-only Performance Accountability, Information, and Reporting System.

Forms: DOL Participant Individual Record Layout (PIRL, ETA–9172); (Program) Performance Report (ETA–9173); Pay-for Performance Report (ETA–9174).

OMB Control Number: 1205–0521.

Affected Public: State, Local, and Tribal Governments.

Estimated Number of Respondents: 22,687,093.

Frequency: Varies.

Total Estimated Annual Responses: 45,370,016.

Estimated Average Time per Response: Varies.

Estimated Total Annual Burden Hours: 8,381,370.

Total Estimated Annual Other Cost Burden: $9,491,287.

Authority: 44 U.S.C. 3506(c)(2)(A).

Marek Laco,

Acting Assistant Secretary for Employment and Training, Labor.

[FR Doc. 2026–19836 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–FN–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request, National Database of Childcare Prices, Extension Without Change of a Currently Approved Collection

AGENCY: Women's Bureau, Department of Labor.

ACTION: Notice of information collection; request for comment.

SUMMARY: The Department of Labor (DOL), as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the general public and federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA). This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents is properly assessed. Currently, DOL is soliciting comments concerning the collection of data for the National Database of Childcare Prices (NDCP). A copy of the proposed Information Collection Request (ICR) can be obtained by contacting the office listed below in the addressee section of this notice.

DATES: Written comments must be submitted to the office listed in the addressee section below on or before November 30, 2026.

ADDRESSES: You may submit comments by either one of the following methods:

Email: ndcp@dol.gov;

Mail or Courier: U.S. Department of Labor, Women's Bureau, Room S–3002, 200 Constitution Avenue NW, Washington, DC 20210.

Instructions: Please submit one copy of your comments by only one method. All submissions received must include the agency name and OMB Control Number identified above for this information collection. Comments, including any personal information provided, become a matter of public record. They will also be summarized and/or included in the request for OMB approval of the information collection request.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, contact Erin George by telephone at (202) 693–1000 ext. 21597 or by email at *ndcp@dol.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

This proposed information collection seeks to update the NDCP, a comprehensive federal source of county-level childcare prices. The NDCP was first made available to the public in 2022, and it currently provides comprehensive data for the years 2008 through 2021. The NDCP is based on data collected by each state or territory in its childcare Market Rate Surveys. State or territorial human services or workforce development offices conduct the surveys as a requirement to receive Child Care and Development Block Grants (CCDBG). The surveys provide market prices of various types of child care (*e.g.,* center-based, home-based), by age of children (*e.g.,* infants, toddlers, preschoolers, school-age children) and by geography. The surveys are used to establish reimbursement rates for childcare subsidies. Market Rate Surveys collect childcare price information from a subset of all eligible centers and care providers in the priced market to obtain an estimate of the full market price of care in that locality. Because the surveys establish the full market price of care in local areas, the data is ideal to examine local childcare prices. However, this data is not reported to the federal government and is retained by the states or territories. As a result, reporting metrics are not standardized across jurisdictions, and some of the data is not accessible to the public.

Market Rate Surveys are currently collected in three-year cycles. The information collection would request surveys for the most recent data collection cycle. The data requested would have been collected already by the states and territories to meet federal regulations; no new data collection obligation is created in this request. DOL would harmonize child-care price measures to ensure that they are comparable across jurisdictions. The data would then be combined with county-level characteristics publicly available from the American Community Survey. The resulting database (NDCP) would be evaluated to protect respondent confidentiality, implementing proper disclosure avoidance techniques in counties with small samples. The NDCP would be made available to the public as a research tool to understand childcare prices at the county level and changes in childcare prices over time. Section 2 of Public Law 66–259 that established the Women's Bureau authorizes this information collection. *See* 29 U.S.C. 13.

This information collection is subject to the PRA. A federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless it is approved by the OMB under the PRA and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid Control Number. *See* 5 CFR 1320.5(a) and 1320.6.

II. Desired Focus of Comments

This **Federal Register** Notice provides the opportunity to comment on the proposed data collection. DOL is particularly interested in comments on:

○ whether the proposed collection of information is necessary for the proper performance functions of the agency, including whether the information will have practical utility;

○ the accuracy of the agency's burden estimate of the proposed information collection, including the validity of the methodology and assumptions;

○ the quality, utility, and clarity of the information to be collected; and

○ how the burden of the collection of information on those who are to respond could be minimized, 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).

III. Current Actions

At this time, DOL is requesting clearance to request market rate survey data collected by the states, the District of Columbia, and Puerto Rico to update the National Database of Childcare Prices.

Type of Review: Extension without change of a currently approved collection.

OMB Control Number: 1290–0025.

Affected Public: State, Local, and Tribal Governments.

Number of Respondents: 52.

Number of Responses per Respondent: 1.

Number of Responses: 52.

Average Burden Time per Response: 2 hours.

Estimated Burden Hours: 104 hours.

Comments submitted in response to this request will be summarized and/or included in the request for Office of Management and Budget approval of the information collection request; they will also become a matter of public record.

IV. Authority

44 U.S.C. 3506(c)(2)(A).

Paula Huff,

Certifying Official, Women's Bureau, U.S. Department of Labor.

[FR Doc. 2026–19906 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–GQ–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Notice of Law Enforcement Officer's Injury or Occupational Disease and Notice of Law Enforcement Officer's Death

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Office of Workers' Compensation Programs (OWCP)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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.

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

FOR FURTHER INFORMATION CONTACT: Michael Howell by telephone at 202–693–6782, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: The Federal Employees' Compensation Act (FECA) provides, under 5 U.S.C. 8191, et.seq. and 20 CFR 10.735, that non-Federal law enforcement officers injured or killed under certain circumstances are entitled to the benefits of the Act, to the same extent as if they were employees of the Federal Government. The CA–721 and CA–722 are used by non-Federal law enforcement officers and their survivors to claim compensation under the FECA. Form CA–721 is used for claims for injury. Form CA–722 is used for claims for death. The authority for this collection is 5 U.S.C. 8191–8193. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on May 8, 2026 (91 FR 25387).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OWCP.

Title of Collection: Notice of Law Enforcement Officer's Injury or Occupational Disease and Notice of Law Enforcement Officer's Death.

OMB Control Number: 1240–0022.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 4.

Total Estimated Number of Responses: 4.

Total Estimated Annual Time Burden: 5 hours.

Total Estimated Annual Other Costs Burden: $3.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Michael Howell,

Senior PRA Analyst.

[FR Doc. 2026–19829 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

[OMB Control No. 1290–0044]

Correction; Registration for Public API

ACTION: Correction Notice.

AGENCY: Office of the Assistant Secretary for Policy, Department of Labor.

SUMMARY: This is a correction of a notice published September 1, 2026 (91 FR 56221) which in error stated that comments must be received on or before 9/30/2026. The Agency will consider all written comments that are received on or before October 30, 2026.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Brandon Brown,

Certifying Officer.

[FR Doc. 2026–19832 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–HX–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Miner's Claim for Benefits Under the Black Lung Benefits Act CM–911 and Employment History CM–911a

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Office of Workers' Compensation Programs (OWCP)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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.

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

FOR FURTHER INFORMATION CONTACT: Michael Howell by telephone at 202–693–6782, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: CM–911 is the standard application form filed by the miner for benefits under the Black Lung Benefits Act. The applicant lists the coal miner's work history on the CM–911a, and these forms must be completed by all applicants. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on April 17, 2026 (91 FR 20706).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OWCP.

Title of Collection: Miner's Claim for Benefits Under the Black Lung Benefits Act CM–911 and Employment History CM–911a.

OMB Control Number: 1240–0038.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 5,400.

Total Estimated Number of Responses: 10,800.

Total Estimated Annual Time Burden: 9,450 hours.

Total Estimated Annual Other Costs Burden: $3,137.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Michael Howell,

Senior PRA Analyst.

[FR Doc. 2026–19831 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

Office of the Secretary

Senior Executive Service; Appointment of Members to the Performance Review Board

AGENCY: Office of the Secretary.

ACTION: Appointment of members of the Performance Review Board.

SUMMARY: Title 5 U.S.C. 4314(c)(4) provides that Notice of the Appointment of the individual to serve as a member of the Performance Review Board of the Senior Executive Service shall be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Tania Burkley, Chief, Division of Executive Resources, Room C2318, U.S. Department of Labor, Frances Perkins Building, 200 Constitution Ave, NW, Washington, D.C. 20210, telephone: (202) 693–7638.

SUPPLEMENTARY INFORMATION:

The following individuals are hereby appointed to serve on the Department's Performance Review Board:

Permanent Membership

Chair—Courtney Walter, Chief of Staff
Vice-Chair—Dean Heyl, Assistant Secretary for Administration and Management

Rotating Membership—appointments expire on 09/30/29

BLS Christopher Rosenlund, Assistant Commissioner for Regional Operations
EBSA Mark Seidel, Regional Director
ETA Brian Pasternak, Administrator, Office of Foreign Labor Certification
ILAB Lori Frazier, Deputy Undersecretary for International Labor Affairs
MSHA James McHugh, Deputy Assistant Secretary
OASAM Rachel Torres, Director of Human Resources
OASP Albert Herrera, Director, Office of Regulatory & Programmatic Policy
OCFO Westley Everette, Associate Deputy CFO for Office of Fiscal Integrity
ODEP Jennifer Sheehy, Deputy Assistant Secretary
OLMS Andrew Davis, Director, OLMS
OSHA Amanda Laihow, Deputy Assistant Secretary
OWCP Vincent Alvarez, Administrative Officer
SOL Steven Hough, Principal Deputy Solicitor
WHD Dierra Fitzgerald, Deputy Administrator (Operations)
VETS Andrew Auerbach, Deputy Assistant Secretary for Operations and Management

Authority: This notice was compiled in accordance to 5 CFR 430.311(a)(4).

Signed at Washington, DC.

Dean Heyl,

Assistant Secretary for Administration and Management.

[FR Doc. 2026–19834 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–04–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Access to Employee Exposure and Medical Records

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Occupational Safety & Health Administration (OSHA)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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: Nicole Bouchet by telephone at 202–693–0213, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: The Standard requires employers to preserve and provide access to records associated with workers' exposure to toxic chemicals and harmful physical agents. Employee records and access to them are critically important to the detection, treatment, and prevention of occupational illness and disease. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on February 10, 2026 (91 FR 5959).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. *See* 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OSHA.

Title of Collection: Access to Employee Exposure and Medical Records.

OMB Control Number: 1218–0065.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 806,986.

Total Estimated Number of Responses: 7,034,798.

Total Estimated Annual Time Burden: 794,705 hours.

Total Estimated Annual Other Costs Burden: $0.

(Authority: 44 U.S.C. 3507(a)(1)(D).)

Nicole Bouchet,

Senior PRA Analyst.

[FR Doc. 2026–19822 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

[OMB Control No. 1225–0093]

Proposed Extension of Information Collection; Improving Customer Experience (OMB Circular A–11, Section 280 Implementation) for the Department of Labor

AGENCY: Office of the Assistant Secretary for Administration and Management, Labor.

ACTION: Request for public comments.

SUMMARY: The Department of Labor (DOL), as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance request for comment to provide the public and Federal agencies with an opportunity to comment on proposed collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA). This request helps to ensure that: requested data can be provided in the desired format; reporting burden (time and financial resources) is minimized; collection instruments are clearly understood; and the impact of collection requirements on respondents can be properly assessed. Currently, the Office of the Assistant Secretary for Administration and Management (OASAM) is soliciting comments on the information collection for the Department of Labor Generic Clearance for the Collection of Feedback on Agency Service Delivery.

DATES: All comments must be received on or before November 30, 2026.

ADDRESSES: *Electronic submission:* You may submit comments and attachments electronically at *http://www.regulations.gov.* Follow the online instructions for submitting comments. A copy of this Information Collection Request (ICR) with applicable supporting documentation; including a description of the likely respondents, proposed frequency of response, and estimated total burden may be obtained free by contacting Nora Hernandez by telephone at (202) 693–8633 (this is not a toll-free number), or by email at *DOL_PRA_PUBLIC@dol.gov.* Submit written comments about, or requests for a copy of, this ICR by mail or courier to the U.S. Department of Labor, Office of the Assistant Secretary for Administration and Management, Room N1301, 200 Constitution Avenue NW, Washington, DC 20210; by email: *DOL_PRA_PUBLIC@dol.gov.* All submissions received must include the agency name and OMB Control Number 1225–0093.

FOR FURTHER INFORMATION CONTACT: Nora Hernandez, *Departmental Clearance Officer* by telephone at 202–693–8633 (this is not a toll-free number), or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

This information collection activity provides a means to garner customer and stakeholder feedback in an efficient, timely manner in accordance with the Administration's commitment to improving customer service delivery as discussed in Section 280 of OMB Circular A–11. As discussed in OMB guidance, agencies should identify their highest-impact customer journeys (using customer volume, annual program cost, and/or knowledge of customer priority as weighting factors) and select touchpoints/transactions within those journeys to collect feedback.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

II. Desired Focus of Comments

OASAM is soliciting comments concerning the proposed information collection. OASAM is particularly interested in comments that:

- Evaluate whether the collection of information is necessary for the proper performance of the functions of the Agency, including whether the information has practical utility;
- Evaluate the accuracy of OASAM's estimate of the burden related to the information collection, including the validity of the methodology and assumptions used in the estimate;
- Suggest methods to enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of information collection on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Background documents related to this information collection request are available at *https://regulations.gov* and at DOL–OASAM, located at Office of the Assistant Secretary for Administration and Management, Room N1301, Washington, DC 20210. Questions about the information collection requirements may be directed to the person listed in the **FOR FURTHER INFORMATION CONTACT** section of this notice.

III. Current Actions

This information collection request concerns the Department of Labor's Generic Clearance for the Collection of Feedback on Agency Service Delivery. OASAM has updated the data with respect to the number of respondents, responses, burden hours, and burden costs supporting this information collection request from the previous information collection request.

Type of Review: Extension.

Agency: DOL—OASAM.

Title of Collection: Improving Customer Experience (OMB Circular A–11, Section 280 Implementation) for the Department of Labor.

OMB Number: 1225–0093.

Affected Public: Individuals or Households; Business or other for-profit; Not-for-profit Institutions; State, Local or Tribal Government.

Number of Respondents: 2,201,705.

Number of Responses: 2,201,705.

Annual Burden Hours: 111,237 hours.

Annual Respondent or Recordkeeper Cost: $0.

Comments submitted in response to this notice will be summarized in the request for Office of Management and Budget approval of the proposed information collection request; they will become a matter of public record and will be available at *https://www.reginfo.gov.*

(Authority: 44 U.S.C. 3507(a)(1)(D))

Nora Hernandez,

Departmental Clearance Officer.

[FR Doc. 2026–19828 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–23–P

DEPARTMENT OF LABOR

[OMB Control No. 1225–0088]

Proposed Extension of Information Collection; Department of Labor Generic Clearance for the Collection of Feedback on Agency Service Delivery

AGENCY: Office of the Assistant Secretary for Administration and Management, Labor.

ACTION: Request for public comments.

SUMMARY: The Department of Labor (DOL), as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance request for comment to provide the public and Federal agencies with an opportunity to comment on proposed collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA). This request helps to ensure that: requested data can be provided in the desired format; reporting burden (time and financial resources) is minimized; collection instruments are clearly understood; and the impact of collection requirements on respondents can be properly assessed. Currently, the Office of the Assistant Secretary for Administration and Management (OASAM) is soliciting comments on the information collection for the Department of Labor Generic Clearance for the Collection of Feedback on Agency Service Delivery.

DATES: All comments must be received on or before November 30, 2026.

ADDRESSES: Electronic submission: You may submit comments and attachments electronically at *http://www.regulations.gov.* Follow the online instructions for submitting comments. A copy of this Information Collection Request (ICR) with applicable supporting documentation; including a description of the likely respondents, proposed frequency of response, and estimated total burden may be obtained free by contacting Nora Heranndez by telephone at (202) 693–8633 (this is not a toll-free number), or by email at *DOL_PRA_PUBLIC@dol.gov.* Submit written comments about, or requests for a copy of, this ICR by mail or courier to the U.S. Department of Labor, Office of the Assistant Secretary for Administration and Management, Room N1301, 200 Constitution Avenue NW, Washington, DC 20210; by email: *DOL_PRA_PUBLIC@dol.gov.* All submissions received must include the agency name and OMB Control Number 1225–0088.

FOR FURTHER INFORMATION CONTACT: Nora Hernandez, *Departmental Clearance Officer* by telephone at 202–693–8633 (this is not a toll-free number), or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

This information collection activity will be used to garner customer and stakeholder feedback in accordance with the Administration's commitment to improving service delivery. The feedback sought is information that provides useful insights on perceptions and opinions but are not used as statistical surveys that yield quantitative results that can be generalized to the study population. These collections will:

Provide insights into customer or stakeholder perceptions, experiences, and expectations; provide an early warning of issues with service; focus attention on areas where communication, training, or changes, in operations might improve delivery of products or services; provide ongoing, collaborative, and actionable communications between the DOL and its customers and stakeholders.

These collections will also allow feedback to contribute directly to the improvement of program management. Feedback collected under this generic clearance will provide useful information, but it will not yield data that can be generalized to the overall population.

This type of generic clearance for feedback information will not be designed to yield reliably actionable results such as, for example, monitoring trends over time or documenting program performance. Those sorts of data usages require more rigorous designs that address: The target population to which generalizations will be made; the sampling frame; the sample design (including stratification and clustering); the precision requirements or power calculations that justify the proposed sample size; the expected response rate; methods for assessing potential nonresponse bias; the protocols for data collection; and any testing procedures that were or will be undertaken prior fielding the study.

Depending on the degree of influence the results are likely to have, such collections may still be eligible for submission for other generic mechanisms that are designed to yield quantitative result.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

II. Desired Focus of Comments

OASAM is soliciting comments concerning the proposed information collection. OASAM is particularly interested in comments that:

- Evaluate whether the collection of information is necessary for the proper performance of the functions of the Agency, including whether the information has practical utility;
- Evaluate the accuracy of OASAM's estimate of the burden related to the information collection, including the validity of the methodology and assumptions used in the estimate;
- Suggest methods to enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of information collection on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Background documents related to this information collection request are available at *https://regulations.gov* and at DOL–OASAM, located at Office of the Assistant Secretary for Administration and Management, Room N1301, Washington, DC 20210. Questions about the information collection requirements may be directed to the person listed in the **FOR FURTHER INFORMATION CONTACT** section of this notice.

III. Current Actions

This information collection request concerns the Department of Labor's Generic Clearance for the Collection of Feedback on Agency Service Delivery. OASAM has updated the data with respect to the number of respondents, responses, burden hours, and burden costs supporting this information collection request from the previous information collection request.

Type of Review: Extension.

Agency: DOL-OASAM.

Title of Collection: Department of Labor Generic Clearance for the Collection of Feedback on Agency Service Delivery.

OMB Number: 1225–0088.

Affected Public: Individuals or Households; Business or other for-profit; Not-for-profit Institutions; State, Local or Tribal Government.

Number of Respondents: 400,000.

Number of Responses: 400,000.

Annual Burden Hours: 40,000 hours.

Annual Respondent or Recordkeeper Cost: $0.

Comments submitted in response to this notice will be summarized in the request for Office of Management and Budget approval of the proposed information collection request; they will become a matter of public record and will be available at *https://www.reginfo.gov.*

(Authority: 44 U.S.C. 3507(a)(1)(D))

Nora Hernandez,

Departmental Clearance Officer.

[FR Doc. 2026–19824 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–04–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Formaldehyde Standard

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Occupational Safety & Health Administration (OSHA)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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: Nicole Bouchet by telephone at 202–693–0213, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: The Formaldehyde Standard collections of information are designed to provide protection for workers from the adverse health effects associated with occupational exposure to formaldehyde. The Standard requires employers to monitor worker exposure and provide notification to workers of their exposure. Employers are required to make available medical surveillance to workers. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on February 26, 2026 (91 FR 9656).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. *See* 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OSHA.

Title of Collection: Formaldehyde Standard.

OMB Control Number: 1218–0145

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 80,905.

Total Estimated Number of Responses: 1,045,878.

Total Estimated Annual Time Burden: 277,695 hours.

Total Estimated Annual Other Costs Burden: $59,913,352.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Nicole Bouchet,

Senior PRA Analyst.

[FR Doc. 2026–19826 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Survivor's Form for Benefits Under the Black Lung Benefits Act

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Office of Workers' Compensation Programs (OWCP)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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.

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

FOR FURTHER INFORMATION CONTACT: Michael Howell by telephone at 202–693–6782, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: The CM–912 is used to gather information from a beneficiary's survivor to determine if the survivor is entitled to benefits or the continuation of benefits. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on April 4, 2026 (91 FR 18488).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OWCP.

Title of Collection: Survivor's Form for Benefits Under the Black Lung Benefits Act.

OMB Control Number: 1240–0027.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 1,080.

Total Estimated Number of Responses: 1,080.

Total Estimated Annual Time Burden: 144 hours.

Total Estimated Annual Other Costs Burden: $807.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Michael Howell,

Senior PRA Analyst.

[FR Doc. 2026–19830 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Crawler, Locomotive, and Truck Cranes Standard

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Occupational Safety & Health Administration (OSHA)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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: Nicole Bouchet by telephone at 202–693–0213, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: The Crawler, Locomotive, and Truck Cranes Standard requires that monthly inspections be performed on cranes and running ropes and that a certification record be prepared. Ropes which have been idle for a month or more are required to undergo a thorough inspection and that a certification record be generated. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on December 17, 2025 (90 FR 58626).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. *See* 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OSHA.

Title of Collection: Crawler, Locomotive, and Truck Cranes Standard.

OMB Control Number: 1218–0221.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 3,164.

Total Estimated Number of Responses: 73,155.

Total Estimated Annual Time Burden: 27,591 hours.

Total Estimated Annual Other Costs Burden: $0.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Nicole Bouchet,

Senior Paperwork Reduction Act Analyst.

[FR Doc. 2026–19823 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Manlifts Standard

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Occupational Safety & Health Administration (OSHA)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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: Nicole Bouchet by telephone at 202–693–0213, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: OSHA requires this information to be collected by employers for determining the cumulative maintenance status of a manlift and/or taking the necessary preventive actions to ensure worker safety. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on December 17, 2025 (90 FR 58628).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. *See* 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OSHA.

Title of Collection: Manlifts Standard.

OMB Control Number: 1218–0226.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 3,000.

Total Estimated Number of Responses: 36,000.

Total Estimated Annual Time Burden: 37,800 hours.

Total Estimated Annual Other Costs Burden: $0.

(Authority: 44 U.S.C. 3507(a)(1)(D).)

Nicole Bouchet,

Senior PRA Analyst.

[FR Doc. 2026–19827 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Application for Approval of a Representative's Fee in Black Lung Claim Proceedings Conducted by the U.S. Department of Labor

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Office of Workers' Compensation Programs (OWCP)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before October 29, 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.

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

FOR FURTHER INFORMATION CONTACT: Michael Howell by telephone at 202–693–6782, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: The purpose of the CM–972 is to collect pertinent data to determine if the representative's services and the amounts charged can be paid under the Black Lung Benefits Act. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on April 10, 2026 (91 FR 18487).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OWCP.

Title of Collection: Application for Approval of a Representative's Fee in Black Lung Claim Proceedings Conducted by the U.S. Department of Labor.

OMB Control Number: 1240–0011.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 820.

Total Estimated Number of Responses: 820.

Total Estimated Annual Time Burden: 574 hours.

Total Estimated Annual Other Costs Burden: $340.

(Authority: 44 U.S.C. 3507(a)(1)(D).)

Michael Howell,

Senior PRA Analyst.

[FR Doc. 2026–19825 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

DEPARTMENT OF LABOR

Bureau of Labor Statistics

Proposed Revision of Information Collection; National Longitudinal Survey of Youth 1979

AGENCY: Bureau of Labor Statistics, Department of Labor.

ACTION: Request for comment.

SUMMARY: The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995. This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. The Bureau of Labor Statistics (BLS) is soliciting comments concerning the proposed revision of the ''National Longitudinal Survey of Youth 1979.'' A copy of the proposed information collection request can be obtained by contacting the individual listed below in the **ADDRESSES** section of this notice.

DATES: Written comments must be submitted to the office listed in the **ADDRESSES** section of this notice on or before November 30, 2026.

ADDRESSES: Send comments to Nora Kincaid, BLS Clearance Officer, Division of Management Systems, Bureau of Labor Statistics, by email to *BLS_PRA_Public@bls.gov.*

FOR FURTHER INFORMATION CONTACT: Nora Kincaid, BLS Clearance Officer, 202–691–7268 (this is not a toll free number). (See **ADDRESSES** section.)

SUPPLEMENTARY INFORMATION:

I. Background

The National Longitudinal Survey of Youth 1979 (NLSY79) is a representative national sample of persons who were born in the years 1957 to 1964 and lived in the U.S. in 1978. These respondents were ages 14 to 22 when the first round of interviews began in 1979; they were ages 61 to 68 as of December 31, 2025. The NLSY79 was conducted annually from 1979 to 1994 and has been conducted biennially since 1994. The interim survey interviews will occur from April 2027 to July 2027. The primary objective of the survey is to collect timely data that will capture key characteristics affecting respondents' labor market activities at a critical point in their lives, to permit the study of long-term effects on labor market outcomes. The longitudinal focus of this survey requires information to be collected from the same individuals over many years in order to trace their education, training, work experience, fertility, income, and program participation.

One of the goals of the Department of Labor (DOL) is to produce and disseminate timely, accurate, and relevant information about the U.S. labor force. The BLS contributes to this goal by gathering information about the labor force and labor market and disseminating it to policymakers and the public so that participants in those markets can make more informed, and thus more efficient, choices. Research based on the NLSY79 contributes to the formation of national policy in the areas of education, training, work experience, fertility, income, and program participation. In addition to the reports that the BLS produces based on data from the NLSY79, members of the academic community publish articles and reports based on NLSY79 data for the DOL and other funding agencies. To date, over 3,000 articles examining NLSY79 data have been published in scholarly journals. The survey design provides data gathered from the same respondents over time to form the only dataset that contains this type of information for this important population group. Without the collection of these data, an accurate longitudinal dataset could not be provided to researchers and policymakers, thus adversely affecting the DOL's ability to perform its policy- and report-making activities.

II. Current Action

Office of Management and Budget clearance is being sought to conduct interim survey interviews between rounds 31 and 32 of the NLSY79. Respondents of the NLSY79 will undergo an interview of approximately 17 minutes on average during which they will answer questions about labor market experiences, AI usage, health, and income.

During the fielding period for the interim survey interviews, no more than 2 percent of respondents will be asked to participate in a brief validation interview a few weeks after the initial interview. The purpose of the validation interview is to verify that the initial interview took place as the interviewer reported and to assess the data quality of selected questionnaire items.

The interim supplemental survey will be conducted by internet and by telephone. BLS anticipates that approximately one-third of the interviews will be self-administered by internet, with the remaining interviews being interviewer-administered by telephone.

The interim supplemental survey will consist of approximately 51 questions. Similar questions have appeared in previous rounds of the NLSY79, the Current Population Survey, Federal Reserve Board's Survey of Household Economics and Decisionmaking (SHED), RAND American Life's AI questionnaire, AmeriSpeak, AARP's Artificial Intelligence Survey, KFF's tracking poll on Health Information and Trust, or the Census Household Pulse survey. The content covers alternative use of time, AI usage, health, mental health, income, and earnings.

III. Desired Focus of Comments

The Bureau of Labor Statistics is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- 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.

Title of Collection: National Longitudinal Survey of Youth 1979.

OMB Number: 1220–0109.

Type of Review: Revision.

Affected Public: Individuals or households.

Activity	Number of respondents	Number of responses per respondent	Total responses	Average burden (hours)	Estimated total burden (hours)
Interim Supplement: April 2027–July 2027	4,500	1	4,500	.283	1,275
Validation interview: June 2027	90	1	90	.033	3
Totals*	4,500		4,590		1278

Comments submitted in response to this notice will be summarized and/or included in the request for Office of Management and Budget approval of the information collection request; they also will become a matter of public record.

Signed on September 18, 2026.

Eric Molina,

Chief, Division of Management Systems.

[FR Doc. 2026–19835 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–24–P

DEPARTMENT OF LABOR

Mine Safety and Health Administration

[OMB Control No. 1219–0127]

Proposed Extension of Information Collection: Certification and Qualification To Examine, Test, Operate Hoists and Perform Other Duties

AGENCY: Mine Safety and Health Administration, Labor.

ACTION: Request for public comments.

SUMMARY: The Department of Labor (DOL), as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance consultation program for all information collections, to provide the public and Federal agencies with an opportunity to comment on proposed collections of information, in accordance with the Paperwork Reduction Act of 1995. This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. The Mine Safety and

Health Administration (MSHA) is soliciting comments on the information collection titled ''Certification and Qualification to Examine, Test, Operate Hoists and Perform Other Duties.''

DATES: All comments must be received on or before November 30, 2026.

ADDRESSES: Comments concerning the information collection requirements of this notice may be sent by any of the methods listed below. Please note that comments received after the deadline will not be considered.

- *Federal E-Rulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments for docket number MSHA–2026–0562.
- *Mail/Hand Delivery:* DOL–MSHA, Office of Standards, Regulations, and Variances, 200 Constitution Avenue NW, Washington, DC 20210. Before visiting MSHA in person, call 202–693–9440 to make an appointment.
- MSHA will post all comments as well as any attachments, except for information submitted and marked as confidential, in the docket at *https://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Corliss A. Josephs-Conway, Acting Director, Office of Standards, Regulations, and Variances, MSHA, at *MSHA.information.collections@dol.gov* (email); (202) 693–9440 (voice); or (202) 693–9441 (facsimile). These are not toll-free numbers.

SUPPLEMENTARY INFORMATION:

I. Background

A. Legal Authority

Section 103(h) of the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended, 30 U.S.C. 813(h), authorizes MSHA to collect information necessary to carry out its duty in protecting the safety and health of miners. Further, section 101(a) of the Mine Act, 30 U.S.C. 811(a), authorizes the Secretary of Labor to develop, promulgate, and revise as may be appropriate, improved mandatory health or safety standards for the protection of life and prevention of injuries in coal and metal and nonmetal mines.

The Paperwork Reduction Act of 1995 (PRA, 44 U.S.C. 3501 *et seq.*) governs paperwork burdens imposed on the public by Federal agencies when using identical questions to collect information from 10 or more persons. The PRA defines paperwork burden in 44 U.S.C. 3502(2) as the time, effort, or financial resources expended to generate, maintain, or provide information to or for a Federal agency. Under 44 U.S.C. 3507, the PRA also establishes policies and procedures for information collection to control paperwork burdens imposed by Federal agencies on the public, including evaluating public comments.

B. Information Collection

To fulfill its statutory mandate to promote miners' health and safety, MSHA requires information under the OMB request titled ''Certification and Qualification to Examine, Test, Operate Hoists and Perform Other Duties.'' This information collection is intended to ensure that only those qualified or certified to perform duties requiring specialized expertise at coal mines are authorized to conduct examinations for hazardous conditions, conduct tests for methane and oxygen deficiency, conduct tests for air flow, atmospheric monitoring systems (AMS) operation, perform electrical work, repair energized surface high-voltage lines, and perform duties of hoisting engineer.

Burden costs associated with the ICR include:

1. Submitting MSHA Form 5000–41
2. Updating Lists of Certified and Qualified Persons
3. Developing Training Plans

The associated standards that authorize the collection of information are described below.

1. Submitting MSHA Form 5000–41

1–1. Certifying Persons

Defining Certified Persons

Under 30 75.100(a), [at underground coal mines] the provisions of Subpart D—Ventilation of this part 75 require that certain examinations and tests be made by a certified person. A certified person within the meaning of those provisions is a person who has been certified as a mine foreman (mine manager), an assistant mine foreman (section foreman), or a preshift examiner (mine examiner). A person who has been so certified is also a qualified person within the meaning of those provisions of subpart D of this part which require that certain tests be made by a qualified person and within the meaning of 30 CFR 75.1106 regarding welding, cutting, or soldering with arc or flame underground.

Under 30 CFR 77.100(a)(1), [at surface coal mines] the provisions of this Part 77 require that certain examinations and tests be made by a certified person. A certified person within the meaning of these provisions is a person who has been certified to perform the duties, and make the required examinations and tests to be performed by a certified person.

Under 30 CFR 77.100(a)(2), a person who has been so certified shall also be considered to be a qualified person within the meaning of those provisions of this Part 77 which require that certain examinations, tests and duties be performed by a qualified person, except those provisions in Subparts F, G, H, I, and J of this part relating to performance of electrical work.

MSHA Certifying Persons

Under 30 CFR 75.100(c)(1), [at underground coal mines] the Secretary may certify persons in the categories of mine foreman, assistant mine foreman, and preshift examiner whenever the State in which persons are presently employed in these categories does not provide for such certification. A person's initial certification by MSHA is valid for as long as the person continues to satisfy the requirements necessary to obtain the certification and is employed at the same coal mine or by the same independent contractor. The mine operator or independent contractor shall make an application which satisfactorily shows that each such person has had at least 2 years underground experience in a coal mine, and has held the position of mine foreman, assistant mine foreman, or preshift examiner for a period of 6 months immediately preceding the filing of the application, and is qualified to test for methane and for oxygen deficiency. Applications for Secretarial certification should be submitted in writing to MSHA.

Under 30 CFR 77.100(b)(2), pending issuance of Federal standards, a person will be considered, to the extent of the certification, a certified person to make examinations, tests and perform duties which are required by this Part 77 to be performed by a certified person, if this person has been certified for such purpose by the Secretary. A person's initial certification is valid for as long as the person continues to satisfy the requirements necessary to obtain the certification and is employed at the same coal mine or by the same independent contractor. The mine operator or independent contractor shall make an application which satisfactorily shows that each such person has had at least 2 years experience at a coal mine or equivalent experience, and that each such person demonstrates to the satisfaction of an authorized representative of the Secretary that such person is able and competent to test for oxygen deficiency with a permissible flame safety lamp, or any other device approved by the Secretary and to test for methane with a portable methane detector approved by MSHA and to perform such other duties for which application for certification is made. Applications for certification by the Secretary should be submitted in writing to MSHA.

1–2. Qualifying Persons for Methane and Oxygen Testing

Defining Certified Persons for Methane and Oxygen Testing

Under 30 CFR 75.150(a), [at underground coal mines] the provisions of Subpart D—Ventilation of this part and 30 CFR 75.1106 require that tests for methane and for oxygen deficiency be made by a qualified person. A person is a qualified person for this purpose if he is a certified person under 30 CFR 75.100.

Under 30 CFR 77.101(a), [at surface coal mines] the provisions of Subparts C, P, R, and T of this Part 77 require that tests for methane and for oxygen deficiency be made by a qualified person. A person is a qualified person for these purposes if he is a certified person.

MSHA Certifying Persons for Methane and Oxygen Testing

Under 30 CFR 75.150(b)(2), [at underground coal mines] the Secretary may qualify persons for [testing for methane and for oxygen deficiency] in a coal mine in which persons are not qualified for this purpose by the State upon an application and a satisfactory showing by the operator of the coal mine that each such person has been trained and designated by the operator to test for methane and oxygen deficiency and has made such tests for a period of 6 months immediately preceding the application. Applications for Secretarial qualification should be submitted to MSHA.

Under 30 CFR 77.101(b)(2), [at surface coal mines] pending issuance of Federal standards, a person will be considered a qualified person for testing for methane and oxygen deficiency, if he has been qualified by the Secretary for these purposes upon a satisfactory showing by the operator of the coal mine that each such person has been trained and designated by the operator to test for methane and oxygen deficiency. Applications for Secretarial qualification should be submitted in writing to MSHA.

1–3. Qualifying Persons for Air Flow Testing at Underground Coal Mines

Under 30 CFR 75.152, A person is a qualified person within the meaning of the provisions of Subpart D—Ventilation of this part requiring that tests of air flow be made by a qualified person only if he is a certified person under section 75.100 or a person trained and designated by a certified person to perform such tests.

1–4. Qualifying Persons for Hoist Equipment

Defining Qualified Persons for Operating Hoist Equipment

Under 30 CFR 75.155(a)(2) and (b)(2), [at underground coal mines] if a State has no program for qualifying persons as steam-hoisting or electrically driven engineers, the Secretary may qualify persons for this purpose if the operator of the coal mine in which such persons are employed, or the independent contractor, makes an application and a satisfactory showing that each such person has had 1 year experience in operating steam-driven or electrically driven hoists and has held the position of hoisting engineer for a period of 6 months immediately preceding the application. A person's qualification is valid for as long as this person continues to satisfy the requirements necessary for qualification and is employed at the same coal mine or by the same independent contractor.

Under 30 CFR 77.105(a)(2), [at surface coal mines] if a State has no program for qualifying persons as hoistmen, the Secretary may qualify persons if the operator of the slope or shaft-sinking operation makes an application and a satisfactory showing that the person has had 1 year of experience operating hoists. A person's qualification is valid for as long as the person continues to satisfy the requirements for qualification and is employed at the same coal mine or by the same independent contractor.

MSHA Qualifying Persons for Operating Hoist Equipment

Under 30 CFR 75.155(c) and 77.105(b), applications for Secretarial qualification should be submitted to MSHA.

MSHA Form 5000–41, Safety and Health Activity Certification or Hoisting Engineers Qualification Request Form, is used to certify miners to be a mine foreman, assistant mine foreman, or a preshift examiner, or for a miner to be qualified to perform certain tasks.

2. Updating Lists of Certified and Qualified Persons

Under 30 CFR 75.159 and 77.106, the operator of each coal mine shall maintain a list of all certified and qualified persons designated to perform duties.

3. Developing Training Plans

Under 30 CFR 75.160, every operator of an [underground] coal mine shall provide a program, approved by the Secretary, of training and retraining of both qualified and certified persons needed to carry out functions prescribed in the Act.

Under 30 CFR 75.161, each operator [of an underground coal mine] must submit to the district manager, of the Coal Mine Safety and Health District in which the mine is located, a program or plan setting forth what, when, how, and where the operator will train and retrain persons whose work assignments require that they be certified or qualified. The program must provide—

(a) For certified persons, annual training courses in first aid, principles of mine rescue, and the provisions of this part 75; and

(b) For qualified persons, annual courses in performance of the task which they perform as qualified persons.

Under 30 CFR 77.107, every operator of a [surface] coal mine shall provide a program, approved by the Secretary, of training and retraining both qualified and certified persons needed to carry out functions prescribed in the Act.

Under 30 CFR 77.107–1, each operator [of a surface coal mine] must submit to the district manager, of the Coal Mine Safety and Health District in which the mine is located, a program or plan setting forth what, when, how, and where the operator will train and retrain persons whose work assignments require that they be certified or qualified. The program must provide—

(a) For certified persons, annual training courses in the tasks and duties which they perform as certified persons, first aid, and the provisions of this part 77; and

(b) For qualified persons, annual courses in performance of the tasks which they perform as qualified persons.

II. Desired Focus of Comments

MSHA is soliciting comments concerning the proposed information collection titled ''Certification and Qualification to Examine, Test, Operate Hoists and Perform Other Duties.'' MSHA is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility;
- Evaluate the accuracy of MSHA's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Suggest methods to enhance the quality, utility, and clarity of the information to be collected; and

• Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

The ICR is available on *https://www.regulations.gov.* MSHA cautions commenters against providing any information in the submission that should not be publicly disclosed. Full comments, including personal information provided, will be made available on *https://www.regulations.gov* and *https://www.reginfo.gov.*

The public may also examine publicly available documents at DOL–MSHA, Office of Standards, Regulations and Variances, 200 Constitution Avenue NW, Washington, DC 20210. Before visiting MSHA in person, call 202–693–9440 to make an appointment.

Questions about the information collection requirements may be directed to the person listed in the **FOR FURTHER INFORMATION CONTACT** section of this notice.

III. Current Actions

This ICR concerns provisions for Certification and Qualification to Examine, Test, Operate Hoists and Perform Other Duties. MSHA has updated the data with respect to the number of respondents, responses, time burden, and burden costs supporting this ICR from the previous ICR.

Type of Review: Extension, without change, of a currently approved collection.

Agency: Mine Safety and Health Administration.

OMB Control Number: 1219–0127.

Affected Public: Business or other for-profit entity.

Number of Annual Respondents: 867.

Frequency: On occasion.

Number of Annual Responses: 3,818.

Annual Time Burden: 351 hours.

Annual Recordkeeping Costs: $31.

MSHA Form(s): MSHA Form 5000–41, Safety and Health Activity Certification or Hoisting Engineers Qualification Request Form.

Comments submitted in response to this notice will be summarized and included in the request for Office of Management and Budget approval of the proposed ICR; they will become a matter of public record and be available at *https://www.reginfo.gov.*

Corliss A. Josephs-Conway,

Certifying Officer, Mine Safety and Health Administration.

[FR Doc. 2026–19837 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–43–P

DEPARTMENT OF LABOR

Occupational Safety and Health Administration

[Docket No. OSHA–2007–0039]

Intertek Testing Services NA, Inc.: Application for Expansion of Recognition

AGENCY: Occupational Safety and Health Administration (OSHA), Labor.

ACTION: Notice.

SUMMARY: In this notice, OSHA announces the application of Intertek Testing Services NA, Inc. for expansion of the scope of recognition as a Nationally Recognized Testing Laboratory (NRTL) and presents the agency's preliminary finding to grant the application.

DATES: Submit comments, information, and documents in response to this notice, or requests for an extension of time to make a submission, on or before October 14, 2026.

ADDRESSES: Comments may be submitted as follows:

Electronically: You may submit comments, including attachments, electronically at *http://www.regulations.gov,* the Federal eRulemaking Portal. Follow the online instructions for submitting comments.

Instructions: All submissions must include the agency's name and the docket number for this rulemaking (Docket No. OSHA–2007–0039). All comments, including any personal information you provide, are placed in the public docket without change and may be made available online at *https://www.regulations.gov.* Therefore, OSHA cautions commenters about submitting information they do not want made available to the public, or submitting materials that contain personal information (either about themselves or others), such as Social Security numbers and birthdates.

Docket: To read or download comments or other material in the docket, go to *http://www.regulations.gov.* Documents in the docket (including this **Federal Register** notice) are listed in the *http://www.regulations.gov* index; however, some information (*e.g.,* copyrighted material) is not publicly available to read or download through the website. All submissions, including copyrighted material, are available for inspection through the OSHA Docket Office. Contact the OSHA Docket Office at (202) 693–2350 (TTY (877) 889–5627) for assistance in locating docket submissions.

Extension of comment period: Submit requests for an extension of the comment period on or before October 14, 2026 to the Office of Technical Programs and Coordination Activities, Directorate of Technical Support and Emergency Management, Occupational Safety and Health Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Room N–3653, Washington, DC 20210, or by fax to (202) 693–1644.

FOR FURTHER INFORMATION CONTACT: Information regarding this notice is available from the following sources:

Press inquiries: Contact Mr. Frank Meilinger, Director, OSHA Office of Communications, phone: (202) 693–1000 ext. 18477 or email: *meilinger.francis2@dol.gov.*

General and technical information: Contact Mr. Kevin Robinson, Director, Office of Technical Programs and Coordination Activities, Directorate of Technical Support and Emergency Management, Occupational Safety and Health Administration, phone:

(202) 693–1000 ext. 11538 or email: *robinson.kevin@dol.gov.*

SUPPLEMENTARY INFORMATION:

I. Notice of the Application for Expansion

OSHA is providing notice that Intertek Testing Services NA, Inc. (ITSNA), is applying for expansion of the current recognition as a NRTL. ITSNA requests the addition of one test standard to the NRTL scope of recognition.

OSHA's recognition of a NRTL signifies that the organization meets the requirements specified in 29 CFR 1910.7. Recognition is an acknowledgment that the organization can perform independent safety testing and certification of the specific products covered within the scope of recognition. Each NRTL's scope of recognition includes: (1) the type of products the NRTL may test, with each type specified by the applicable test standard; and (2) the recognized site(s) that has/have the technical capability to perform the product-testing and product-certification activities for test standards within the NRTL's scope. Recognition is not a delegation or grant of government authority; however, recognition enables employers to use products approved by the NRTL to meet OSHA standards that require product testing and certification.

The agency processes applications by a NRTL for initial recognition and for an expansion or renewal of this recognition, following requirements in Appendix A to 29 CFR 1910.7. This appendix requires that the agency publish two notices in the **Federal Register** in processing an application. In the first notice, OSHA announces the application and provides a preliminary finding. In the second notice, the agency provides a final decision on the application. These notices set forth the NRTL's scope of recognition or modifications of that scope. OSHA maintains an informational web page for each NRTL, including ITSNA, which details the NRTL's scope of recognition. These pages are available from the OSHA website at *http://www.osha.gov/dts/otpca/nrtl/index.html.*

II. General Background on the Application

ITSNA submitted an application to OSHA for expansion of the NRTL scope of recognition on July 29, 2025 (OSHA–2007–0039–0079), requesting the addition of one standard to the NRTL scope of recognition. OSHA staff performed a detailed analysis of the application packet and reviewed other pertinent information. OSHA did not perform an on-site review in response to this application. OSHA staff has preliminarily determined that OSHA should grant the application for test standard expansion.

Table 1, below, lists the appropriate test standard found in ITSNA's application for expansion for testing and certification of products under the NRTL Program.

TABLE 1—PROPOSED APPROPRIATE TEST STANDARD FOR INCLUSION IN ITSNA'S NRTL SCOPE OF RECOGNITION

Test standard	Test standard title
UL 3100	ANSI/CAN/UL Automated Mobile Platforms (AMPs).

III. Preliminary Findings on the Application

ITSNA submitted an acceptable application for expansion of the scope of recognition. OSHA's review of the application files and pertinent documentation indicates that ITSNA has met the requirements prescribed by 29 CFR 1910.7 for expanding the recognition to include the addition of one test standard for NRTL testing and certification listed in Table 1. This preliminary finding does not constitute an interim or temporary approval of ITSNA's application.

OSHA seeks comment on this preliminary determination.

IV. Public Participation

OSHA welcomes public comment as to whether ITSNA meets the requirements of 29 CFR 1910.7 for expansion of recognition as a NRTL. Comments should consist of pertinent written documents and exhibits.

Commenters needing more time to comment must submit a request in writing, stating the reasons for the request by the due date for comments. OSHA will limit any extension to 10 days unless the requester justifies a longer time period. OSHA may deny a request for an extension if it is not adequately justified.

To review copies of the exhibits identified in this notice, as well as comments submitted to the docket, contact the Docket Office, Occupational Safety and Health Administration, U.S. Department of Labor. These materials also are generally available online at *https://www.regulations.gov* under Docket No. OSHA–2007–0039 (for further information, see the ''*Docket*'' heading in the section of this notice titled ADDRESSES).

OSHA staff will review all comments to the docket submitted in a timely manner. After addressing the issues raised by these comments, staff will make a recommendation to the Assistant Secretary of Labor for Occupational Safety and Health on whether to grant ITSNA's application for expansion of the scope of recognition. The Assistant Secretary will make the final decision on granting the application. In making this decision, the Assistant Secretary may undertake other proceedings prescribed in Appendix A to 29 CFR 1910.7.

OSHA will publish a public notice of the final decision in the **Federal Register**.

V. Authority and Signature

Amanda Laihow, Principal Deputy Assistant Secretary of Labor for Occupational Safety and Health, 200 Constitution Avenue NW, Washington, DC 20210, authorized the preparation of this notice. Accordingly, the agency is issuing this notice pursuant to 29 U.S.C. 657(g)(2), Secretary of Labor's Order No. 7–2025 (90 FR 27878; June 30, 2025), and 29 CFR 1910.7.

Signed at Washington, DC, on September 18, 2026.

Amanda Laihow,

Principal Deputy Assistant Secretary of Labor for Occupational Safety and Health.

[FR Doc. 2026–19833 Filed 9–28–26; 8:45 am]

BILLING CODE 4510–26–P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[NASA Document Number: 26–057]

Name of Information Collection: Financial Assistance Awards/Grants and Cooperative Agreements (NSPIRES)

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Notice of revision of a currently approved information collection.

SUMMARY: NASA, as part of its continuing effort to reduce paperwork and respondent burden, under the Paperwork Reduction Act (PRA), invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections.

DATES: Comments are due by October 29, 2026.

ADDRESSES: Written comments and recommendations for this information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.*

Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the submissions may be obtained from NASA PRA Clearance Officer, Stayce Hoult by emailing *hq-ocio-pra-program@mail.nasa.gov,* calling (256) 714–8575, or viewing the entire information collection request at *www.reginfo.gov.*

SUPPLEMENTARY INFORMATION:

I. Abstract

This information collection is required to assist NASA make informed decisions when selecting proposals to carry out its mission, as well as to ensure proper accounting of Federal funds and property awarded under financial assistance awards in accordance with Title 2 of the Code of Federal Regulations (CFR) Part 200 and 2 CFR part 1800 for awards issued to non-profits, institutions of higher education, government, and commercial firms.

NASA is committed to effectively performing the Agency's communication function in accordance with the National Aeronautics and Space Act of 1958, Section 203(a)(3), as amended states ''provide for the widest practicable and appropriate dissemination of information concerning its activities and the results thereof'', and to enhance public understanding of, and participation in, the Nation's aeronautics and space programs.

II. Methods of Collection

Electronic.

III. Data

Title: Financial Assistance Awards/ Grants and Cooperative Agreements.

OMB Number: 2700–0092.

Type of review: Revision of a Currently Approved Information Collection.

Affected Public: Non-profits, institutions of higher education, government, and for-profit entities.

Estimated Annualized Burden:

Reports	Number of respondents	Number of responses	Hours per report	Total burden hours
Proposals	11,000	11,000	120	1,320,000
Financial Reports	7,000	28,000	9	252,000
Performance Reports	7,000	7,000	8	56,000
Administrative and funding changes to grant awards	7,217	7,217	2	14,434
Recordkeeping	7,000	7,000	10	70,000
TOTALS	39,217	60,217	28.43	1,712,434

IV. Request for Comments

Comments are invited on: 1) Whether the proposed collection of information is necessary for the proper performance of the functions of NASA, including whether the information collected has practical utility; 2) the accuracy of NASA's estimate of the burden (including hours and cost) of the proposed collection of information; 3) ways to enhance the quality, utility, and clarity of the information to be collected; and 4) ways to minimize the burden of the collection of information on respondents, including automated collection techniques or the use of other forms of information technology.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval of this information collection. They will also become a matter of public record.

Stayce Harris Hoult,

PRA Clearance Officer,National Aeronautics and Space Administration.

[FR Doc. 2026–19905 Filed 9–28–26; 8:45 am]

BILLING CODE 7510–13–P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[NASA Document Number: 26–055]

Name of Information Collection: NASA Small Business Supplier Development Program (Formerly Known as the NASA Mentor-Protégé Program)

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Notice of revision of a currently approved collection.

SUMMARY: The National Aeronautics and Space Administration, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections.

DATES: Comments are due by October 29, 2026.

ADDRESSES: Written comments and recommendations for this information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.*

Find this particular information collection by selecting ''Currently under 30-day Review-Open for Public Comments''.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to NASA PRA Clearance Officer, Stayce Hoult, NASA Headquarters, 300 E Street SW, JC0000, Washington, DC 20546, phone 256–714–8575, or email *stayce.d.hoult@nasa.gov* or *hq-ocio-pra-program@mail.nasa.gov.*

SUPPLEMENTARY INFORMATION:

I. Abstract

The NASA Small Business Supplier Development Program (formerly known as the NASA Mentor-Protégé Program) is authorized by the U.S. Small Business Administration in accordance with 15 U.S.C. 657r and 13 CFR 125.10. The purpose of the Program is to provide incentives to NASA prime contractors (mentors) to assist small businesses and other protégés to enhance their capabilities and increase their participation in NASA, other Government, and in commercial contracts and subcontracts. Under the Program, mentor-protégé agreements specify the assistance to be provided by the mentor and agreement milestones, as well as reporting requirements for the mentor and protégé firm. This information collection (*i.e.,* application and reports submitted pursuant to mentor-protégé agreements) is required by NASA to monitor the performance and progress of both the mentor and the protégé in this developmental assistance program.

NASA is committed to effectively performing the Agency's communication function in accordance with Section 203(a)(3) of the National Aeronautics and Space Act of 1958 (as amended) dictates that NASA ''provide for the widest practicable and appropriate dissemination of information concerning its activities and the results thereof'', and to enhance public understanding of, and participation in, the nation's aeronautical and space program.

II. Methods of Collection

Electronically, via email.

III. Data

Title: NASA Small Business Supplier Development Program.

OMB Number: 2700–0078.

Type of review: Revision of a Currently Approved Collection.

Affected Public: Vendors participating in the NASA Small Business Supplier Development Program.

Estimated Annual Number of Activities: 1.

Estimated Number of Respondents per Activity: 10.

Annual Responses: 10.

Estimated Time per Response: 1.5 hours.

Estimated Total Annual Burden Hours: 15.

IV. Request for Comments

Comments are invited on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of NASA, including whether the information collected has practical utility; (2) the accuracy of NASA's estimate of the burden (including hours and cost) of the proposed collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including automated collection techniques or the use of other forms of information technology.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval of this information collection. They will also become a matter of public record.

Stayce Harris Hoult,

PRA Clearance Officer, National Aeronautics and Space Administration.

[FR Doc. 2026–19885 Filed 9–28–26; 8:45 am]

BILLING CODE 7510–13–P

NATIONAL COUNCIL ON DISABILITY

Sunshine Act Meetings

TIME AND DATE: The Members of the National Council on Disability (NCD) will hold an in-person Council meeting on Monday November 9, 2026, 8:30 a.m.–4:30 p.m., and Tuesday, November 10, 2026, 9:30–11:45 a.m. Mountain Standard Time (MST).

PLACE: This hybrid meeting will take place at the Ability360 Conference Center, 5025 E Washington St., Suite 200, Phoenix, Arizona 85034. It will also be livestreamed via Zoom for Government videoconference and NCD's YouTube Channel. Details are available on NCD's event page at *https://www.ncd.gov/meeting/2026-11-09-nov-9-10-2026-council-meeting/.*

MATTERS TO BE CONSIDERED:

Day 1—Following welcome remarks and call to order; Tribal Land acknowledgment; local and Tribal welcomes and posting of colors; the Council will provide opening remarks and introduce U.S. Access Board's Executive Director and Chair; followed by a panel discussion and presentation on NCD's upcoming Incidents of Disabilities and Accessibility on Tribal Land report. Following a break, an introduction to the day's town hall will take place, with topics including housing, employment, education, independent living, healthcare, and transportation; followed by a lunch break; and continuation of the town hall; closing remarks; and NCD meeting adjournment.

Day 2—Following welcome remarks and call to order; the Council will receive a panel presentation on Medicaid cuts and the future of community living, followed by Council Q&A of the panelists; the Chairman's report; Council Member community report outs; and the Executive Committee report; followed by adjournment.

Agenda: The times provided below are approximations for when each agenda item is anticipated to be discussed (all Mountain Standard Time):

Monday, November 9, 2026

8:30–9:30 a.m.—Networking and Sign-In
9:30–9:35 a.m.—NCD Welcome, Call to Order
9:35–9:40 a.m.—Tribal Land acknowledgment
9:40–10:20 a.m. Local/Tribal Leadership Acknowledgment, Posting of Colors
10:20–10:40 a.m.—NCD Opening remarks, Introduction of Access Board Executive Director and Chair
10:40–11:10 a.m.—Panel Discussion and Presentation on Incidents of Disabilities and Accessibility on Tribal Land
11:10–11:30 a.m.—Break
11:30–11:40 a.m.—Town Hall Introduction
11:40 a.m.–12:40 p.m.—Town Hall (Topics including housing, employment, education, independent living, healthcare, transportation)
12:40–2:00 p.m.—Lunch Break
2–4:30 p.m.—Town Hall Continued
4:30 p.m.—Closing Remarks, NCD Meeting Adjournment

Tuesday, November 9, 2026

9:30–9:35 a.m.—NCD Welcome, Call to Order; Roll Call
9:45–10:45 a.m.—Medicaid cuts and the future of community living
10:45–11:00 a.m.—Council Q&A of Panel
11:00–11:10 a.m.—Chairman's Report
11:10–11:30 a.m.—Council Member Community Report Outs
11:30–11:45 a.m.—Executive Committee Report
11:45 a.m.—Adjourn

Town Hall: NCD and the U.S. Access Board will host a town hall for Tribal and rural communities to share comments on a variety of topics. Your comments are important in bringing to the Council's attention and issues and priorities of the disability community and serve as a way to collect data for NCD's Incidents of Disabilities and Accessibility on Tribal Land report.

For the November 9 town hall, NCD will accept comments both in-person and via Zoom for Government livestream and requests comments from the public on topics including: housing, employment, education, independent living, healthcare, and transportation. Additional information on specifics of the topic is available on NCD's public comment page at *https://ncd.gov/public-comment.*

Due to the hybrid nature of the event, in-person presentations will be given priority.

To provide public comment during an NCD Council Meeting, NCD now requires advanced registration by either signing up to present while registering for the meeting or sending an email to *PublicComment@ncd.gov* with the subject line ''Public Comment'' and your name, tribal affiliation/organization, state, and topic of comment included in the body of your email.

Deadline for online registration is November 7, 8:00 p.m. EDT. In-person attendees may register at the town hall. Please indicate if you are providing the comment in-person, via Zoom for Government, or only submitting via email. All individuals desiring to make public comment are strongly encouraged to read NCD's guidelines for public comment in advance of the meeting at: *https://ncd.gov/public-comment.*

While public comment can be submitted on any topic over email, comments during the meeting should be specific to experiences in Tribal or rural communities.

Please send NCD your comments to *PublicComment@ncd.gov.*

CONTACT PERSON FOR MORE INFORMATION: Nicholas Sabula, Public Affairs Specialist, NCD, 1331 F Street NW, Suite 850, Washington, DC 20004; 202–272–2004 (V), or *nsabula@ncd.gov.*

Accommodations: ASL Interpreters will be provided in-room and included during the live streamed meeting, and CART has been arranged for this meeting and will be embedded into the Zoom platform as well as available via streamtext link. The web link to access CART Streamtext: *https://www.streamtext.net/player?event=NCD.*

If you require additional accommodations, please notify Stacey Brown by sending an email to *mailto:sbrown@ncd.gov* as soon as possible and no later than 24 hours prior to the meeting.

Due to last-minute confirmations or cancellations, NCD may substitute items without advance public notice.

Dated: September 24, 2026.

Anne C. Sommers McIntosh,

Director of Legislative Affairs and Outreach.

[FR Doc. 2026–19874 Filed 9–25–26; 11:15 am]

BILLING CODE 8421–02–P

NUCLEAR REGULATORY COMMISSION

[NRC–2026–4555]

Biweekly Notice; Applications and Amendments to Facility Operating Licenses and Combined Licenses Involving No Significant Hazards Considerations

AGENCY: Nuclear Regulatory Commission.

ACTION: Biweekly notice.

SUMMARY: Pursuant to section 189a.(2) of the Atomic Energy Act of 1954, as amended (the Act), the U.S. Nuclear Regulatory Commission (NRC) is publishing this regular biweekly 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 no significant hazards consideration (NSHC), notwithstanding the pendency before the Commission of a request for a hearing from any person.

DATES: Comments must be filed by October 29, 2026. A request for a hearing or petitions for leave to intervene must be filed by December 28, 2026. This biweekly notice includes all amendments issued, or proposed to be issued, from September 1, 2026, to September 14, 2026. The last biweekly notice was published on September 15, 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–2026–4555. 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–2026–4555, facility name, unit number(s), docket number(s), 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–2026–4555.
- *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–2026–4555, facility name, unit number(s), docket number(s), 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. Notice of Consideration of Issuance of Amendments to Facility Operating Licenses and Combined Licenses and Proposed No Significant Hazards Consideration Determination

For the facility-specific amendment requests shown in this notice, the Commission finds that the licensees' analyses provided, consistent with section 50.91 of title 10 of *the Code of Federal Regulations* (10 CFR) ''Notice for public comment; State consultation,'' are sufficient to support the proposed determinations that these amendment requests involve NSHC. Under the Commission's regulations in 10 CFR 50.92, operation of the facilities in accordance with the proposed amendments 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 Commission is seeking public comments on these proposed determinations. Any comments received within 30 days after the date of publication of this notice will be considered in making any final determinations.

Normally, the Commission will not issue the amendments until the expiration of 60 days after the date of publication of this notice. The Commission may issue any of these license amendments before expiration of the 60-day period provided that its final determination is that the amendment involves NSHC. In addition, the Commission may issue any of these amendments 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 any of these amendments prior to the expiration of either the comment period or the notice period, it will publish in the **Federal Register** a notice of issuance. If the Commission makes a final NSHC determination for any of these amendments, any hearing will take place after issuance. The Commission expects that the need to take action on any amendment before 60 days have elapsed 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 licensees' proposed NSHC determinations. For further details with respect to these license amendment applications, see the applications for amendment, which are 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.

LICENSE AMENDMENT REQUESTS

Dominion Energy Nuclear Connecticut, Inc.; Millstone Power Station, Unit Nos. 2 and 3; New London County, CT	
Docket Nos	50–336, 50–423.
Application date	September 2, 2026.
ADAMS Accession No	ML26246A991.
Location in Application of NSHC	Pages 5–7 of the Enclosure.
Brief Description of Amendments	The amendments would adopt Technical Specification (TS) Task Force (TSTF) Traveler 585 (TSTF–585), ''Revise LCO [Limiting Condition for Operation] 3.0.3 to Require Managing Risk.'' TSTF–585 revises LCO 3.0.3 to require assessing and managing plant risk whenever LCO 3.0.3 is entered. If the risk assessment determines that continuing plant operation is acceptable and other conditions are satisfied, 24 hours from entry into LCO 3.0.3 is permitted to initiate a shutdown. Otherwise, initiation of the shutdown is required immediately. The proposed amendments would also revise or add some TS Required Actions to direct a plant shutdown instead of entry into LCO 3.0.3.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	William (Bill) S. Blair, Senior Counsel, Dominion Energy, Inc. 120 Tredegar Street, RS–2, Richmond, VA 23219.
NRC Project Manager, Telephone Number	Robert Kuntz, 301–415–3733.
Energy Northwest; Columbia Generating Station; Benton County, WA	
Docket No	50–397.
Application date	July 28, 2026.
ADAMS Accession No	ML26210A268.
Location in Application of NSHC	Pages 1–3 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Columbia Generating Station (Columbia) Technical Specification (TS) for adoption of Technical Specifications Task Force (TSTF) Traveler TSTF–602, ''Revise the Ventilation Filter Testing Program to Permit Alternate Challenge Agents,'' which is an approved change to the Standard TS, into the Columbia TS. Traveler TSTF–602 revises the Ventilation Filter Testing Program to permit the use of alternate challenge agents when performing in place testing of engineered safety feature ventilation system high efficiency particulate air filters and charcoal adsorbers. The alternative challenge agents are permitted by industry standards and NRC Regulatory Guides.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Ryan Lukson, Assistant General Counsel, Energy Northwest, MD 1020, P.O. Box 968, Richland, WA 99352.
NRC Project Manager, Telephone Number	Mahesh Chawla, 301–415–8371.
Entergy Operations, Inc.; Waterford Steam Electric Station, Unit 3; St. Charles Parish, LA	
Docket No	50–382.
Application date	June 25, 2026.
ADAMS Accession No	ML26176A287.
Location in Application of NSHC	Pages 4–6 of the Enclosure.

LICENSE AMENDMENT REQUESTS—Continued

Brief Description of Amendment	The proposed amendment would revise the Waterford Steam Electric Station, Unit 3, technical specifications by removing Note 11 from Table 4.3–1, which currently requires the Reactor Trip Breaker Channel Functional Test to be performed at least every 6 weeks. The proposed change would allow the surveillance frequency for this test to be established and modified under the Surveillance Frequency Control Program.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Susan Raimo, Associate General Counsel—Nuclear, 101 Constitution Avenue NW, Washington, DC 20001.
NRC Project Manager, Telephone Number	Theo Edwards, 301–415–1721.
Entergy Operations, Inc.; Waterford Steam Electric Station, Unit 3; St. Charles Parish, LA	
Docket No	50–382.
Application date	June 17, 2026.
ADAMS Accession No	ML26168A289.
Location in Application of NSHC	Page 25 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Waterford Steam Electric Station, Unit 3 Technical Specifications (TSs) based on Technical Specifications Task Force (TSTF) Traveler TSTF–359, Revision 9, ''Increase Flexibility in Mode Restraints,'' which is an approved change to the standard technical specifications. Traveler TSTF–359 would revise the TS requirements for mode change limitations in Limiting Condition for Operation 3.0.4 and Surveillance Requirement 4.0.4. Entergy Operations, Inc., concluded that the license amendment request's no significant hazards consideration (NSHC) be incorporated reference to the NSHC contained within the transmittal of TSTF–359, Revision 9 (ML031190607).
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Susan Raimo, Associate General Counsel—Nuclear, 101 Constitution Avenue NW, Washington, DC 20001.
NRC Project Manager, Telephone Number	Theo Edwards, 301–415–1721.
Entergy Operations, Inc.; Waterford Steam Electric Station, Unit 3; St. Charles Parish, LA	
Docket No	50–382.
Application date	June 17, 2026.
ADAMS Accession No	ML26168A289.
Location in Application of NSHC	Page 25 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Waterford Steam Electric Station, Unit 3 Technical Specifications (TSs) based on Technical Specifications Task Force (TSTF) Traveler TSTF–422, Revision 2, ''Change in Technical Specifications End States (CE NPSD–1186),'' which is an approved change to the standard technical specifications. Traveler TSTF–422 would revise TS requirements regarding selected Action End States. Entergy Operations, Inc. concluded that the license amendment request's no significant hazards consideration (NSHC) be incorporated reference to the NSHC contained within the transmittal of TSTF–422, Revision 2 (ML093570241).
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Susan Raimo, Associate General Counsel—Nuclear, 101 Constitution Avenue NW, Washington, DC 20001.
NRC Project Manager, Telephone Number	Theo Edwards, 301–415–1721.
Entergy Operations, Inc.; Waterford Steam Electric Station, Unit 3; St. Charles Parish, LA	
Docket No	50–382.
Application date	June 17, 2026.
ADAMS Accession No	ML26168A289.
Location in Application of NSHC	Page 25 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Waterford Steam Electric Station, Unit 2 Technical Specifications (TSs) based on Technical Specifications Task Force (TSTF) Traveler TSTF–427, Revision 2, ''Allowance for Non Technical Specification Barrier Degradation on Supported System OPERABILITY,'' which is an approved change to the standard technical specifications. Entergy Operations, Inc., concluded that the license amendment request's no significant hazards consideration (NSHC) be incorporated reference to the NSHC contained within the transmittal of TSTF–427, Revision 2 (ML061240055).
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Susan Raimo, Associate General Counsel—Nuclear, 101 Constitution Avenue NW, Washington, DC 20001.

LICENSE AMENDMENT REQUESTS—Continued

NRC Project Manager, Telephone Number	Theo Edwards, 301–415–1721.
Entergy Operations, Inc.; Waterford Steam Electric Station, Unit 3; St. Charles Parish, LA	
Docket No	50–382.
Application date	June 17, 2026.
ADAMS Accession No	ML26168A289.
Location in Application of NSHC	Page 25 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Waterford Steam Electric Station, Unit 3 Technical Specifications (TSs) based on Technical Specifications Task Force (TSTF) Traveler TSTF–600, Revision 2, "Revise the Reactor Coolant System (RCS) Pressure Isolation Valve (PIV) Leakage Testing Frequency," which is an approved change to the standard technical specifications. Entergy Operations, Inc., concluded that the license amendment request's no significant hazard consideration (NSHC) be incorporated reference to the NSHC contained within the Safety Evaluation for TSTF–600, Revision 2 (ML25247A240).
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Susan Raimo, Associate General Counsel—Nuclear, 101 Constitution Avenue NW, Washington, DC 20001.
NRC Project Manager, Telephone Number	Theo Edwards, 301–415–1721.
Nine Mile Point Nuclear Station, LLC and Constellation Energy Generation, LLC; Nine Mile Point Nuclear Station, Unit 2; Oswego County, NY	
Docket No	50–410.
Application date	July 29, 2026.
ADAMS Accession No	ML26210A357.
Location in Application of NSHC	Pages 3–4 of Attachment 1.
Brief Description of Amendment	The proposed amendment would revise the co-licensee name on the Renewed Facility Operating License (FOL) No. NPF–69 for Nine Mile Point Nuclear Station, Unit 2. Specifically, the Joint Applicants requested that Renewed FOL NPF–69 be amended to remove the co-licensee's name "Long Island Lighting Company" and rename the co-licensee as the "Long Island Power Authority."
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jason Zorn, Associate General Counsel, Constellation Energy Generation, LLC, 101 Constitution Ave. NW, Suite 400 East, Washington, DC 20001.
NRC Project Manager, Telephone Number	Richard Guzman, 301–415–1030.
NorthStar Vallecitos, LLC; Nuclear Test Reactor; Alameda County, CA	
Docket No	50–73.
Application date	July 15, 2026.
ADAMS Accession No	ML26196A395.
Location in Application of NSHC	Pages 5–7 of Attachment 1.
Brief Description of Amendment	The proposed amendment would approve an interim decommissioning plan (DP) for the Vallecitos Nuclear Center Nuclear Test Reactor. In the application, NorthStar Vallecitos LLC, explained that, as allowed by 10 CFR 50.82(b)(2), the proposed interim DP contained less detail than required in 10 CFR 50.82(b)(4) because major dismantlement activities will be delayed until the fuel can be removed from the reactor. If the NRC staff approves the interim DP, the staff will incorporate the interim DP to the Nuclear Test Reactor Possession Only License by adding a license condition.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Gregory Di Carlo, Vice President and General Counsel, NorthStar Group Services, Inc., 15760 West Power Street, NA1A, Crystal River, FL 34428.
NRC Project Manager, Telephone Number	Chris Allen, 301–415–6877.
Southern Nuclear Operating Company, Inc.; Edwin I. Hatch Nuclear Plant, Units 1 and 2; Appling County, GA; Southern Nuclear Operating Company, Inc.; Joseph M. Farley Nuclear Plant, Units 1 and 2; Houston County, AL; Southern Nuclear Operating Company, Inc.; Vogtle Electric Generating Plant, Units 1 and 2; Burke County, GA	
Docket Nos	50–321, 50–366, 50–348, 50–364, 50–424, 50–425.
Application date	July 17, 2026.
ADAMS Accession No	ML26198A310.
Location in Application of NSHC	Pages E1–17–E1–19 of the Enclosure.

LICENSE AMENDMENT REQUESTS—Continued

Brief Description of Amendments	The proposed amendments would revise the previously approved license condition associated with the adoption of 10 CFR 50.69, "Risk-informed categorization and treatment of structures, systems and components for nuclear power reactors." Specifically, the proposed change would incorporate use of the Enhanced Risk-Informed Categorization Methodology for Pressure Boundary Components.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Leslie G. Allen, Vice President and General Counsel, Southern Nuclear Operating Co., Inc., P.O. Box 1295, Birmingham, AL 35201–1295.
NRC Project Manager, Telephone Number	Dawnmathews Kalathiveettil, 301–415–5905.
STP Nuclear Operating Company; South Texas Project, Units 1 and 2; Matagorda County, TX	
Docket Nos	50–498, 50–499.
Application date	August 26, 2026.
ADAMS Accession No	ML26238A267.
Location in Application of NSHC	Pages 2–4 of the Enclosure.
Brief Description of Amendments	The proposed amendments would adopt Technical Specifications Task Force (TSTF) Traveler TSTF–602, "Revise the Ventilation Filter Testing Program to Permit Alternate Challenge Agents," which is an approved change to the Standard Technical Specifications, into the South Texas Project's technical specifications. Traveler TSTF–602 revises the Ventilation Filter Testing Program to permit the use of alternate challenge agents when performing in place testing of Engineered Safety Feature ventilation system high efficiency particulate air filters and charcoal adsorbers.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Rachel L. Jackson-Owens, VP Chief Legal Officer, STP Nuclear Operating Company, P.O. Box 289, Wadsworth, TX 77483.
NRC Project Manager, Telephone Number	Thomas Byrd, 301–415–3719.
Susquehanna Nuclear, LLC and Allegheny Electric Cooperative, Inc.; Susquehanna Steam Electric Station, Units 1 and 2; Luzerne County, PA	
Docket Nos	50–387, 50–388.
Application date	July 28, 2026.
ADAMS Accession No	ML26209A270.
Location in Application of NSHC	Pages 1–3 of Enclosure.
Brief Description of Amendments	The proposed amendments would revise the Technical Specifications (TSs) at each facility based on Technical Specifications Task Force (TSTF) Traveler TSTF-477, "Add Action for Two Inoperable Control Room [Air Conditioning (AC)] Subsystems," which is an approved change to the standard technical specifications. TSTF–477 revises Limiting Condition for Operation 3.7.4, "Control Room Floor Cooling System," by adding an Action Statement for two inoperable control room floor cooling subsystems. The new Action Statement allows a finite time to restore one control room floor cooling subsystem to operable status and requires verification, at 4-hour intervals, that control room temperature remains less than 90 degrees Fahrenheit. The licensee requested that the license amendment request be reviewed under the consolidated line item improvement process.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jason Usher, 600 Hamilton Street, Suite 600, Allentown, PA 18101.
NRC Project Manager, Telephone Number	Richard Guzman, 301–415–1030.
Union Electric Company; Callaway Plant, Unit No. 1; Callaway County, MO	
Docket No	50–483.
Application date	July 28, 2026.
ADAMS Accession No	ML26209A359 (package).
Location in Application of NSHC	Pages 2–3 of the Enclosure.
Brief Description of Amendment	The proposed amendment would adopt Technical Specifications Task Force (TSTF) Traveler TSTF–600, "Revise the Reactor Coolant System (RCS) Pressure Isolation Valve (PIV) Leakage Testing Frequency," which is an approved change to the standard technical specifications into the Callaway Plant Technical Specifications. TSTF–600 revises the Surveillance Requirement to perform RCS PIV leakage testing to only reference the inservice testing program for the Frequency.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jay E. Silberg, Pillsbury Winthrop Shaw Pittman LLP, 1200 17th St. NW, Washington, DC 20036.
NRC Project Manager, Telephone Number	Mahesh Chawla, 301–415–8371.

LICENSE AMENDMENT REQUESTS—Continued

Union Electric Company; Callaway Plant, Unit No. 1; Callaway County, MO	
Docket No	50–483.
Application date	June 24, 2026.
ADAMS Accession No	ML26175A310 (package).
Location in Application of NSHC	Pages 3–4 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Callaway Plant, Unit No. 1 (Callaway) Technical Specification (TS) for adoption of Technical Specifications Task Force (TSTF) Traveler TSTF–602, ‘‘Revise the Ventilation Filter Testing Program to Permit Alternate Challenge Agents,’’ which is an approved change to the standard technical specifications, into the Callaway TS. Traveler TSTF–602 revises the Ventilation Filter Testing Program to permit the use of alternate challenge agents when performing in-place testing of Engineered Safety Feature ventilation system high efficiency particulate air filters and charcoal adsorbers. The alternative challenge agents are permitted by industry standards and NRC Regulatory Guides.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jay E. Silberg, Pillsbury Winthrop Shaw Pittman LLP, 1200 17th St. NW, Washington, DC 20036.
NRC Project Manager, Telephone Number	Mahesh Chawla, 301–415–8371.

Wolf Creek Nuclear Operating Corporation; Wolf Creek Generating Station, Unit 1; Coffey County, KS	
Docket No	50–482.
Application date	August 10, 2026.
ADAMS Accession No	ML26222A352.
Location in Application of NSHC	Pages 2–4 of Attachment I.
Brief Description of Amendment	The proposed amendment would modify technical specifications to adopt Technical Specifications Task Force (TSTF) Standard Technical Specification Change Traveler, TSTF–602, ‘‘Revise the Ventilation Filter Testing Program to Permit Alternate Challenge Agents,’’ which is an approved change to the Standard Technical Specifications.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Chris Johnson, Corporate Counsel Director, Evergy, One Kansas City Place, 1KC-Missouri HQ 16, 1200 Main Street, Kansas City, MO 64105.
NRC Project Manager, Telephone Number	Samson Lee, 301–415–3168.

III. Notice of Issuance of Amendments to Facility Operating Licenses and Combined Licenses

During the period since publication of the last biweekly notice, the Commission has issued the following amendments. The Commission has determined for each of these amendments that the application complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR chapter I, which are set forth in the license amendment.

A notice of consideration of issuance of amendment to facility operating license or combined license, as applicable, proposed NSHC determination, and opportunity for a hearing in connection with these actions, were published in the **Federal Register** as indicated in the safety evaluation for each amendment.

Unless otherwise indicated, the Commission has determined that these amendments satisfy the criteria for categorical exclusion in accordance with 10 CFR 51.22. Therefore, pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared for these amendments. If the Commission has prepared an environmental assessment under the special circumstances provision in 10 CFR 51.22(b) and has made a determination based on that assessment, it is so indicated in the safety evaluation for the amendment.

For further details with respect to each action, see the amendment and associated documents such as the Commission's letter and safety evaluation, which may be obtained using the ADAMS accession numbers indicated in the following table. The safety evaluation will provide the ADAMS accession numbers for the application for amendment and the **Federal Register** citation for any environmental assessment. All of these items can be accessed as described in the ‘‘Obtaining Information and Submitting Comments’’ section of this document.

LICENSE AMENDMENT ISSUANCES

Omaha Public Power District; Fort Calhoun Station Unit, No. 1; Washington County, NE	
Docket No	50–285.
Amendment Date	August 31, 2026.
ADAMS Accession No	ML26243A251 (package).
Amendment No	304.

LICENSE AMENDMENT ISSUANCES—Continued

Brief Description of Amendment	Amendment No. 304 for the Fort Calhoun Station, Unit 1 (FCS), approves Revision 3 of FCS's License Termination Plan (LTP). Revision 3 of the FCS LTP addresses changes needed to revise the dose calculation for the Auxiliary Building basement, the requirements for remediation, and survey methodologies in the LTP.
Public Comments Received as to Proposed NSHC (Yes/No)	No.
Indiana Michigan Power Company; Donald C. Cook Nuclear Plant, Units 1 and 2; Berrien County, MI	
Docket Nos	50–315, 50–316.
Amendment Date	September 9, 2026.
ADAMS Accession No	ML26232A137.
Amendment Nos	368 (Unit 1); 349 (Unit 2).
Brief Description of Amendments	The amendments revised the technical specifications (TSs) based on Technical Specifications Task Force (TSTF) Traveler TSTF–596, Revision 2, "Expand the Applicability of the Surveillance Frequency Control Program (SFCP)" (TSTF–596). Specifically, the TS changes would (1) expand the applicability of the SFCP to include other periodic testing frequencies in the Programs and Manuals TSs of the Administrative Controls section; (2) revise the SFCP to reference additional regulatory mechanisms that may be used to control surveillance frequencies (*i.e.,* 10 CFR 50.55a and 10 CFR 50.69); (3) revise surveillance requirements that reference the inservice testing program to instead reference the SFCP or to describe the required test, and (4) correct certain editorial errors in the TSs.
Public Comments Received as to Proposed NSHC (Yes/No)	No.
Pacific Gas and Electric Company; Diablo Canyon Nuclear Power Plant, Units 1 and 2; San Luis Obispo County, CA	
Docket Nos	50–275, 50–323.
Amendment Date	September 3, 2026.
ADAMS Accession No	ML26167A050.
Amendment Nos	261 (Unit 1) and 263 (Unit 2).
Brief Description of Amendments	The amendments revised Technical Specification (TS) 2.1.1, "Reactor Core SLs [Safety Limits]"; TS 4.2.1, "Fuel Assemblies"; and TS 5.6.5, "Core Operating Limits Report (COLR)," to allow the use of ADOPT™ fuel pellets and adoption of improved analysis methods.
Public Comments Received as to Proposed NSHC (Yes/No)	No.
Pacific Gas and Electric Company; Diablo Canyon Nuclear Power Plant, Units 1 and 2; San Luis Obispo County, CA	
Docket Nos	50–275, 50–323.
Amendment Date	September 9, 2026.
ADAMS Accession No	ML26238A236.
Amendment Nos	262 (Unit 1) and 264 (Unit 2).
Brief Description of Amendments	The amendments provided for a more flexible implementation schedule for Amendment Nos. 252 and 254 to allow use of Optimized ZIRLO™ as an approved fuel rod cladding material.
Public Comments Received as to Proposed NSHC (Yes/No)	No.
Tennessee Valley Authority; Browns Ferry Nuclear Plant, Units 1, 2, and 3; Limestone County, AL; Tennessee Valley Authority; Sequoyah Nuclear Plant, Units 1 and 2; Hamilton County, TN; Tennessee Valley Authority; Watts Bar Nuclear Plant, Units 1 and 2; Rhea County, TN	
Docket Nos	50–259, 50–260, 50–296, 50–327, 50–328, 50–390, 50–391.
Amendment Date	September 10, 2026.
ADAMS Accession No	ML26222A260.
Amendment Nos	344 (BFN, Unit 1), 367 (BFN, Unit 2), 327 (BFN, Unit 3), 379 (SQN, Unit 1), 374 (SQN, Unit 2), 185 (WBN, Unit 1), 90 (WBN, Unit 2).
Brief Description of Amendments	The amendments revised the Browns Ferry Nuclear Plant, Units 1, 2, and 3; Sequoyah Nuclear Plant, Units 1 and 2; and Watts Bar Nuclear Plant, Units 1 and 2, Risk Informed Completion Time technical specifications to reference Regulatory Guide (RG) 1.200, Revision 3, "Acceptability of Probabilistic Risk Assessment Results for Risk-Informed Activities," instead of RG 1.200, Revision 2, and made other changes. The changes are in accordance with Technical Specifications Task Force (TSTF) Traveler TSTF–591, Revision 0, "Revise Risk Informed Completion Time Program.".
Public Comments Received as to Proposed NSHC (Yes/No)	No.
Tennessee Valley Authority; Sequoyah Nuclear Plant, Units 1 and 2; Hamilton County, TN	
Docket Nos	50–327, 50–328.
Amendment Date	September 1, 2026.
ADAMS Accession No	ML26212A279.

LICENSE AMENDMENT ISSUANCES—Continued

Amendment Nos	Unit 1 (378) and Unit 2 (373).
Brief Description of Amendments	The amendments revised Sequoyah Nuclear Plant, Units 1 and 2, Technical Specification 5.5.3, "Radioactive Effluent Controls Program," to specify that the dose coefficients for radionuclides associated with potassium hydroxide may be determined using International Commission on Radiological Protection publications 72, 119, and 144, and Environmental Protection Agency Federal Guidance reports 12 and 15.
Public Comments Received as to Proposed NSHC (Yes/No)	No.
Vistra Operations Company LLC; Comanche Peak Nuclear Power Plant, Unit Nos. 1 and 2; Somervell County, TX	
Docket Nos	50–445, 50–446.
Amendment Date	August 27, 2026.
ADAMS Accession No	ML26230A230.
Amendment Nos	199 (Unit 1) and 199 (Unit 2).
Brief Description of Amendments	The amendments modified Technical Specification (TS) 4.2.1, "Fuel Assemblies," and TS 5.6.5, "Core Operating Limits Report (COLR)," to allow the use of Optimized ZIRLO as an approved fuel rod cladding material.
Public Comments Received as to Proposed NSHC (Yes/No)	No.

IV. Notice of Issuance of Amendments to Facility Operating Licenses and Combined Licenses and Final Determination of No Significant Hazards Consideration and Opportunity for a Hearing (Exigent Circumstances)

Since publication of the last biweekly notice, the Commission has issued the following amendment. The Commission has determined for this amendment that the application for the amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR chapter I, which are set forth in the license amendment.

Because of exigent circumstances or emergency situation associated with the date the amendment was needed, there was not time for the Commission to publish, for public comment before issuance, its usual notice of consideration of issuance of amendment, proposed NSHC determination, and opportunity for a hearing.

For exigent circumstances, the Commission has either issued a **Federal Register** notice providing opportunity for public comment or has used local media to provide notice to the public in the area surrounding a licensee's facility of the licensee's application and of the Commission's proposed determination of NSHC. The Commission has provided a reasonable opportunity for the public to comment, using its best efforts to make available to the public means of communication for the public to respond quickly, and in the case of telephone comments, the comments have been recorded or transcribed as appropriate and the licensee has been informed of the public comments.

In circumstances where failure to act in a timely way would have resulted, for example, in derating or shutdown of a nuclear power plant or in prevention of either resumption of operation or of increase in power output up to the plant's licensed power level (an emergency situation), the Commission may not have had an opportunity to provide for public comment on its NSHC determination. In such case, the license amendment has been issued without opportunity for comment prior to issuance. Nonetheless, the State has been consulted by telephone whenever possible.

Under its regulations, the Commission may issue and make an amendment immediately effective, notwithstanding the pendency before it of a request for a hearing from any person, in advance of the holding and completion of any required hearing, where it has determined that NSHC is involved. The Commission has applied the standards of 10 CFR 50.92 and has made a final determination that the amendments involve NSHC. The basis for this determination is contained in the NRC staff safety evaluation related to each action. Accordingly, the amendment has been issued and made effective as indicated.

For those amendments that have not been previously noticed in the **Federal Register**, within 60 days after the date of publication of this notice, any persons (petitioner) whose interest may be affected by this action may file a request for a hearing and petition for leave to intervene (petition) with respect to the action. Petitions shall be filed in accordance with the guidance concerning the Commission's ''Agency Rules of Practice and Procedure'' in 10 CFR part 2 as discussed in section II.A of this document.

Unless otherwise indicated, the Commission has determined that the amendment satisfies the criteria for categorical exclusion in accordance with 10 CFR 51.22. Therefore, pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared for this amendment. If the Commission has prepared an environmental assessment under the special circumstances provision in 10 CFR 51.12(b) and has made a determination based on that assessment, it is so indicated in the safety evaluation for the amendment.

For further details with respect to these actions, see the amendment and associated documents such as the Commission's letter and safety evaluation, which may be obtained using the ADAMS accession numbers indicated in the following table. The safety evaluation will provide the ADAMS accession number for the application for amendment and the **Federal Register** citation for any environmental assessment. All of these items can be accessed as described in the ''Obtaining Information and Submitting Comments'' section of this document.

LICENSE AMENDMENT ISSUANCE(S)—EXIGENT/EMERGENCY CIRCUMSTANCES

STP Nuclear Operating Company; South Texas Project, Unit 1; Matagorda County, TX	
Docket No	50–498.
Amendment Date	August 6, 2026.
ADAMS Accession No	ML26246A987.
Amendment No	228.
Brief Description of Amendment	The amendment revised the South Texas Project, Unit 1, Technical Specifications (TSs) to allow for a one-time exigent change for extension to the allowed outage time for TS 3.7.1.7, "Main Feedwater System." This allowed outage time extension was requested to facilitate repairs to the Unit 1 Train D Main Feedwater Isolation Valve.
Local Media Notice (Yes/No)	No.
Public Comments Requested as to Proposed NSHC (Yes/No)	Yes.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: September 24, 2026.

For the Nuclear Regulatory Commission.

Ilka Berrios,

Chief, Division of Licensing Projects I, Office of Nuclear Reactor Regulation.

[FR Doc. 2026–19812 Filed 9–28–26; 8:45 am]

BILLING CODE 7590–01–P

PENSION BENEFIT GUARANTY CORPORATION

Submission of Information Collection for OMB Review; Comment Request; Generic Clearance for the Collection of Qualitative and Quantitative Feedback on Agency Service Delivery

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Notice of request for extension of OMB approval of collection of information.

SUMMARY: The Pension Benefit Guaranty Corporation is requesting that the Office of Management and Budget (OMB) extend approval, under the Paperwork Reduction Act, of the collection of information on qualitative and quantitative feedback on PBGC's service delivery (OMB Control Number 1212–0066; expires October 31, 2026). This notice informs the public of PBGC's request and solicits comments on the proposed information collection. This collection of information was developed as part of a Federal Government-wide effort to streamline the process for seeking feedback from the public on service delivery.

DATES: Comments must be received on or before October 29, 2026 to be assured of consideration.

ADDRESSES: Written comments and recommendations for the proposed information collections should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find these particular information collections by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function. All comments received will be posted without change to PBGC's website, *www.pbgc.gov,* including any personal information provided. Do not submit comments that include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. Comments may be submitted anonymously.

A copy of the request will be posted on PBGC's website at *www.pbgc.gov/employers-practitioners/federal-register.* It may also be obtained without charge by writing to the Disclosure Division (*disclosure@pbgc.gov*), Office of the General Counsel of PBGC, 445 12th Street SW, Washington, DC 20024–2101, or, calling 202–229–4040 during normal business hours. If you are deaf or hard of hearing or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

FOR FURTHER INFORMATION CONTACT: Andrew Wilson (*wilson.andrew1@pbgc.gov*), Attorney, Legislative and Regulatory Division, Office of the General Counsel, Pension Benefit Guaranty Corporation, 445 12th Street SW, Washington, DC 20024–2101; 202–860–8354. (If you are deaf or hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.)

SUPPLEMENTARY INFORMATION: This information collection activity will gather qualitative and quantitative customer and stakeholder feedback in an efficient, timely manner, in accordance with PBGC's commitment to improving service delivery. By ''qualitative feedback'' we mean information that provides useful insights on the public's perceptions and opinions. By ''quantitative feedback'' we mean numeric scores evaluating PBGC services and customer satisfaction using the American Customer Satisfaction Index (ACSI) methodology. This feedback provides insights into customer or stakeholder perceptions, experiences and expectations, provides early warnings of issues with service, and focuses attention on areas where changes in PBGC's communication with the public, in training of staff, or in operations might improve the delivery of products or services. These collections will allow for ongoing, collaborative and actionable communications between PBGC and its customers and stakeholders. These collections also allow feedback to contribute directly to the improvement of program management.

The solicitation of feedback targets areas such as timeliness, appropriateness, accuracy of information, courtesy, efficiency of service delivery, and resolution of issues with service delivery. Responses will be assessed to plan and inform efforts to improve or maintain the quality of service offered to the public. If this information was not collected, vital feedback from customers and stakeholders on PBGC's services would be unavailable.

PBGC only submits a collection for approval under this generic clearance if it meets the following conditions:

• The collections are voluntary;

• The collections are low-burden for respondents (based on considerations of total burden hours, total number of respondents, or burden-hours per respondent) and are low-cost for both the respondents and the Federal Government;

• The collections are non-controversial and do not raise issues of concern to other Federal agencies;

• Any collection is targeted to the solicitation of opinions from respondents who have experience with the program or may have experience with the program in the near future;

• Personally identifiable information (PII) is collected only to the extent necessary and is not retained;

- Except for information that will be included in PBGC's annual report, information gathered will be used only internally for general service improvement and program management purposes and is not intended for release outside of the agency;
- Information gathered will not be used for the purpose of substantially informing influential policy decisions; and
- Information from qualitative surveys gathered will yield qualitative results; the collections will not be designed or expected to yield statistically reliable results or be used as though the results are generalizable to the population of interest;
- Information from quantitative surveys will be based on statistical methods and will yield quantitative results, such as satisfaction scores that can be generalized to the population.

The information collection does not include any questions of a personal or sensitive nature.

Annually, over the next three years, PBGC estimates that it will conduct three activities involving about 2,325 respondents, each of whom will provide one response. The number of respondents will vary by activity: 25 for usability testing, 50 for focus groups (5 groups of 10 respondents), and 2,250 for customer satisfaction surveys.

PBGC estimates the annual burden of this collection of information as 713 hours: 2 hours per response for usability testing (total 50 hours); 2 hours per response for focus groups (total 100 hours); and 15 minutes per response for customer satisfaction surveys (total 563 hours). No cost burden to the public is anticipated. PBGC is proposing to add additional language in its survey to make it clear that respondents should not add PII.

The existing collection of information was approved under OMB control number 1212–0066 (expires October 31, 2026). On June 5, 2026, PBGC published in the **Federal Register** a notice at 91 FR 34257 informing the public of its intent to request an extension of this collection and solicited public comment. No comments were received. 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.

Joseph Krettek,

Assistant General Counsel, Legislative and Regulatory Division, Pension Benefit Guaranty Corporation.

[FR Doc. 2026–19848 Filed 9–28–26; 8:45 am]

BILLING CODE 7709–02–P

POSTAL REGULATORY COMMISSION

[Docket Nos. MC2026–398 and K2026–387; MC2026–399 and K2026–388]

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.

DATES: *Comments are due:* October 2, 2026.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at *https://www.prc.gov.* Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Introduction

Pursuant to 39 CFR 3041.405, the Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to Competitive negotiated service agreement(s). The request(s) may propose the addition of a negotiated service agreement from the Competitive product list or the modification of an existing product currently appearing on the Competitive product list.

The public portions of the Postal Service's request(s) can be accessed via the Commission's website (*http://www.prc.gov*). Non-public portions of the Postal Service's request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.[1]

Section II identifies the docket number(s) associated with each Postal Service request, if any, that will be reviewed in a public proceeding as defined by 39 CFR 3010.101(p), the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. For each such request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 and 39 CFR 3000.114 (Public Representative). The Public Representative does not represent any individual person, entity or particular point of view, and, when Commission attorneys are appointed, no attorney-client relationship is established. Section II also establishes comment deadline(s) pertaining to each such request.

The Commission invites comments on whether the Postal Service's request(s) identified in Section II, if any, are consistent with the policies of Title 39. Applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3041. Comment deadline(s) for each such request, if any, appear in Section II.

Section III identifies the docket number(s) associated with each Postal Service request, if any, to add a standardized distinct product to the Competitive product list or to amend a standardized distinct product, the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. Standardized distinct products are negotiated service agreements that are variations of one or more Competitive products, and for which financial models, minimum rates, and classification criteria have undergone advance Commission review. *See* 39 CFR 3041.110(n); 39 CFR 3041.205(a). Such requests are reviewed in summary proceedings pursuant to 39 CFR 3041.325(c)(2) and 39 CFR 3041.505(f)(1). Pursuant to 39 CFR 3041.405(c)–(d), the Commission does not appoint a Public Representative or request public comment in proceedings to review such requests.

II. Public Proceeding(s)

1. *Docket No(s).:* MC2026–398 and K2026–387; *Filing Title:* USPS Request to Add Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 126 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* September 24, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Christopher Mohr; *Comments Due:* October 2, 2026.

2. *Docket No(s).:* MC2026–399 and K2026–388; *Filing Title:* USPS Request to Add Priority Mail & USPS Ground Advantage Contract 1103 to the

[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).

Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* September 24, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Jennaca Upperman; *Comments Due:* October 2, 2026.

III. Summary Proceeding(s)

None. *See* Section II for public proceedings.

This Notice will be published in the **Federal Register**.

Danielle LeFlore,

Legal Assistant.

[FR Doc. 2026–19893 Filed 9–28–26; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreements; Priority Mail, and USPS Ground Advantage Negotiated Service Agreements

AGENCY: Postal Service.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* September 29, 2026.

FOR FURTHER INFORMATION CONTACT: Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), it filed with the Postal Regulatory Commission the following requests:

Date filed with postal regulatory commission	Negotiated service agreement product category and number	MC docket number	K docket number
09/18/26	PM–GA 1100	MC2026–393	K2026–382.
09/21/26	PM–GA 1101	MC2026–394	K2026–383.
09/21/26	PM–GA 1102	MC2026–395	K2026–384.
09/22/26	PM–GA–PS 10	MC2026–396	K2026–385.
09/22/26	PME–PM–GA 1512	MC2026–397	K2026–386.
09/24/26	PM–GA 1103	MC2026–399	K2026–388.

Documents are available at *www.prc.gov.*

Sean C. Robinson,

Attorney, Corporate and Postal Business Law.

[FR Doc. 2026–19820 Filed 9–28–26; 8:45 am]

BILLING CODE 7710–12–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: 2:00 p.m. on Thursday, October 1, 2026.

PLACE: The meeting will be held via remote means and/or 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 her designee, has certified that, in her 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 24, 2026.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–19882 Filed 9–25–26; 11:15 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 Small Business Capital Formation Advisory Committee will hold a public meeting on Tuesday, October 27, 2026. The meeting will begin at 10 a.m. (ET) and will be open to the public.

PLACE: The meeting will be conducted at the Commission's headquarters, 100 F Street NE, Washington, DC 20549, and by remote means (videoconference). 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 Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

MATTERS TO BE CONSIDERED: The agenda for the meeting includes matters relating to rules and regulations affecting small and emerging businesses and their investors under the federal securities laws.

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 25, 2026.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–19935 Filed 9–25–26; 4:15 pm]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106489; File No. SR–Phlx–2026–57]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule General 8 To Establish Fees for Liquid-Cooled Cabinets

September 24, 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 14, 2026, Nasdaq PHLX LLC (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule General 8 to establish fees for Liquid-Cooled Cabinets installation, Liquid-Cooled Cabinet Power Installation and Liquid-Cooled Cabinet Power in the Exchange's expanded data center. While these amendments are immediately effective, the Exchange proposes to implement the proposed fees during the fourth calendar quarter (''Q4'') of 2026. The Exchange will notify customers of the implementation date by Trader Alert.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/phlx/rulefilings,* and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

[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's current data center in Carteret, New Jersey, consists of the original data center, also known as ''NY11,'' and expansion areas NY11–4 and NY11–5. The Exchange proposes to amend Rule General 8, Section 1 to establish fees for Liquid-Cooled Cabinets installation, Liquid-Cooled Cabinet Power Installation, and Liquid-Cooled Cabinet Power in NY11–5. The Exchange previously filed to expand its co-location services by offering Liquid-Cooled Cabinets in NY11–5.[3] In that filing, the Exchange stated that it would submit a separate fee filing to establish fees for those services. This proposed rule change establishes those fees.

Currently, co-location customers have the option of obtaining a cabinet capable of accommodating varying power options. Co-location customers may obtain a Cabinet and choose among varying power options as provided under Rule General 8, Section 1. In an earlier proposal, the Exchange introduced an additional cabinet option in NY11–5. Specifically, the Exchange introduced a cabinet featuring liquid cooling, a cooling method that uses liquid, rather than air, to absorb and transfer heat away from equipment, such as servers (''Liquid-Cooled Cabinet''). Depending on business needs of data center customers, a Liquid-Cooled Cabinet might be more attractive to data center customers because liquid cooling is more efficient and enables space optimization in ways that air cooling methods would struggle to support. For example, a Liquid-Cooled Cabinet could handle greater power densities within a given space than would air cooling. For data center customers, this translates into the ability to deploy more computing power within the same cabinet footprint. In effect, Liquid-Cooled Cabinets allow data center customers to install more of the computing equipment that data center customers typically use within their cabinet than they would with air cooling methods because liquid cooling is more efficient at dissipating heat from a given cabinet space. The Exchange notes that data center customers prefer denser environments to minimize distance between equipment and thus maximize computing power within a given space. The Liquid-Cooled Cabinet option is only offered in NY11–5 because the required liquid-cooled infrastructure necessary to support the proposed cabinets is not available in other parts of the data center. The Exchange notes that Liquid-Cooled Cabinets are offered as one other option for data center customers to choose from because traditionally cooled cabinets throughout the data center will continue to provide the level of thermal management appropriate for each cabinet offering that the Exchange provides.

[3] *See* Securities Exchange Act Release No. 105009 (Mar. 16, 2026), 91 FR 13381 (Mar. 19, 2026) (SR–Phlx–2026–10).

As discussed above, the Exchange is offering the Liquid-Cooled Cabinets as a convenience to its customers and notes that use of co-location services, including the proposed Liquid-Cooled Cabinet service, is completely optional. Liquid-Cooled Cabinets are an optional premium co-location offering designed to support customer equipment with enhanced cooling capabilities. Co-location services, including the proposed offering, are voluntary, and each customer may determine whether any co-location option is appropriate for its business needs.

The Exchange proposes to establish separate installation fees for Liquid-Cooled Cabinets under Rule General 8, Section 1(a). Customers may elect to use a Nasdaq-provided Liquid-Cooled Cabinet or, unlike traditional air-cooled cabinets that must be Nasdaq-provided, may supply their own Liquid-Cooled Cabinet for use within the dedicated liquid-cooling enclosure in NY11–5. For a Nasdaq-provided Liquid-Cooled Cabinet, the Exchange proposes to assess an installation fee of $5,490 and no ongoing monthly fee. The proposed $5,490 installation fee is the same NY11–4/–5 installation fee currently applicable to a standard Cabinet under Rule General 8, Section 1(a). For a customer-provided Liquid-Cooled Cabinet, the Exchange proposes to assess an installation fee of $2,500 and no ongoing monthly fee.

Providing both options is appropriate because the Liquid-Cooled Cabinet offering is purpose-built for the customer within a dedicated enclosure specifically designed to support the customer's liquid-cooling infrastructure requirements. Depending on the customer's particular equipment and infrastructure needs, a customer-provided cabinet may be more appropriate, while other customers may prefer the convenience of a Nasdaq-provided cabinet. The proposed customer-provided cabinet installation fee reflects the separate installation work associated with permitting the customer to use its own Liquid-Cooled Cabinet within the dedicated NY11–5 liquid-cooling environment, while the proposed Nasdaq-provided cabinet installation fee reflects the furnishing and installation of a Nasdaq-provided Liquid-Cooled Cabinet. Unlike the installation of a traditional air-cooled cabinet, installation of a Liquid-Cooled Cabinet involves specialized infrastructure within the dedicated NY11–5 liquid-cooling environment and additional coordination to support the customer's liquid-cooling requirements.

The Exchange also proposes to establish installation and ongoing monthly fees for Liquid-Cooled Cabinet Power as follows.

Liquid-Cooled Cabinet Power would be available only in connection with Liquid-Cooled Cabinets in NY11–5 and would be subject to a one-year, two-year, or three-year commitment, as selected by the customer. The installation fee for Liquid-Cooled Cabinet Power would consist of the applicable standard NY11–4/–5 cabinet power installation fee, as set forth in Rule General 8, Section 1(c), plus an additional per-kVA [4] Liquid-Cooled Cabinet Power installation charge. The additional per-kVA installation charge would be $1,800 per kVA for a one-year commitment, $1,650 per kVA for a two-year commitment, and $1,500 per kVA for a three-year commitment. The ongoing monthly fee would be assessed per kVA based on the customer's selected commitment term: $1,000 per kVA per month for a one-year commitment, $900 per kVA per month for a two-year commitment, and $800 per kVA per month for a three-year commitment.

[4] Kilovolt-Amperes (kVA) is a unit of *apparent power* used to describe the capacity of electrical circuits and equipment. In alternating current (AC) systems, power consists of two components: real power (kW) and reactive power (kVAR). Real power, or kW, is the actual usable power that performs work, such as running servers or cooling systems, whereas reactive power, or kVAR, is the power that sustains the magnetic and electric fields in equipment but does not perform useful work. Because AC systems often have both real and reactive components, kVA measures the total apparent power, which is the combination of real and reactive power—the full load the circuit must carry. The relationship between kilowatts and kVA depends on the power factor (PF) which reflects how efficiently electrical power is converted into useful work: kW = kVA × PF. In the context of data center operations, electrical power is commonly expressed in two units: kilowatts (kW) and kilovolt-amperes (kVA). While these terms measure different aspects of electrical power—kW representing real power consumed by equipment and kVA representing apparent power supplied—they are closely correlated in environments where the power factor approaches unity. Modern data centers typically operate at or near a power factor of 1.0, resulting in minimal variance between kW and kVA. Accordingly, these measures, kW and kVA, are often treated as interchangeable for practical purposes.

The Exchange calculates the amount of power associated with each Liquid-Cooled Cabinet Power option using the same general power-based methodology reflected in its existing cabinet power fee schedule. For single-phase power options, the Exchange calculates kVA by multiplying volts by amps and dividing by 1,000. For three-phase power options, the Exchange calculates kVA by multiplying volts by amps by the square root of three, and then dividing by 1,000.[5]

For the Single Phase 240 Volt 20 Amp option, the Exchange calculates the associated kVA as 240 volts multiplied by 20 amps, divided by 1,000, which equals 4.80 kVA.

The ongoing monthly fee is calculated by multiplying 4.80 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $4,800 for a one-year commitment, $4,320 for a two-year commitment, and $3,840 for a three-year commitment. The installation fee is calculated by adding the applicable $3,600 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $12,240 for a one-year commitment, calculated as $3,600 plus 4.80 kVA multiplied by $1,800; $11,520 for a two-year commitment, calculated as $3,600 plus 4.80 kVA multiplied by $1,650; and $10,800 for a three-year commitment, calculated as $3,600 plus 4.80 kVA multiplied by $1,500.

For the Single Phase 240 Volt 32 Amp option, the Exchange calculates the associated kVA as 240 volts multiplied by 32 amps, divided by 1,000, which equals 7.68 kVA. The ongoing monthly fee is calculated by multiplying 7.68 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $7,680 for a one-year commitment, $6,912 for a two-year commitment, and $6,144 for a three-year commitment. The installation fee is calculated by adding the applicable $3,600 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $17,424 for a one-year commitment, calculated as $3,600 plus 7.68 kVA multiplied by $1,800; $16,272 for a two-year commitment, calculated as $3,600 plus 7.68 kVA multiplied by $1,650; and $15,120 for a three-year commitment, calculated as $3,600 plus 7.68 kVA multiplied by $1,500.

For the Single Phase 240 Volt 40 Amp option, the Exchange calculates the associated kVA as 240 volts multiplied by 40 amps, divided by 1,000, which equals 9.60 kVA. The ongoing monthly fee is calculated by multiplying 9.60 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $9,600 for a one-year commitment, $8,640 for a two-year commitment, and $7,680 for a three-year commitment. The installation fee is calculated by adding the applicable $3,600 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $20,880 for a one-year commitment, calculated as $3,600 plus 9.60 kVA multiplied by $1,800; $19,440 for a two-year commitment, calculated as $3,600 plus 9.60 kVA multiplied by $1,650; and $18,000 for a three-year commitment, calculated as $3,600 plus 9.60 kVA multiplied by $1,500.

For the 3 Phase 415 Volt 20 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 20 amps multiplied by the square root of three, divided by 1,000, which equals approximately 14.38 kVA. The ongoing monthly fee is calculated by multiplying approximately 14.38 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $14,375.60 for a one-year commitment, $12,938.04 for a two-year commitment, and $11,500.48 for a three-year commitment. The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $30,436.08 for a one-year commitment, calculated as $4,560 plus approximately 14.38 kVA multiplied by $1,800; $28,279.74 for a two-year commitment, calculated as $4,560 plus approximately 14.38 kVA multiplied by $1,650; and $26,123.40 for a three-year commitment, calculated as $4,560 plus approximately 14.38 kVA multiplied by $1,500.

For the 3 Phase 415 Volt 32 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 32 amps multiplied by the square root of three, divided by 1,000, which equals approximately 23.00 kVA. The ongoing monthly fee is calculated by multiplying approximately 23.00 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $23,000.96 for a one-year commitment, $20,700.86 for a two-year commitment, and $18,400.77 for a three-year commitment. The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $45,961.73 for a one-year commitment, calculated as $4,560 plus approximately 23.00 kVA multiplied by $1,800; $42,511.58 for a two-year commitment, calculated as $4,560 plus approximately 23.00 kVA multiplied by $1,650; and $39,061.44 for a three-year commitment, calculated as $4,560 plus approximately 23.00 kVA multiplied by $1,500.

[5] The kilovolt-ampere (kVA) rating for each circuit was calculated using standard electrical formulas based on circuit type as follows. Single-phase circuits: “kVA”=(“Volts” ×”Amps”)/1000. This converts the product of voltage and current into kilovolt-amperes. Three-phase circuits (balanced load): “kVA”=(√3×“Volts” ×“Amps”)/1000≉(1.732×“Volts” ×“Amps”)/1000. The factor √3 accounts for the three-phase power configuration. These formulas were applied to each circuit type in the table to determine its kVA capacity, which was then multiplied by the proposed per kVA rates to calculate the new fee. For readability, table values reflect rounded kVA figures and fees rounded to the nearest cent. In internal calculations, the Exchange compute fees using full-precision kVA (*e.g.,* ~10.794 kVA before display rounding), which can yield penny-level variances relative to fees computed from rounded kVA values. These minor differences arise solely from the sequence of rounding (rounding kVA before vs. after fee computation) and do not affect the uniform application of the $550/kVA rate or the comparability of fees across circuit options.

For the 3 Phase 415 Volt 40 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 40 amps multiplied by the square root of three, divided by 1,000, which equals approximately 28.75 kVA. The ongoing monthly fee is calculated by multiplying approximately 28.75 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $28,751.20 for a one-year commitment, $25,876.08 for a two-year commitment, and $23,000.96 for a three-year commitment. The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $56,312.16 for a one-year commitment, calculated as $4,560 plus approximately 28.75 kVA multiplied by $1,800; $51,999.48 for a two-year commitment, calculated as $4,560 plus approximately 28.75 kVA multiplied by $1,650; and $47,686.80 for a three-year commitment, calculated as $4,560 plus approximately 28.75 kVA multiplied by $1,500.

For the 3 Phase 415 Volt 60 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 60 amps multiplied by the square root of three, divided by 1,000, which equals approximately 43.13 kVA. The ongoing monthly fee is calculated by multiplying approximately 43.13 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $43,130 for a one-year commitment, $38,817 for a two-year commitment, and $34,504 for a three-year commitment. The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $82,194 for a one-year commitment, calculated as $4,560 plus approximately 43.13 kVA multiplied by $1,800; $75,724.50 for a two-year commitment, calculated as $4,560 plus approximately 43.13 kVA multiplied by $1,650; and $69,255 for a three-year commitment, calculated as $4,560 plus approximately 43.13 kVA multiplied by $1,500.

The proposed installation and ongoing monthly fees therefore scale with the amount of electrical capacity associated with the selected Liquid-Cooled Cabinet Power option and the length of the customer's selected commitment term. This structure applies the same calculation consistently across the available Liquid-Cooled Cabinet Power options while providing customers that elect longer commitment terms with lower per-kVA rates.

The Exchange proposes separate cabinet installation fees and tiered Liquid-Cooled Cabinet Power pricing to reflect the optional nature of the offering and the different services customers may elect. The proposed $5,490 installation fee for a Nasdaq-provided Liquid-Cooled Cabinet is consistent with the existing NY11–4/–5 installation fee for a standard Cabinet under Rule General 8, Section 1(a), and no ongoing monthly cabinet fee would apply. The proposed $2,500 installation fee for a customer-provided Liquid-Cooled Cabinet reflects the separate installation work associated with permitting the customer to use its own Liquid-Cooled Cabinet within the dedicated NY11–5 liquid-cooling environment, and no ongoing monthly cabinet fee would apply. The proposed tiered pricing for Liquid-Cooled Cabinet Power provides customers with lower effective rates for longer-term commitments, which supports the Exchange's continued investment in making this specialized optional offering available. The proposed fees are higher than the fees applicable to standard air-cooled cabinets and associated power because Liquid-Cooled Cabinets are a premium product that provide enhanced liquid-cooling functionality and require specialized infrastructure, shared cooling capacity, and additional operational support beyond those required for standard co-location cabinets. The Exchange believes that the proposed fees are designed to reflect the value of the enhanced functionality, specialized infrastructure, customer choice, and dedicated capacity associated with Liquid-Cooled Cabinets and Liquid-Cooled Cabinet Power, while helping to support the Exchange's continued investment in this optional premium offering.

The proposed Liquid-Cooled Cabinet offering is optional. Customers are not required to purchase Liquid-Cooled Cabinet installation, Liquid-Cooled Cabinet Power Installation or Liquid-Cooled Cabinet Power to connect to the Exchange, to maintain co-location services, or to access any Exchange system. Customers may continue to use existing cabinet and power offerings under Rule General 8, Section 1, as applicable. Customers that elect the Liquid-Cooled Cabinet offering may choose between a Nasdaq-provided Liquid-Cooled Cabinet and a customer-provided Liquid-Cooled Cabinet based on their business and infrastructure needs.

The Exchange is offering Liquid-Cooled Cabinets in response to customer demand for infrastructure capable of supporting increasingly power-dense computing equipment. Although the Exchange is not aware of another exchange that currently offers a comparable liquid-cooled cabinet product in its co-location fee schedule, liquid-cooling technology is available in the broader data center industry and is not novel in data center or communications infrastructure. Accordingly, the proposal reflects the Exchange's effort to make available, as an optional premium co-location service, an infrastructure option that is responsive to evolving customer equipment and cooling needs. The Exchange proposes to implement the proposed fees during Q4 of 2026. The Exchange will notify customers of the implementation date by Trader Alert.

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 Sections 6(b)(4) and 6(b)(5) of the Act, in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed fees are reasonable because they are designed to reflect the value of the enhanced functionality, specialized infrastructure, customer choice, and dedicated capacity associated with Liquid-Cooled Cabinets and Liquid-Cooled Cabinet Power, while helping to support the Exchange's continued investment in this optional premium offering. The proposed $5,490 installation fee for a Nasdaq-provided Liquid-Cooled Cabinet is reasonable because it is consistent with the existing NY11–4/–5 installation fee for a standard Cabinet under Rule General 8, Section 1(a) and because installation of a Liquid-Cooled Cabinet is more involved than installation of a traditional air-cooled cabinet due to the specialized infrastructure and coordination required within the dedicated NY11–5 liquid-cooling environment. The proposed $2,500 installation fee for a customer-provided Liquid-Cooled Cabinet is reasonable because it applies only where the customer provides the cabinet and reflects the separate installation work associated with making the customer-provided cabinet available for use within that specialized, dedicated NY11–5 liquid-cooling environment.

The proposed Liquid-Cooled Cabinet Power installation fees are reasonable because they apply to the initial provisioning of Liquid-Cooled Cabinet Power and reflect the specialized infrastructure, configuration, and dedicated capacity associated with making the service available to a customer. The proposed ongoing monthly fees for Liquid-Cooled Cabinet Power are reasonable because they reflect the continuing availability of enhanced liquid-cooling functionality, specialized infrastructure, and capacity throughout the customer's selected commitment term.

The Exchange believes that the proposed tiered pricing is reasonable because it offers customers lower installation and monthly rates when they elect longer commitment terms. Longer-term commitments provide the Exchange with greater certainty regarding use of the specialized infrastructure and shared capacity required to support Liquid-Cooled Cabinets, and the proposed discounts are designed to encourage such commitments while allowing customers to choose the term that best fits their business needs.

The Exchange believes that the proposed fees are equitably allocated and not unfairly discriminatory because they will apply uniformly to all similarly situated customers that elect the same Liquid-Cooled Cabinet and Liquid-Cooled Cabinet Power options in NY11–5. Customers that choose a Nasdaq-provided Liquid-Cooled Cabinet will be assessed the same Nasdaq-provided cabinet installation fee, and customers that choose a customer-provided Liquid-Cooled Cabinet will be assessed the same customer-provided cabinet installation fee. The service is optional, and customers that do not require liquid-cooling functionality may continue to use the Exchange's existing co-location cabinet and power offerings, as applicable.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed fees apply only to an optional premium co-location service. Customers are not required to purchase Liquid-Cooled Cabinet installation, Liquid-Cooled Cabinet Power Installation or Liquid-Cooled Cabinet Power to connect to the Exchange or to receive co-location services, and customers will continue to have existing options for cabinet and power offerings to satisfy their business needs.

The Exchange believes that the proposal may enhance competition by expanding the range of optional co-location services available to customers, including customers that seek infrastructure options designed to support increasingly power-dense equipment. The proposal also gives customers flexibility to choose between a Nasdaq-provided Liquid-Cooled Cabinet and a customer-provided Liquid-Cooled Cabinet based on their business and infrastructure needs. The proposed fee structure reflects the value of the enhanced functionality, specialized infrastructure, customer choice, and dedicated capacity associated with Liquid-Cooled Cabinets, Liquid-Cooled Cabinet Power Installation and Liquid-Cooled Cabinet Power, and customers remain free to use existing cabinet and power offerings to satisfy their business needs. Accordingly, the Exchange does not believe that the proposal will impose any burden on intermarket or intramarket competition.

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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[6]

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

• Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov.* Please include file number SR–Phlx–2026–57 on the subject line.

Paper Comments

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

All submissions should refer to file number SR–Phlx–2026–57. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–Phlx–2026–57 and should be submitted on or before October 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[7]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19866 Filed 9–28–26; 8:45 am]

BILLING CODE 8011–01–P

[6] 15 U.S.C. 78s(b)(3)(A)(ii).

[7] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106485; File No. SR–LCH SA–2026–007]

Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change Relating to the LCH SA CaLM Minimum Cash Collateral Requirement and to LCH Liquidity Risk Policy

September 24, 2026.

I. Introduction

On July 31, 2026, Banque Centrale de Compensation, which conducts business under the name LCH SA (''LCH SA''), 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 to amend its: (i) CDS Clearing Rule Book (the ''Rule Book''), (ii) CDS Clearing Procedures (the ''Procedures'') (collectively the ''CDS Clearing Rules''), and (iii) LCH Liquidity Risk Policy (the ''Policy''). The proposed rule change was published for comment in the **Federal Register** on August 13, 2026.[3] The Commission did not receive 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

a. Background

LCH SA is a clearing agency registered with the Commission.[4] Through its CDSClear business unit, LCH SA provides central counterparty (''CCP'') services for security-based swaps, including credit default swaps (''CDS'') and options on CDS. LCH SA is an affiliate of LCH, Ltd, through common ownership by LCH Group Holdings Limited. LCH SA's ultimate parent company is London Stock Exchange Group.

As a CCP, LCH SA is exposed to certain risks, including the risk that a Clearing Member may default on its obligations. In that situation, as a CCP, LCH SA is required to perform the defaulting Clearing Member's obligations under its CDS. To mitigate the risks arising from a Clearing Member defaulting on its obligations, LCH SA determines, and collects from Clearing Members, margin for clearing each transaction. Clearing Members satisfy their margin requirements by providing LCH SA collateral, which can take the form of cash in certain currencies and certain non-cash securities.

The purpose of the proposed rule change is to require Clearing Members to meet a minimum percentage of their margin requirements with cash. Specifically. LCH SA is proposing to require Clearing Members to maintain a minimum amount of cash collateral in each Collateral Account to ensure that LCH SA has sufficient immediately available liquidity to meet its payment and settlement obligations. The proposal would amend the Rule Book, the Procedures, and the Policy. The amendments to each of these documents are discussed separately below.

b. Amendments to the Rule Book

Currently, Article 4.2.6.4 of the Rule Book provides that LCH SA, in calculating the value of collateral in a Clearing Member's house and client accounts, may apply haircuts to non-cash collateral and foreign exchange adjustments to cash collateral. Haircuts to non-cash collateral and foreign exchange adjustments to cash collateral reduce the value of such collateral, to account for potential decreases in value in liquidating, or in converting, such collateral. Thus, Article 4.2.6.4 as currently written provides LCH SA the authority to reduce the value of collateral in a Clearing Member's house and client accounts as needed to manage risks associated with such collateral.

As discussed below, LCH SA is moving these provisions regarding reducing the value of collateral to Section 3 of the Procedures. LCH SA is doing so to consolidate in one place all of LCH SA's authority to potentially reduce the value of collateral, including as needed to meet a minimum cash requirement.[5] Thus, as revised, Article 4.2.6.4 of the Rule Book would provide that LCH SA shall calculate the value of collateral in a Clearing Member's house and client accounts in accordance with Section 3 of the Procedures.

c. Amendments to the Procedures

Section 3 of the Procedures describes, among other things, the types of collateral that LCH SA accepts from Clearing Members; how Clearing Members provide that collateral to LCH SA; and the accounts that LCH SA establishes to hold that collateral for Clearing Members. As noted above, LCH SA is first amending Section 3.2 to include the provisions deleted from Article 4.2.6.4 of the Rule Book.

As revised, Section 3.2 would restate the provisions concerning discounts, haircuts, and foreign-exchange adjustments removed from the Rule Book and would establish the Minimum Cash Collateral Requirement. Similar to Article 4.2.6.4, revised Section 3.2 would provide that LCH SA, in calculating the value of collateral in a Clearing Member's house and client accounts, is entitled to apply haircuts, foreign exchange adjustments, and concentration limits. Moreover, revised Section 3.2 would allow LCH SA to apply, if applicable, the requirement for a minimum amount of cash collateral in a particular currency, as published on LCH SA's website. This provision would further provide that LCH SA may only implement a change to the minimum cash requirement after a 15 calendar days consultation with Clearing Members.

Thus, under revised Section 3.2, LCH SA could reduce the value of collateral in a Clearing Member's house and client accounts by applying haircuts and foreign exchange adjustments as well as concentration limits[6] and a minimum cash requirement. The minimum cash requirement would establish a floor on the amount of cash that a Clearing Member must maintain as collateral with LCH SA to satisfy its margin requirement. The required amount would be calculated as a percentage of the Clearing Member's margin requirement.[7] LCH SA would calculate the minimum cash amount at the end of each day and, as explained below, would only allow a Clearing Member to withdraw cash collateral if doing so would not cause the Clearing Member to breach the minimum.[8] Intraday, LCH SA would check any withdrawal request against a Clearing Member's required minimum cash level, preventing withdrawals that would Cause a breach.[9]

Initially, LCH SA would apply the minimum cash requirement only to Clearing Members' house accounts.[10] The proposed amendments, however, would permit LCH SA to apply the requirement to other accounts, such as those containing client collateral, based on evolving liquidity-risk considerations and market conditions. LCH SA could implement such change by updating the applicable arrangements on its website following a 15-calendar day consultation with Clearing Members, as noted above.

In other parts of Section 3 the proposed rule change would clarify that in returning any cash collateral, LCH SA is entitled to take into consideration the

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

[2] 17 CFR 240.19b–4.

[3] Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to the LCH SA CaLM Minimum Cash Requirement and to LCH Liquidity Risk Policy, Securities Exchange Act Release No. 106069 (Aug. 10, 2026), 91 FR 52357 (Aug. 13, 2026) (File No. SR–LCH SA–2026–007) (''Notice'').

[4] Capitalized terms not otherwise defined herein have the meanings assigned to them in the Rule Book, Procedures, or Policy, as applicable.

[5] *See* Notice, 91 FR at 52357.

[6] Although not directly related to the minimum cash requirement, LCH SA is adding the provision regarding concentration limits to clarify that concentration limits on non-cash collateral can also affect the value of such collateral, because concentration limits restrict the amount of a particular non-cash collateral that LCH SA will accept. *See* Notice, 91 FR at 52358.

[7] *See* Notice, 91 FR at 52357.

[8] *See* Notice, 91 FR at 52357.

[9] LCH SA explained that where margin requirements have materially reduced during the day and subject to appropriate approvals, LCH SA could permit intraday cash withdrawals based on intraday exposure, provided all margin requirements remain fully covered. *See* Notice, 91 FR at 52357.

[10] *See* Notice, 91 FR at 52358.

requirement for a minimum amount of cash collateral. These changes would make withdrawals of the various types of cash collateral that LCH SA accepts subject to any applicable requirement for minimum cash collateral. Thus, under these provisions, a Clearing Member could still request the return of cash collateral, for itself or for a client, but LCH SA would not return the cash collateral if doing so would cause the Clearing Member or its client not to satisfy any applicable requirement for minimum cash collateral.[11]

In addition to the changes related to minimum cash collateral. LCH SA proposes four additional amendments to Sections 3.8(h) and 3.8(i) of the Procedures to more accurately reflect its existing practices and operational arrangements. First, LCH SA would remove the transaction timelines currently specified in those sections and instead refer Clearing Members to the centralized ''Request Timelines'' published on LCH SA's website. According to LCH SA, the timelines currently included in the Procedures have become obsolete because the applicable timelines are now maintained on its website.[12]

Second, LCH SA would remove references to form-based requests for the return of U.S. dollar Cash Collateral and instead provide for electronic submission through LCH SA's Collateral Management System or another operational process designated by LCH SA, including a form-based process where appropriate.

Third, LCH SA would remove certain references to FCM/BD Clearing Members and FCM/BD Clients so that the relevant provisions apply to all Clearing Members and clients.

Finally, LCH SA would remove the outdated, and undefined, term ''Non Euro Cash Collateral Value'' and correct a typographical error in Section 3.7(d)(iii).

d. Amendments to the Policy

LCH SA also proposes to amend the Policy. The Policy sets forth standards that LCH SA must meet in managing its liquidity risk, meaning the risk that LCH SA will not have sufficient liquidity to meet payment obligations when due.[13] The amendments would implement the minimum cash requirement discussed above and make general updates that are not related to the minimum cash requirement.

i. Amendments Related to Minimum Cash Collateral

As part of the standards that LCH SA must meet in managing its liquidity risk, the Policy includes general standards related to the liquidity of collateral submitted by Clearing Members. Currently, Section 6.6.3 of the Policy limits Clearing Members in their use of non-primary sources of liquidity to satisfy their margin requirements. A non-primary source of liquidity is collateral other than cash or a non-cash security that LCH SA can pledge for cash at a central bank.

The proposal would amend Sections 6.6.3 and make related updates to Section 6.7.1 of the Policy to incorporate the minimum cash requirement. Instead of limiting Clearing Members' use of non-primary sources of liquidity, revised Section 6.6.3 would require that LCH SA have controls in place to ensure a minimum level of margin requirements are covered in cash. As noted above, LCH SA will establish the requirement for a minimum amount of cash collateral in a particular currency by publication on its website. The proposed rule change also would require LCH SA's Collateral and Liquidity Management (CaLM) team to immediately escalate to LCH SA's Chief Risk Officer and the head of CDSClear any breach by a Clearing Member of the minimum cash requirement, subject to materiality thresholds.

Finally, in Section 6.7.1, the Proposal would replace references to primary sources of liquidity with references to a minimum cash requirement.

ii. General Updates

The general updates arise from LCH SA's annual review of the Policy and a review of the Policy conducted by LCH SA's French regulators.[14] LCH SA states that these other amendments are generally intended to improve the Policy's accuracy, clarity, consistency, and organization and do not alter its liquidity-risk management or risk appetite.[15] These changes are discussed below according to the sections of the Policy in which they appear.

First, LCH SA proposes to amend Section 5 of the Policy to update references to applicable regulatory requirements. Currently, Section 5 refers to a particular part of the European Market Infrastructure Regulation and to a particular part of the Commission's requirements under Rule 17ad–22. As revised, Section 5 would refer to these regulatory requirements more generally, rather than to a particular part or portion of these regulatory requirements.

Section 6 of the Policy describes, among other things, LCH SA's sources of liquidity, requirements for liquidity, and how LCH SA assesses its liquidity position. Currently, paragraph 10 of Section 6.1 explains that any non-cash collateral which LCH SA can pledge at a central bank for cash can be a primary source of liquidity. The proposal would delete this paragraph 10 and move the statement about non-cash collateral which LCH SA can pledge at a central bank to paragraph 9, which also describes LCH SA's primary sources of liquidity. As revised, paragraph 9 would describe LCH SA's primary sources of liquidity as cash and non-cash securities that LCH SA can pledge for cash at a central bank for cash. Thus, revised paragraph 9 would describe the primary liquidity resources available to LCH SA in a single provision, while revised paragraph 10 would continue the discussion and include a cross-reference to paragraph 9.

LCH SA would also add a footnote to Section 6.1. This footnote would clarify that the detailed definitions of eligible liquidity resources for each central counterparty are contained in the applicable central-counterparty-specific procedures or LCH SA's Liquidity Risk Modeling Framework.[16] According to LCH SA, this amendment would not modify the scope of eligible liquidity resources but would clarify where those resources are defined.[17]

[11] In certain circumstances under Section 3.8 of the Procedures, LCH SA could return non-Euro cash collateral, even when doing so could cause the Clearing Member or its client not to satisfy any applicable requirement for minimum cash collateral cash collateral. LCH SA would generally only process the return if LCH SA obtains, through a debit of the Clearing Member's relevant account, an amount of Euro cash collateral equal to the non-Euro cash collateral being returned.

[12] *See* Notice, 91 FR at 52358. *See* LCH SA Acceptable Cash, *available at https://www.lseg.com/en/post-trade/clearing/collateral-management/sa-collateral-management/sa-acceptable-collateral/sa-acceptable-cash* (last visited Sept. 23, 2025).

[13] For further background on the Policy, *see* Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change Relating to LCH SA's Default Management Policy, Investment Risk Policy, Liquidity Risk Policy, Settlement, Payment and Custody Risk Policy, Model Governance, Validation and Review Policy and Contract and Market Acceptability Policy, Securities Exchange Act Release No. 104980 (Mar. 12, 2026), 91 FR 12869 (Mar. 17, 2026) (SR–LCH–SA–2025–010).

[14] LCH SA adopted these changes in an earlier version 8.4 of the Policy, which LCH SA is now amending and replacing with version 8.5. As part of this proposed rule change, LCH SA submitted the changes made in both versions 8.4 and 8.5.

[15] *See* Notice, 91 FR at 52358.

[16] For more information on LCH SA's Liquidity Risk Modeling Framework, *see* Self-Regulatory Organizations; LCH SA; Order Granting Approval of Proposed Rule Change Relating to Revisions to Its Liquidity Risk Modelling Framework. Exchange Act Release No. 103192 (June 4, 2025), 90 FR 24444 (June 10, 2025) (SR–LCH SA–2025–003).

[17] *See* Notice, 91 FR at 52358.

The proposal also would revise the description of LCH SA's liquidity requirements in Section 6.2. Specifically, the proposal would revise paragraph 16 to explain that the Operational Target measures LCH SA's operational liquidity requirements in a non-default situation.[18]

Section 6.4 describes how LCH SA assesses its liquidity position. Among other things, current Section 6.4 requires that LCH SA model the gross liquidity impact of the default of the two Clearing Member groups with the largest liquidity requirements. The proposal would clarify that this assessment must include both Clearing Members and providers of liquidity to LCH SA, but not central banks. Moreover, the proposal would clarify that in assessing its liquidity position, LCH SA includes the liquidity needs arising from its operations. LCH SA states that these amendments would align the Policy with the methodology and assumptions already contained in its Liquidity Risk Modeling Framework but would not otherwise change its methodology for assessing its liquidity position.[19]

Paragraph 26 of Section 6.4 currently requires that LCH SA to undertake due diligence on and/or test with each of its liquidity providers the availability of the relevant liquidity resources. The proposal would amend Paragraph 26 to clarify that LCH SA tests the availability of relevant liquidity resources with each liquidity provider under stressed market conditions.

Section 6.6.1 describes how LCH SA determines the size of its Liquidity Buffer. Here the proposal would add to paragraph 32 a more specific definition of Liquidity Buffer, which would mean the excess of liquid assets over liquidity obligations, determined using the same assumptions applied to when LCH SA determines its Liquidity Coverage Ratio. According to LCH SA, this definition reflects the existing calculation and implementation of the Liquidity Buffer currently and would not introduce methodological change.[20] The proposal also would add to paragraph 30 an explanation that the Liquidity Cover Ratio is computed in accordance with the general conditions set out in paragraph 22 of the Policy.[21]

LCH SA also proposes to reorganize Section 6.6 of the Policy. Provisions currently contained in Section 6.6.2 concerning the monitoring of liquidity resources would be moved to new Section 6.6.3, and Section 6.6.3 would be revised to take into consideration the minimum cash requirement, as discussed above.

As a result of the reorganization of Section 6.6, the Policy's ''General Repo Market Disruptions'' provisions would be redesignated as Section 6.6.2. These provisions describe additional scenarios considered in LCH SA's liquidity reverse stress-testing framework. The proposed amendments also would clarify that a central bank facility is included in the assumptions underlying those scenarios, including an assumed increase in central bank haircuts under stressed market conditions. LCH SA states that these amendments would not introduce a new liquidity facility or otherwise change the existing reverse stress-testing framework.[22]

Section 7 of the Policy describes the review cycle for the Policy. Currently, paragraph 67 provides that the appropriateness of the Policy relative to the LCH SA Board's defined risk appetite and regulatory requirements should be reviewed on an annual basis by LCH SA's Executive Risk Committee, with findings reported to the Board Risk Committee and Board. The proposal would add that changes to the appendices of the Policy need only be approved by the Executive Risk Committee, with notification to the Board Risk Committee. Currently, the Policy has two appendices, one describing LCH SA's process for intraday monitoring of liquidity and one describing the general regulatory requirements that apply to LCH SA. LCH SA believes a more streamlined approval process is appropriate for changes to these appendices given the appendices only support and provide additional detail for the requirements in the Policy.[23]

Finally, LCH SA also proposes to amend Appendix II of the Policy, which describes the general regulatory requirements that apply to LCH SA. Here the proposal would add a reference to a separate LCH SA procedure that governs LCH SA's review of non-committed funding arrangements. According to LCH SA, this amendment would identify the documentation governing such arrangements and would not establish a new funding arrangement or change the existing methodology.[24]

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act requires 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 the organization.[25] 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.'' [26]

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,[27] 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.[28] 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.[29]

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 LCH SA. More specifically, for the reasons given below, the Commission finds that the proposed rule change is consistent with Section

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[18] Generally, LCH SA values its operational liquidity requirements through determining its Operational Target, which represents the amount of liquidity LCH SA must hold to satisfy its liquidity needs arising from operational management in a stressed environment that does not lead to a Clearing Member's default. See Self-Regulatory Organizations; LCH SA; Order Granting Approval of Proposed Rule Change Relating to Revisions to Its Liquidity Risk Modelling Framework. Exchange Act Release No. 103192 (June 4, 2025), 90 FR 24444 (June 10, 2025) (SR–LCH SA–2025–003).

[19] *See* Notice, 91 FR at 52358.

[20] *See* Notice, 91 FR at 52359.

[21] The Liquidity Coverage Ratio is a ratio of available liquidity resources to liquidity needs. LCH SA uses the Liquidity Coverage Ratio to ensure it has enough liquid resources to meet liquidity needs in the case of the default of two Clearing Member groups with the largest liquidity requirements. *See* Self-Regulatory Organizations; LCH SA; Order Granting Approval of Proposed Rule Change Relating to Revisions to Its Liquidity Risk Modelling Framework. Securities Exchange Act Release No. 103192 (June 4, 2025), 90 FR 24444 (June 10, 2025) (SR–LCH SA–2025–003).

[22] *See* Notice, 91 FR at 52360.

[23] *See* Notice, 91 FR at 52360.

[24] *See* Notice, 91 FR at 52360.

[25] 15 U.S.C. 78s(b)(2)(C).

[26] Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

[27] *Id.*

[28] *Id.*

[29] *Susquehanna Int'l Group, LLP* v. *Securities and Exchange Commission,* 866 F.3d 442, 447 (D.C. Cir. 2017).

17A(b)(3)(F) of the Act,[30] and Rule 17ad–22(e)(7) under the Act.[31]

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 LCH SA be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions.[32]

As discussed above, the proposed rule change would require Clearing Members to maintain a minimum amount of cash as Collateral. LCH SA would determine the amount as a percentage of a Clearing Member's exposure or overall margin requirement. LCH SA would calculate the required amount each day and, as noted above, would not permit a withdrawal that would cause a Clearing Member's Cash Collateral to fall below the applicable minimum.

Absent a requirement for a minimum amount of cash collateral, Clearing Members could strive to meet their margin requirements through non-cash collateral, subject to any applicable haircuts and concentration limits. Reliance on non-cash collateral poses a liquidity risk, because LCH SA would need to liquidate the collateral when it needs cash to satisfy payment and settlement obligations. LCH SA's ability to liquidate non-cash collateral could be affected by market conditions, including stressed conditions in which liquidity may be limited or the value of collateral may change. On other hand, requiring a minimum amount of cash collateral could reduce LCH SA's liquidity risk, by providing LCH SA access to a minimum amount of cash that it could use to meet payment and settlement obligations without first liquidating non-cash collateral. By requiring Clearing Members to maintain a minimum amount of Cash Collateral, the proposal would help LCH SA to manage its liquidity risk and support LCH SA's ability to meet its obligations when due, furthering its ability promptly and accurately clear and settle securities transactions, both during business-as-usual operations and following a Clearing Member's default.

The withdrawal controls described above would further support this objective. LCH SA would assess each withdrawal request against the applicable minimum cash collateral requirement and prevent withdrawals that would result in a breach. Although LCH SA could permit an intraday withdrawal following a material reduction in a Clearing Member's exposure, LCH SA could do so only with the appropriate approvals and if the Clearing Member's remaining collateral continued to cover all applicable margin requirements. These controls would help ensure that LCH SA maintains sufficient immediately available liquidity while allowing Clearing Members to withdraw cash that is no longer necessary to support their exposures.

The proposed amendments to the Procedures would make other updates, as discussed above. These changes would consolidate provisions concerning collateral haircuts and foreign-exchange adjustments, centralize applicable withdrawal timelines on LCH SA's website, update the process for submitting withdrawal requests, and remove outdated terminology. By making the Procedures more consistent with LCH SA's existing collateral-management practices and operational arrangements, these amendments should reduce ambiguity and facilitate the timely and consistent processing of collateral transactions, thereby supporting LCH SA's ability to promptly and accurately clear and settle securities transactions.

Finally, as discussed above, the proposed amendments to the Policy would help to establish the basis for the minimum cash collateral requirement. The proposed amendments to the Policy also would make other updates, such as clarifying the resources included in LCH SA's liquidity framework; improving the descriptions of the Operational Target, Liquidity Coverage Ratio, and Liquidity Buffer; and better describing LCH SA's monitoring, assessment, and testing processes. The Policy would also clarify that LCH SA tests the availability of resources from its liquidity providers under stressed market conditions. Clearer and more comprehensive documentation should support LCH SA's ability to identify and respond to potential liquidity shortfalls and continue meeting its payment and settlement obligations, thereby supporting LCH SA's ability to promptly and accurately clear and settle securities transactions.

Accordingly, the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.[33]

B. Consistency With Rule 17ad–22(e)(7) Under the Act

Rule 17ad–22(e)(7) requires, among other things, a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity.[34]

The changes to the Policy are consistent with this requirement because they would help to establish the basis for the minimum cash collateral requirement. As discussed above, the proposal would require Clearing Members to maintain a minimum amount of cash collateral as part of the collateral supporting their margin obligations. The required amount would be calculated as a percentage of each Clearing Member's exposure or margin requirement, such that the minimum cash requirement would vary based on the size of the Clearing Member's obligations rather than impose a fixed amount.

LCH SA would calculate the minimum cash requirement at the end of each day and would permit a Clearing Member to withdraw only cash collateral exceeding the applicable minimum. LCH SA would also monitor cash withdrawals intraday and would not permit a withdrawal that would cause a Clearing Member's cash collateral to fall below the applicable minimum. Although LCH SA could permit an intraday withdrawal following a material reduction in a Clearing Member's exposure, LCH SA could do so only with the appropriate approvals and if the Clearing Member's remaining collateral continued to cover all applicable margin requirements.

Absent a requirement for a minimum amount of cash collateral, Clearing Members could satisfy their margin requirements through non-cash collateral, subject to applicable haircuts and concentration limits. Reliance on non-cash collateral poses a liquidity risk because LCH SA would need to liquidate such collateral when it needs cash to satisfy payment and settlement obligations. LCH SA's ability to liquidate non-cash collateral could be affected by market conditions, including stressed conditions in which liquidity may be limited or the value of collateral may change.

[30] 15 U.S.C. 78q–1(b)(3)(F).

[31] 17 CFR 240.17ad–22(e)(7).

[32] 15 U.S.C. 78q–1(b)(3)(F).

[33] 15 U.S.C. 78q–1(b)(3)(F).

[34] 17 CFR 240.17ad–22(e)(7).

Thus, by requiring Clearing Members to maintain a minimum amount of cash collateral and restricting withdrawals that would cause cash collateral to fall below the applicable minimum, the proposal would provide LCH SA access to a minimum amount of cash that it could use to meet payment and settlement obligations without first liquidating non-cash collateral. The proposed changes therefore would help LCH SA to manage its liquidity risk and support LCH SA's management of its settlement and funding flows and use of intraday liquidity, consistent with Rule 17ad–22(e)(7) under the Act.[35]

The proposed amendments to the Policy would also make other clarifications and updates, as discussed above. Clearer and more comprehensive documentation should support LCH SA's ability to use the Policy in measuring, monitoring, and managing its liquidity risk, consistent with Rule 17ad–22(e)(7) under the Act.[36]

Accordingly, the proposed rule change is consistent with the requirements Rule 17ad–22(e)(7) under the Act.[37]

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,[38] and Rule 17ad–22(e)(7) under the Act.[39]

It is therefore ordered pursuant to Section 19(b)(2) of the Act[40] that the proposed rule change (SR–LCH SA–2026–007) be, and hereby is, approved.[41]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[42]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19873 Filed 9–28–26; 8:45 am]

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[35] *Id.*

[36] *Id.*

[37] 17 CFR 240.17ad–22(e)(7).

[38] 15 U.S.C. 78q–1(b)(3)(F).

[39] 17 CFR 240.17ad–22(e)(7).

[40] 15 U.S.C. 78s(b)(2).

[41] 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).

[42] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106487; File No. SR–BOX–2026–19]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 5050 To Amend the Short Term Option Series Program With Respect to Qualifying Securities

September 24, 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 14, 2026, BOX Exchange LLC (''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to amend IM–5050–6 Short Term Option Series Program interpretive material to BOX Rule 5050 (Series of Options Contracts Open for Trading) with respect to Qualifying Securities. The text of the proposed rule change is available from the principal office of the Exchange and also on the Exchange's internet website at *https://rules.boxexchange.com/rulefilings.*

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects 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 the Short Term Options Series Program in IM–5050–6 to Rule 5050. Specifically, the Exchange proposes to amend the Qualifying Securities to: (1) permit the listing of up to two Tuesday and Thursday Expirations for options on certain Exchange-Traded Funds that meet the current criteria in addition to the existing Monday and Wednesday Expirations; and (2) permit the listing of up to two Monday and Wednesday Expirations for options on additional Exchange-Traded Fund Shares that meet new criteria. The Exchange also proposes to designate the Exchange-Traded Fund Shares that meet the current criteria in IM–5050–6 as ''Tier 1 Qualifying Securities'' and designate the Exchange-Traded Fund Shares that meet the proposed new set of criteria for Qualifying Securities that would only be permitted to trade up to two Monday and Wednesday Expirations, as ''Tier 2 Qualifying Securities.'' This proposed rule change is based on a similar proposal submitted by Nasdaq ISE, LLC (''ISE'') and approved by the Commission.[3]

Currently, as set forth in IM–5050–6, after an option class has been approved for listing and trading on the Exchange as a Short Term Option Series,[4] the Exchange may open for trading on any Thursday or Friday that is a business day (''Short Term Option Opening Date'') series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which standard expiration options series, Monthly Options Series, or

[3] *See* Securities Exchange Act Release No. 106100 (August 12, 2026), 91 FR 53286 (August 17, 2026) (Order Approving a Proposed Rule Change to Amend the Short Term Option Series Program Related to Qualifying Securities) (SR–ISE–2026–34).

[4] The term ''Short Term Option Series'' means a series in an option class that is approved for listing and trading on BOX in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday. *See* Rule 100(a)(66).

Quarterly Options Series expire (''Friday Short Term Option Expiration Dates''). The Exchange may have no more than a total of five Short Term Option Expiration Dates (''Short Term Option Weekly Expirations''). Further, if the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that Friday.

Additionally, the Exchange may open for trading series of options on the symbols provided in Table 1 of IM–5050–6 that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (''Short Term Option Daily Expirations'').[5] For those symbols listed in Table 1, the Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations, as applicable, at one time.

Further, the Exchange may open for trading series of options on the symbols provided in Table 2 of IM–5050–6 that expire on the close of business on each of the next two Mondays and Wednesdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (''Qualifying Securities''). For those symbols listed in Table 2, the Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday and Wednesday Expirations, at one time. Qualifying Securities may be eligible individual stocks or Exchange Traded Fund Shares that meet the following criteria on a quarterly basis: (1) an underlying security, as measured on the last day of the prior calendar quarter, must have: (A) a market capitalization of greater than 700 billion dollars for an individual stock based on the closing price,[6] or (B) Assets under Management (''AUM'') greater than 50 billion dollars for an Exchange-Traded Fund Share based on net asset value (''NAV''); (2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options; (3) a position limit of at least 250,000 contracts; and (4) participate in the Penny Interval Program.

Each calendar quarter, the Exchange will apply the above criteria to individual stocks and Exchange-Traded Fund Shares to determine eligibility for the following quarter as a Qualifying Security. Beginning on the second trading day in the first month of each calendar quarter, the market capitalization of individual stocks shall be calculated based on the closing price established on the primary exchange on the last trading day of the prior calendar quarter and the AUM for Exchange-Traded Fund Shares shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. The data establishing the volume thresholds will be established by using data from the last month of the prior calendar quarter from The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of the quarter prior to that trading calendar quarter.[7] The Exchange will make the list of Qualifying Securities available by the close of business on the first trading day of the quarter.[8]

Eligible Qualifying Securities would be permitted to list two Short Term Option Expiration Dates beyond the current week for each Monday and Wednesday expiration at one time. For Qualifying Securities, the Exchange would not list an expiry on a day when there will be an Earnings Announcement that takes place after market close.[9] Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday expiries beginning on the second day of the following quarter.

Proposal

At this time, the Exchange proposes to amend the listing and trading of Qualifying Securities to: (1) permit the listing of up to two Tuesday and Thursday Expirations for options on certain Exchange-Traded Funds that meet the current criteria in addition to the existing Monday and Wednesday Expirations; and (2) permit the listing of up to two Monday and Wednesday Expirations for options on additional Exchange-Traded Fund Shares that meet new additional criteria. As noted above, the Exchange proposes to designate the Exchange-Traded Fund Shares that meet the current criteria in IM–5050–6 as ''Tier 1 Qualifying Securities'' and designate the Exchange-Traded Fund Shares that meet the proposed new set of criteria for Qualifying Securities that would only be permitted to trade up to two Monday and Wednesday Expirations, as ''Tier 2 Qualifying Securities.''

Expansion of Exchange-Traded Fund Shares Qualifying Securities

In January 2026, the Exchange filed to permit the listing of Qualifying Securities, and the filing was noticed for immediate effectiveness.[10] The Exchange began listing Qualifying Securities on January 26, 2026 on Tesla, Inc. (TSLA); NVIDIA Corporation (NVDA); Apple Inc. (AAPL); iShares Bitcoin Trust ETF (IBIT); Amazon.com, Inc. (AMZN); Meta Platforms, Inc. (META); Broadcom Inc. (AVGO); Alphabet, Inc. (GOOGL); and Microsoft Corporation (MSFT).[11] These securities continued to trade in the second calendar quarter of 2026.[12] Based on the required review, the Exchange changed the list by removing IBIT, and adding Advanced Micro Devices, Inc. (AMD), Intel Corporation (INTC), Micron Technology, Inc. (MU), VanEck Semiconductor ETF (SMH), and Financial Select Sector SPDR Fund

[5] As set forth in Table 1 of IM–5050–6, the Exchange currently permits expirations in SPY, IWM, QQQ on Mondays, Tuesdays, Wednesdays and Thursdays. Also, the Exchange permits expirations in GLD, SLV and TLT on Mondays and Wednesdays. Finally, the Exchange permits expirations in USO and UNG on Wednesdays.

[6] The closing price and the opening price shall be that of the primary exchange where the security is listed.

[7] OCC data becomes available for the end of a quarter on the first trading day of a new quarter.

[8] The Exchange makes this information available on its website.

[9] With respect to individual stock options, the Exchange does not list an expiry on a day when there will be an Earnings Announcement that takes place after market close with respect to individual stock to avoid permitting an additional expiry on a day where post-close price volatility may be impacted due to the Earnings Announcement. Pursuant to IM–5050–6, an Earnings Announcement shall include official public quarterly or yearly earnings filed with the Securities and Exchange Commission.

[10] *See* Securities Exchange Act Release No. 104694 (January 27, 2026), 91 FR 4130 (January 30, 2026) (SR–BOX–2026–02) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend BOX Rule 5050 (Series of Options Contracts Open for Trading) to Permit the Listing of up to Two Monday and Wednesday Expirations for Options on Certain Individual Stocks or . . .).

[11] *See* Notice-2026-005-New-Short-Term-Option-Series.pdf.

[12] *See* Notice-2026-026-New-Short-Term-Option-Series-1.pdf.

(XLF) to the list of securities qualifying for the program in the third calendar quarter of 2026.[13]

Tier 1 Expansion

At this time, the Exchange proposes to permit the listing and trading of Qualifying Securities on Exchange-Traded Fund Shares that meet the current criteria in IM–5050–6 to list up to two Tuesday and Thursday Expirations in addition to the existing Monday and Wednesday Expirations and redesignate them as Tier 1 Qualifying Securities.

The proposed Tuesday Qualifying Securities expirations on Exchange-Traded Fund Shares for Tier 1 Qualifying Securities will be similar to the current Tuesday Expirations in SPDR S&P 500 ETF Trust (''SPY''), Invesco QQQ Trust (''QQQ''), and iShares Russell 2000 ETF (''IWM'') in Short Term Option Daily Expirations set forth in IM–5050–6, such that the Exchange may open for trading on any Monday or Tuesday that is a business day series of options on the symbols provided in Table 1 and Table 2 that expire at the close of business on each of the next two Tuesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (''Tuesday Short Term Option Expiration Date'').[14] In the event Tier 1 Qualifying Securities expire on a Tuesday and that Tuesday is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week's listing and instead list the following week; the two weeks would therefore not be consecutive. Today, Tuesday Expirations in SPY, QQQ, and IWM similarly skip the weekly listing in the event the weekly listing expires on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series.

The proposed Thursday Qualifying Securities expirations on Exchange-Traded Fund Shares for Tier 1 Qualifying Securities will be similar to the current Thursday SPY, QQQ, and IWM in Short Term Option Daily Expirations set forth in IM–5050–6, such that the Exchange may open for trading on any Wednesday or Thursday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Thursdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (''Thursday Short Term Option Expiration Date'').[15] In the event Tier 1 Qualifying Securities expire on a Thursday and that Thursday is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week's listing and instead list the following week; the two weeks would therefore not be consecutive. Today, Thursday Expirations in SPY, QQQ, and IWM similarly skip the weekly listing in the event the weekly listing expires on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series.

The interval between strike prices for the proposed Tuesday and Thursday Tier 1 Qualifying Securities Expirations will be the same as those currently applicable for SPY, QQQ, and IWM Tuesday and Thursday Expirations (among other symbols that may list a Tuesday or Thursday Expiration) in the Short Term Option Series Program.[16] Specifically, the Tuesday and Thursday Tier 1 Qualifying Securities Expirations will have a strike interval of (i) $0.50 or greater for strike prices below $100, and $1 or greater for strike prices between $100 and $150 for all option classes that participate in the Short Term Option Series Program, (ii) $0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program, or (iii) $2.50 or greater for strike prices above $150.[17] As is the case with other equity options series listed pursuant to the Short Term Option Series Program, Tuesday and Thursday Tier 1 Qualifying Securities Expirations series will be P.M.-settled.

Pursuant to Rule 100, with respect to the Short Term Option Series Program, if a Tuesday is not a business day, the series shall expire on the first business day immediately prior to that Tuesday, *e.g.,* Monday of that week if the Tuesday is not a business day. Also, pursuant to Rule 100, with respect to the Short Term Options Series Program, a Thursday expiration series shall expire on the first business day immediately prior to that Thursday, *e.g.,* Wednesday of that week if the Thursday is not a business day.

Currently, for each option class eligible for participation in the Short Term Option Series Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.[18] The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective weekly rules; the Exchange may list these additional series that are listed by other options exchanges.[19] With the proposed changes, this thirty (30) series restriction would apply to Tuesday and Thursday Tier 1 Qualifying Securities Expirations as well. In addition, the Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list Tuesday and Thursday Tier 1 Qualifying Securities Expirations.

With this proposal, Tuesday and Thursday Tier 1 Qualifying Securities Expirations would be treated similar to existing SPY, QQQ, and IWM Tuesday and Thursday Expirations. With respect to standard expiration option series, Tuesday and Thursday Tier 1 Qualifying Securities Expirations will be permitted to expire in the same week in which standard expiration option series on the same class expire.[20] Not listing Tier 1 Qualifying Securities Tuesday and Thursday Qualifying Securities Expirations for one week every month because there was a standard options series on that same class on the Friday of that week would create investor confusion.

Further, as with SPY, QQQ, and IWM Tuesday and Thursday Expirations, the Exchange would not permit Tuesday and Thursday Tier 1 Qualifying Securities Expirations to expire on a business day in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire.[21] Therefore, all Tuesday or Thursday Tier 1 Qualifying Securities Expirations would expire at the close of business on each of the next two Tuesdays and Thursdays, respectively, that are business days and are not business days in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire. The Exchange believes that it is reasonable to not permit two expirations on the same day in which a standard expiration option series, Monthly Options Series, a Quarterly Options Series would expire because

[13] *See* Notice-2026-064-New-Short-Term-Option-Series.pdf. The Exchange notes that the ticker for Advanced Micro Devices, Inc. in this Notice should be AMD.

[14] They may also trade on Fridays, as is the case for all options series in the Short Term Option Series Program.

[15] *Id.*

[16] *See* IM–5050–6(b).

[17] *Id.*

[18] *See* IM–5050–6(b)(1).

[19] *Id.*

[20] *See* IM–5050–6(b)(2).

[21] *Id.*

those options would be duplicative of each other.

The Exchange does not believe that any market disruptions will be encountered with the introduction of Tuesday or Thursday Tier 1 Qualifying Securities Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols [22] and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols.[23] The Exchange believes that it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Tuesday or Thursday Tier 1 Qualifying Securities Expirations.

Tier 2 Expansion

The Exchange also proposes to permit the listing of up to two Monday and Wednesday Expirations for options on additional Exchange-Traded Fund Shares that meet new additional criteria as Qualifying Securities. The Exchange proposes a different set of criteria for Qualifying Securities that are Exchange-Traded Funds that would only be permitted to trade up to two Monday and Wednesday Expirations as follows: an underlying security, as measured on the last day of the prior calendar quarter, must have: AUM greater than 25 billion dollars for an Exchange-Traded Fund Share based on NAV,[24] and monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 5 million options; a position limit of at least 250,000 contracts; [25] and participate in the Penny Interval Program (''Tier 2 Qualifying Securities'').

As with any Qualifying Security, each calendar quarter, the Exchange will apply the above criteria to the proposed new Tier 2 Qualifying Securities to determine eligibility for the following quarter as a Qualifying Security. Beginning on the second trading day in the first month of each calendar quarter, the AUM for Exchange-Traded Fund Shares that are Tier 2 Qualifying Securities shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. As is the case for all Qualifying Securities, the data establishing the volume thresholds will be established by using data from the last month of the prior calendar quarter from OCC. For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of the quarter prior to that calendar quarter.[26] The Exchange will make the list of Qualifying Securities available by close of business on the first trading day of the quarter.[27]

Eligible Qualifying Securities for the proposed Tier 2 Qualifying Securities would be permitted to list two Short Term Option Expiration Dates beyond the current week for each Monday and Wednesday Expirations at one time. Tier 2 Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday Expirations beginning on the second day of the following quarter.[28]

The proposed Monday Tier 2 Qualifying Securities Expirations will be similar to the Monday Expirations for the existing Qualifying Securities (among other symbols that may list a Monday Expiration) in Short Term Option Daily Expirations set forth in IM–5050–6 such that the Exchange may open for trading on any Friday or Monday that is a business day (beyond the current week) series of options on Tier 2 Qualifying Securities to expire on any Monday of the month that is a business day and is not a Monday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire, provided that Monday expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration (''Monday Qualifying Securities Expirations'').[29] In the event Tier 2 Qualifying Securities would expire on a Monday and that Monday is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week's listing and instead list the following week; the two weeks of Monday Qualifying Securities Expirations would therefore not be consecutive. Today, Monday expirations in existing Qualifying Securities similarly skip the weekly listing in the event the weekly listing would expire on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series.

The proposed Wednesday Tier 2 Qualifying Securities expirations will be similar to the current Wednesday Expirations for the existing Qualifying Securities (among other symbols that may list a Wednesday Expiration) in Short Term Option Daily Expirations set forth in IM–5050–6, such that the Exchange may open for trading on any Tuesday or Wednesday that is a business day (beyond the current week) series of options on Tier 2 Qualifying Securities to expire on any Wednesday of the month that is a business day and is not a Wednesday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (''Wednesday Qualifying Securities Expirations'').[30] In the event Tier 2 Qualifying Securities would expire on a Wednesday and that Wednesday is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week's listing and instead list the following week; the two weeks of Wednesday Qualifying Securities Expirations would therefore not be consecutive. Today, Wednesday Expirations in existing Qualifying Securities similarly skip the weekly listing in the event the weekly listing would expire on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series.

The interval between strike prices for the proposed Monday and Wednesday Tier 2 Qualifying Securities Expirations will be the same as those currently applicable to Monday and Wednesday Expirations in existing Qualifying Securities (among other symbols that may list a Monday or Wednesday Expiration) in the Short Term Option Series Program.[31] Specifically, the Monday and Wednesday Tier 2 Qualifying Securities Expirations for the proposed new Exchange-Traded Fund Shares will have a strike interval of (i) $0.50 or greater for strike prices below $100, and $1 or greater for strike prices between $100 and $150 for all option classes that participate in the Short

[22] *See supra* note 5.

[23] *Id.*

[24] Currently, Exchange-Traded Fund Shares that are Qualifying Securities must have an AUM greater than 50 billion dollars based on NAV.

[25] Currently, Exchange-Traded Fund Shares that are Qualifying Securities must have a monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options.

[26] OCC data becomes available for the end of a quarter on the first trading day of a new quarter.

[27] The Exchange will continue to make this information available on its website.

[28] The Exchange has noted the additional expirations in Table 2 of IM–5050–6 along with the criteria for a Qualifying Security for the proposed Tier 2 Qualifying Securities.

[29] They may also trade on Fridays, as is the case for all options series in the Short Term Option Series Program.

[30] *Id.*

[31] *See* IM–5050–6(b).

Term Option Series Program, (ii) $0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program, or (iii) $2.50 or greater for strike prices above $150.[32] As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Monday and Wednesday Tier 2 Qualifying Securities Expirations series will be P.M.-settled.

As noted above, pursuant to Rule 100, with respect to the Short Term Option Series Program, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday. Also, pursuant to Rule 100, with respect to the Short Term Options Series Program, a Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, *e.g.,* Tuesday of that week if the Wednesday is not a business day.

As noted above, currently, for each option class eligible for participation in the Short Term Option Series Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.[33] The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective weekly rules; the Exchange may list these additional series that are listed by other options exchanges.[34] With the proposed changes, this thirty (30) series restriction would apply to Monday and Wednesday Tier 2 Qualifying Securities Expirations as well. In addition, the Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list Monday and Wednesday Tier 2 Qualifying Securities Expirations.

With this proposal, Monday and Wednesday Tier 2 Qualifying Securities Expirations would be treated similar to existing Monday and Wednesday Qualifying Securities Expirations. With respect to standard expiration option series, Monday and Wednesday Tier 2 Qualifying Securities Expirations will be permitted to expire in the same week in which standard expiration option series on the same class expire.[35] Not listing Monday and Wednesday Tier 2 Qualifying Securities Expirations for one week every month because there was a standard options series on that same class on the Friday of that week would create investor confusion.

Further, as with existing Monday and Wednesday Qualifying Security Expirations, the Exchange would not permit Monday and Wednesday Tier 2 Qualifying Securities Expirations to expire on a business day in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire.[36] Therefore, all Monday and Wednesday Tier 2 Qualifying Securities Expirations would expire at the close of business on each of the next two Mondays and Wednesdays, respectively, that are business days and are not business days in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire. The Exchange believes that it is reasonable to not permit two expirations for the proposed Tier 2 Qualifying Securities on the same day in which a standard expiration option series, Monthly Options Series, or a Quarterly Options Series would expire because those options would be duplicative of each other.

The Exchange does not believe that any market disruptions will be encountered with the introduction of Monday and Wednesday Tier 2 Qualifying Securities Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols[37] and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols.[38] The Exchange believes that it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday and Wednesday Tier 2 Qualifying Securities Expirations.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the ''Act''),[39] in general, and Section 6(b)(5) of the Act,[40] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The proposal to permit Tuesday and Thursday Tier 1 Qualifying Securities Expirations and Monday and Wednesday Tier 2 Qualifying Security Expirations, subject to the proposed limitation of two expirations beyond the current week, would protect investors and the public interest by providing the investing public and other market participants more choice and flexibility to closely tailor their investment and hedging decisions in these options and allow for a reduced premium cost of buying portfolio protection, thus allowing them to better manage their risk exposure.

The Exchange believes that the proposed criteria for Tier 1 Qualifying Securities requires Exchange-Traded Fund Shares to be highly liquid. An AUM of 50 billion dollars for an Exchange-Traded Fund Share, in conjunction with the monthly options volume requirement of greater than 10 million options as measured by sides traded in the last month preceding the quarter end, is very restrictive. This requirement represents substantially less than 1% of Exchange-Traded Fund Shares. Therefore, an Exchange-Traded Fund Share that meets aforementioned market capitalization and volume requirements is highly liquid and could be viewed as a stable security.

Further, with respect to the Tier 2 Qualifying Securities, which have a lower AUM of 25 billion dollars and monthly options volume as measured by sides traded in the last month preceding the quarter end, of greater than 5 million options for an Exchange-Traded Fund Share, the Exchange believes that despite the lower criteria, these Exchange-Traded Fund Shares represent highly liquid securities. This requirement also represents substantially less than 1% of Exchange-Traded Fund Shares. Therefore, an Exchange-Traded Fund Share that meets the aforementioned market capitalization and volume requirements would also be highly liquid and could be viewed as a stable security.

The Exchange notes that with respect to position limits, Rule 3120(d)(5) provides, that ''[t]o be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totaled at least seventy-five (75) million shares and the underlying security must

[32] *Id.*

[33] *See* IM–5050–6(b)(1).

[34] *Id.*

[35] *See* IM–5050–6(b)(2).

[36] *Id.*

[37] *See supra* note 5.

[38] *Id.*

[39] 15 U.S.C. 78f(b).

[40] 15 U.S.C. 78f(b)(5).

have at least 300 million shares currently outstanding.'' The 250,000 contract position limit is the highest position limit by Exchange rules, with the exception of securities enumerated in IM–3120–2. Options that qualify for the 250,000 position (and exercise) limit are highly liquid securities that have met the stringent requirements noted in Rule 3120(d)(5) to qualify for the highest position limit.

Finally, a Qualifying Security must participate in the Penny Interval Program. In order to qualify for the Penny Interval Program, an options class must be among the 300 most actively traded multiply listed option classes overlying securities priced below $200.[41] The most actively traded options classes are included in the Penny Interval Program based on certain objective criteria (trading volume thresholds and initial price tests). The improvement in price transparency brought about by the existing Monday and Wednesday Qualifying Security Expirations offers Market Makers and investors better volatility pricing which will inform trading on the related products to these Exchange-Traded Fund Shares. The Exchange believes that the proposed criteria for Tier 1 Qualifying Securities is consistent with the protection of investors and the general public because the criteria targets the most liquid Exchange-Traded Fund Shares. The addition of Tuesday and Thursday Qualifying Security Expirations would further provide Market Makers and investors with volatility pricing clarity. Further, the expansion of the Qualifying Securities program for Tier 2 would engender the same benefits to a select few additional Exchange-Traded Fund Shares.

Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday, Tuesday, Wednesday, and Thursday expiries in the following quarter, although the Qualifying Security would potentially have two weeks of strikes already listed which will persist. These remaining listings could continue to be traded until they expire.

With this proposal, overall, the Exchange would add a small number of additional Tuesday and Thursday Tier 1 Qualifying Security Expirations and new Monday and Wednesday Tier 2 Qualifying Securities and would continue to limit the addition of two Monday, Tuesday, Wednesday, and Thursday expirations beyond the current week. These additional Monday, Tuesday, Wednesday and Thursday Tier 1 and Tier 2 Qualifying Security Expirations would remove impediments to and perfect the mechanism of a free and open market by encouraging Market Makers to continue to deploy capital more efficiently and improve displayed market quality. The Exchange believes that the proposal will allow Participants to expand hedging tools and tailor their investment and hedging needs more effectively in Qualifying Securities as these funds are most likely to be utilized by market participants to hedge the underlying asset classes.

Similar to SPY, QQQ, and IWM the additional Tuesday and Thursday Tier 1 Qualifying Securities, as well as the new Monday and Wednesday Expirations for Tier 2 Qualifying Securities, are consistent with the Act as they will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Tier 1 and Tier 2 Qualifying Security Expirations will allow market participants to purchase options on Qualifying Securities based on their timing as needed and allow them to tailor their investment and hedging needs more effectively, thus allowing them to better manage their risk exposure.

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that the proposed Tier 1 and Tier 2 Qualifying Security Expirations (Monday, Tuesday, Wednesday and Thursday) should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series Program has expanded the landscape of hedging.

There are no material differences in the treatment of SPY, QQQ and IWM Tuesday and Thursday Qualifying Security Expirations compared to the proposed Tuesday and Thursday Tier 1 Qualifying Security Expirations. Further, there are no material differences in the treatment of current Qualifying Securities that will qualify as Tier 1 Monday and Wednesday Expirations compared to the proposed Monday and Wednesday Tier 2 Qualifying Security Expirations.

Additionally, market participants that elect to utilize options receive a copy of the Options Disclosure Document which explains the risks inherent in options trading. Also, broker dealers must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer.[42] Suitability rules are intended to distinguish the trading of customers with those of professional traders who are likely to have distinct risk/reward profiles, risk tolerance and capital. Regardless of whether the account is self-directed or options are being recommended, broker-dealers must perform due diligence on the customer and collect information about the customer to support a determination that options trading is appropriate for the customer. Options accounts are subject to specific supervisory reviews, including, among others, reviewing the compatibility of options transactions with investment objectives and with the types of transactions for which the account was approved, and are subject to other FINRA rules that apply when opening customer accounts, including among others, customer identification requirements under anti-money laundering rules.[43] Therefore, the Exchange does not believe that listing of up to two Monday and Wednesday Expirations for options on certain individual stocks or Exchange-Traded Fund Shares is inconsistent with the Act.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in the proposed option expirations, in the same way that it monitors trading in the current Qualifying Security expirations. The Exchange also represents that it has the necessary system capacity to support the new expirations. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of these option expirations. As discussed above, the Exchange believes that its proposal is a modest expansion of weekly expiration dates for Qualifying Security Expirations given that it will be limited to two expirations beyond the current week.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to a filing submitted by ISE that was recently approved by the Commission.[44]

[41] *See* Rule 7260(c).

[42] *See* FINRA Rule 2111.

[43] *See https://www.finra.org/rules-guidance/notices/21-15.*

[44] *See supra* note 3.

While the proposal will expand the Short Term Options Expirations to allow Tuesday and Thursday Tier 1 Qualifying Securities for Exchange-Traded Funds to be listed in addition to Monday and Wednesday Qualifying Securities, the Exchange believes that this limited expansion for Tuesday and Thursday Tier 1 Qualifying Securities for Exchange-Traded Funds will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange would uniformly apply the Qualifying Security criteria to options in individual stocks and Exchange-Traded Fund Shares. The Exchange believes that Participants will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in the Qualifying Securities.

Similar to SPY, QQQ and IWM Tuesday and Thursday Expirations, the introduction of Tuesday and Thursday Expirations for Tier 1 Qualifying Security Expirations on Exchange Traded Fund Shares does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand the hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Tuesday and Thursday Tier 1 Qualifying Security Expirations will allow market participants to purchase options on Exchange-Traded Fund Shares based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

The Exchange does not believe the proposal will impose any burden on intermarket competition, as nothing prevents other options exchanges from proposing similar rules to list and trade Tuesday and Thursday Tier 1 Qualifying Security Expirations on Exchange-Traded Fund Shares. Further, the Exchange does not believe the proposal will impose any burden on intra market competition, as all market participants will be treated in the same manner under this proposal.

With respect to the proposed expansion of Monday and Wednesday Expirations for Tier 2 Qualifying Securities that are Exchange-Traded Fund Shares, in addition to the current Monday and Wednesday Qualifying Securities, the Exchange believes that this limited expansion will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange would uniformly continue to apply the Qualifying Security criteria to options in individual stocks and Exchange-Traded Fund Shares that are Tier 1 and Tier 2 Qualifying Securities. The Exchange believes that Participants will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in the Qualifying Securities.

Similar to Monday and Wednesday Expirations for Qualifying Securities for Exchange Traded Funds, the introduction of Monday and Wednesday Expirations for Tier 2 Qualifying Securities that are Exchange-Traded Fund Shares does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand the hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday and Wednesday Expirations for Tier 2 Qualifying Securities will allow market participants to purchase options on Exchange-Traded Fund Shares that meet the criteria based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

The Exchange does not believe the proposal will impose any burden on intermarket competition, as nothing prevents other options exchanges from proposing similar rules to list and trade Monday and Wednesday Expirations for Tier 2 Qualifying Securities that are Exchange Traded Fund Shares. Further, the Exchange does not believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this proposal.

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

The Exchange has neither solicited nor received 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act [45] and Rule 19b–4(f)(6) thereunder.[46]

A proposed rule change filed under Rule 19b–4(f)(6) [47] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b4(f)(6)(iii),[48] 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 immediately upon filing. According to the Exchange, waiver of the operative delay would allow the Exchange to compete with at least one other exchange that has approval to list and trade the same option series.[49] The Commission believes that the proposed rule change presents no novel issues and that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.[50]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or

[45] 15 U.S.C. 78s(b)(3)(A)(iii).

[46] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[47] *See id.*

[48] 17 CFR 240.19b–4(f)(6)(iii).

[49] *See supra* note 3.

[50] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

• Send an email to *rule-comments@sec.gov.* Please include file number SR–BOX–2026–19 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–BOX–2026–19. 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–BOX–2026–19 and should be submitted on or before October 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[51]

Sherry R. Haywood,

Assistant Secretary.

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BILLING CODE 8011–01–P

[51] 17 CFR 200.30–3(a)(12), (59).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106484]

Notice of Intention To Cancel Registration of Certain Municipal Advisors Pursuant to Section 15b(c)(3) of the Securities Exchange Act of 1934

September 24, 2026.

Notice is given that the Securities and Exchange Commission (the ''Commission'') intends to issue an order or orders, pursuant to Section 15B(c)(3) of the Securities Exchange Act of 1934 (the ''Act''), cancelling the registrations of the municipal advisors whose names appear in Appendix A (hereinafter referred to as the ''Registrants'').

Section 15B(c)(3) of the Act provides, in pertinent part, that if the Commission finds that any municipal advisor registered under Section 15B is no longer in existence or has ceased to do business as a municipal advisor, the Commission, by order, shall cancel the registration of such municipal advisor.

The Commission finds that each Registrant listed in Appendix A:

(i) has not filed any municipal advisor form submissions with the Commission through the Commission's Electronic Data Gathering and Retrieval (''EDGAR'') system since May 24, 2021 (including but not limited to the annual amendments (form MA–A) required by 17 CFR 240.15Ba1–5(a)(1)); and/or

(ii) based on information available from the Municipal Securities Rulemaking Board (the ''MSRB''), (a) is not registered as a municipal advisor with the MSRB under MSRB Rule A–12(a) and/or (b) does not have an associated person who is qualified as a municipal advisor representative under MSRB Rule G–3(d) and for whom there is a Form MA–I required by 17 CFR 240.15Ba1–2(b) available on EDGAR, and/or (c) has not, since February 2022, filed with the MSRB any Form A–12 annual affirmation as required by MSRB Rule A–12(k); and/or withdrew its registration from the MSRB without first withdrawing its registration from the Commission.

Accordingly, the Commission finds that each of the Registrants listed in Appendix A either is no longer in existence or has ceased to do business as a municipal advisor.

Notice is also given that any interested person may, by October 20, 2026, at 5:30 p.m. Eastern Time, submit to the Commission in writing a request for a hearing on the cancellation of the registration of any Registrant listed in Appendix A, accompanied by a statement as to the nature of such person's interest, the reason for such request, and the issues, if any, of fact or law proposed to be controverted, and such person may request to be notified if the Commission should order a hearing thereon. Any such communication should be addressed to the Commission's Secretary at the address below. All comments or requests received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

At any time after October 20, 2026, the Commission may issue an order or orders cancelling the registrations of any or all of the Registrants listed in Appendix A, upon the basis of the information stated above, unless an order or orders for a hearing on the cancellation shall be issued upon request or upon the Commission's own motion. Persons who requested a hearing, or to be advised as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof. Any Registrant whose registration is cancelled under delegated authority may appeal that decision directly to the Commission in accordance with Rules 430 and 431 of the Commission's rules of practice (17 CFR 201.430 and 431).

ADDRESSES: Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

FOR FURTHER INFORMATION CONTACT: Christopher Halm, Senior Counsel, Office of Municipal Securities, 100 F Street NE, Washington, DC 20549, or at (202) 551–5680.

For the Commission, by the Office of Municipal Securities, pursuant to delegated authority.[1]

Sherry R. Haywood,

Assistant Secretary.

Appendix:

Registrant name	SEC ID No.
ESTRADA HINOJOSA & COMPANY, INC	867–00459
KANE, MCKENNA CAPITAL, INC	867–00718
Torain Group	867–02137

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BILLING CODE 8011–01–P

[1] 17 CFR 200.30–3a(a)(1)(ii).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106481; File No. SR–CBOE–2026–077]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Cboe Bitcoin U.S. ETF Index Options (''CBTX'') and Cboe Mini Bitcoin U.S. ETF Index Options (''MBTX'') Standard Transaction Fees

September 24, 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 September 15, 2026, Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

[2] 17 CFR 240.19b–4.

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

Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') proposes to amend Cboe Bitcoin U.S. ETF Index options (''CBTX'') and Cboe Mini Bitcoin U.S. ETF Index options (''MBTX'') standard transaction fees. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission's website (*https://www.sec.gov/rules/sro.shtml*), the Exchange's website (*https://www.cboe.com/us/options/regulation/rule_filings/cone/*), and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend its Fees Schedule.[3]

CBTX

The Exchange proposes to amend and adopt certain fees related to transactions in CBTX. Specifically, the proposed rule change amends and adopts certain fees for CBTX in the Rate Table for All Products Excluding Underlying Symbol List A, as follows:

- Amends fee code B2, currently appended to all Market-Maker (capacity ''M''), Clearing TPHs (capacity ''F''), Non-Clearing TPH Affiliates (capacity ''L''), Broker-Dealer (capacity ''B''), Joint Back-Office (capacity ''J''), Non-TPH Market-Maker (capacity ''N''), and Professional (capacity ''U'') (collectively, ''Non-Customer'') orders in CBTX and assesses a fee of $1.00 per contract, to apply to all Non-Customer orders in CBTX that are executed manually (*i.e.,* open outcry).[4]
- Adopts fee code B3, appended to all Non-Customer orders in CBTX contra to non-customers that remove liquidity and that are executed electronically and assesses a fee of $1.50 per contract.
- Adopts fee code B4, appended to all Market-Maker (capacity ''M'') orders in CBTX contra to non-customers that add liquidity and that are executed electronically and provides a rebate of $0.75 per contract.
- Adopts fee code B5, appended to all electronically executed Non-Customer orders in CBTX contra to customers and all electronically executed Non-Customer, Non-Market Maker orders in CBTX contra to non-customers that add liquidity, and assesses a fee of $1.00 per contract.[5]

MBTX

The Exchange proposes to amend and adopt certain fees related to transactions in MBTX. Specifically, the proposed rule change amends and adopts certain fees for MBTX in the Rate Table for All Products Excluding Underlying Symbol List A, as follows:

- Amends fee code M2, currently appended to all Non-Customer orders in CBTX and assesses a fee of $0.50 per contract, to apply to all Non-Customer orders in MBTX that are executed manually (*i.e.,* open outcry).[6]
- Adopts fee code M3, appended to all Non-Customer orders in MBTX contra to non-customers that remove liquidity and that are executed electronically and assesses a fee of $1.00 per contract.
- Adopts fee code M4, appended to all Market-Maker (capacity ''M'') orders in MBTX contra to non-customers that add liquidity and that are executed electronically and provides a rebate of $0.50 per contract.
- Adopts fee code M5, appended to all electronically executed Non-Customer orders in MBTX contra to customers and all electronically executed Non-Customer, Non-Market Maker orders in MBTX contra to non-customers that add liquidity, and assesses a fee of $0.50 per contract.[7]

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the ''Act'') and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[8] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[9] 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)[10] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[11] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its

[3] The Exchange initially filed the proposed fee change, among other changes, on April 1, 2026 (SR–CBOE–2026–031). On May 29, 2026, the Exchange withdrew that filing and submitted SR–CBOE–2026–051. On July 20, 2026, the Exchange withdrew that filing and submitted this proposal. On September 15, 2026, the Exchange withdrew that filing and submitted this proposal. The Exchange intends to withdraw this filing on October 1, 2026, as of which date MBTX and CBTX transaction fees will revert back to the rates that were effective as of March 31, 2026. The Exchange notes that subsequent to SR–CBOE–2026–031 and SR–CBOE–2026–051, the Exchange amended its Fees Schedule to make changes in connection with the fees related to certain orders executed in Automated Improvement Mechanism (''AIM'') Auctions, to amend the Customer Volume Incentive Program and Affiliated Volume Plan, to amend the fee structure related to DJX and RUT FLEX Micro orders, to eliminate references to MSCI Index Products, to adopt certain standard transaction fees in connection with binary options that overlie the Mini-S&P 500 Index (''XSP binary options'') and exclude XSP binary options from certain fees programs; such changes are incorporated into Exhibit 5 to this filing, as applicable.

[4] For avoidance of doubt, there are no practical changes to fee rates assessed for Non-Customer orders in CBTX that are executed manually as a result of the proposed rule change.

[5] For avoidance of doubt, there are no practical changes to fee rates assessed for electronically executed Non-Customer orders in CBTX contra to customers and electronically executed Non-Customer, Non-Market Maker orders in CBTX contra to non-customers that add liquidity as a result of the proposed rule change.

[6] For avoidance of doubt, there are no practical changes to fee rates assessed for Non-Customer orders in MBTX that are executed manually as a result of the proposed rule change.

[7] For avoidance of doubt, there are no practical changes to fee rates assessed for electronically executed Non-Customer orders in MBTX contra to customers and electronically executed Non-Customer, Non-Market Maker orders in MBTX contra to non-customers that add liquidity as a result of the proposed rule change.

[8] 15 U.S.C. 78f(b).

[9] 15 U.S.C. 78f(b)(5).

[10] *Id.*

[11] 15 U.S.C. 78f(b)(4).

TPHs and other persons using its facilities.

The Exchange believes that the proposal to amend fee codes for transactions in CBTX and MBTX is reasonable, equitable and not unfairly discriminatory. The proposed changes differentiate rates based on capacity, execution method, capacity of contra-party, and whether the order adds or removes liquidity. The Exchange notes that it is not novel to charge different fees for different market participants based such on these differences and notes that options exchanges have routinely recognized such differences in their fee schedules.[12] Moreover, the Exchange believes that it is reasonable to assess lower fees for MBTX options orders (as compared to CBTX options orders), because of the relation between CBTX options and MBTX options, wherein MBTX options overlie an index with 1/10th the value of the index that underlies CBTX options.

The Exchange believes the proposed rebate for Market-Maker orders in CBTX and MBTX that add liquidity contra a non-customer, and the corresponding fee assessed on non-customer orders that remove liquidity contra a non-customer in those products are reasonable, equitably allocated, and not unfairly discriminatory. Market-Makers on the Exchange are obligated to post continuous two-sided quotes, which represent standing commitments to trade at stated prices. In some instances identified by the Exchange, these resting quotes are accessed by non-bona fide non-customer order activity, which seek to put that passive Market-Maker at a disadvantage (via an identified price discrepancy or informational advantage, for example). The Exchange has observed that this activity has, over time, led to these Market-Makers widening quotes to avoid repeatedly being "picked off." Wider quotes result in less competitive markets for all market participants.

The proposed fee structure addresses this problem in two ways. By assessing a fee on non-customer orders that remove liquidity contra a non-customer, the Exchange makes the opportunistic behavior described above less attractive, as any perceived advantage being obtained is offset by higher transaction fees. Further, by providing a rebate to Market-Makers whose resting quotes are accessed by a non-customer, the Exchange seeks to offset a portion of the adverse selection risk that these passive Market-Makers may bear, thereby reducing the incentive to widen quotes defensively. Overall, Market-Makers are encouraged to maintain tight quotes, and potential aggressors face a pricing disincentive that is calibrated to the market quality harm their behavior produces.

The Exchange believes the proposed fee structure reasonably addresses a recognized pattern of trading that impairs market quality, namely opportunistic non-customer aggression against passive Market-Maker quotes. The Exchange believes the proposed fee structure is reasonable because the removal fee is a targeted and proportionate response to a recognized form of market quality degradation, set at a level designed to discourage opportunistic aggression without penalizing legitimate trading activity. Further, the rebate is calibrated to compensate passive Market-Makers for the adverse selection risk which may lead to wider spreads and reduced market depth to the detriment of all market participants.

The Exchange believes the proposed fee structure is equitably allocated and not unfairly discriminatory. The rebate is available to all CBTX and MBTX Market-Maker orders that meet the applicable criteria. The removal fee applies uniformly to all non-customer orders removing liquidity contra a non-customer in those products. The differential treatment between these categories reflects meaningful and well-recognized distinctions in market function. Market-Makers are subject to affirmative quoting obligations, including requirements to maintain continuous two-sided markets, that impose ongoing regulatory and financial burdens not shared by other participants. Compensating Market-Makers for those obligations through a rebate is equitable because the liquidity they provide benefits the entire market. Conversely, the Exchange believes assessing a fee on non-customer removal flow may disincentivize opportunistic aggression against passive Market-Makers, which imposes potential costs on the market that are allocated to contra-parties whose trading behavior generates such potential costs.

The Exchange believes the proposed rates, including the $1.50 per contract fee assessed on non-customer orders removing liquidity contra a non-customer in CBTX, are reasonable and consistent with fees charged by other options exchanges for comparable order flow in Non-Penny products. The Exchange notes that multiple registered options exchanges currently assess standard transaction rates for non-customer orders in Non-Penny classes at or above $1.20 per contract.[13] The proposed CBTX fee for non-customer orders that remove liquidity contra a non-customer of $1.50 per contract is therefore within the range of fees currently assessed by competing venues for comparable activity. The Exchange further notes that the $1.50 per contract rate applies only in the specific circumstance where a non-customer order removes liquidity contra another non-customer in CBTX, which is a targeted application reflecting the market quality rationale described above. The Exchange acknowledges that CBTX and MBTX are proprietary products available exclusively on the Exchange. However, the Exchange notes that market participants retain the ability to migrate activity to economically similar products available at other venues,[14] and that the proposed rates must therefore be set at levels that reflect the value of trading these products, not at levels that would drive participants toward substitutes.

With respect to MBTX, the Exchange recognizes that MBTX is a Penny class and has considered the proposed fee in circumstances when the spread may be tight. The Exchange reviewed average bid-ask spreads for MBTX options for April through June 2026 across a range of moneyness and expiration buckets. The Exchange observed that in the bucket with the narrowest spreads (0–2% out-of-the-money, same-day-to-expiration options in May 2026), average spreads were approximately $1.40 (*i.e.,* $0.40 greater than the highest proposed fee for standard transactions in MBTX options), and spreads in all

[12] *See, e.g.,* Exchange Fees Schedule, fee code XF, appended to electronic Non-Customer, Non-Market Maker orders in XSP, MRUT, or DJX, Contra Customer or Contra Non-Customer, which add liquidity, and fee code XB, appended to electronic Non-Customer, Non-Market Maker orders in XSP, MRUT, or DJX, Contra Customer or Contra Non-Customer, which remove liquidity. *See also* EDGX Options Fee Schedule, fee code PM, which is specific to Market-Maker orders in Penny Securities that add liquidity, and fee code PT, which is specific to Market-Maker orders in Penny Securities that remove liquidity. *See also* Exchange Fees Schedule.

[13] *See* NYSE Arca Options Fees and Charges, TRANSACTION FEE FOR ELECTRONIC EXECUTIONS—PER CONTRACT, which assesses a standard transaction fee of $1.20 per contract for Non-Customer Electronic Executions in Non-Penny Issues that Take Liquidity; MEMX Options Fee Schedule, which assesses a standard transaction fee of $1.21 per contract for Non-Customer Executions in Non-Penny Issues that Remove Liquidity; and The Nasdaq Stock Market Rules, Options 7 Pricing Schedule, which assesses a standard transaction fee of $1.25 per contract for Non-Customer orders that remove liquidity in Non-Penny Symbols. *See also* MEMX Options Fee Schedule, which assesses a Routing Fee of $1.63 per contract for Non-Penny Orders.

[14] Options overlying the components of the Cboe Bitcoin U.S. ETF Index, Cboe Mini Bitcoin U.S. ETF Index (and the underlying exchange-traded funds ("ETFs")) are actively traded (as are the underlying ETFs) (for example, IBIT options).

other moneyness categories and expirations reviewed were notably wider. Accordingly, the Exchange believes the proposed MBTX fee remains appropriately calibrated relative to prevailing spreads in the product, and does not believe the proposed fee is disproportionate to, or likely to exceed, the bid-ask spread of MBTX options.[15]

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 changes related to standard transaction fees for CBTX or MBTX will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the fee amounts for each separate type of market participants will be assessed equally to all such market participants. While different fees are assessed to different market participants in some circumstances, the obligations and circumstances between these market participants differ, as discussed above.

The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fees assessed apply to Exchange proprietary products, which are traded exclusively on the Exchange. As stated above, the Exchange notes that market participants retain the ability to migrate activity to economically similar products available at other venues.

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

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[16] and paragraph (f) of Rule 19b–4[17] thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–CBOE–2026–077 on the subject line.

Paper Comments

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

All submissions should refer to file number SR–CBOE–2026–077. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–CBOE–2026–077 and should be submitted on or before October 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19863 Filed 9–28–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106483; File No. SR–TXSE–2026–033]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule To Establish Fees for Industry Members Related to Reasonably Budgeted CAT Costs of the National Market System Plan Governing the Consolidated Audit Trail for the Period From May 1, 2026 Through December 31, 2026

September 24, 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 16, 2026, Texas Stock Exchange LLC (the ''Exchange'' or ''TXSE'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing with the Securities and Exchange Commission (''Commission'') a proposed rule change to establish fees for Industry Members related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'') for the period from May 1, 2026 through December 31, 2026.[3] 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*),

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[15] The Exchange monitors market quality metrics for options listed for trading on the Exchange (including MBTX options) on an ongoing basis and may consider adjustments to its transaction fees as appropriate in light of then-prevailing market conditions.

[16] 15 U.S.C. 78s(b)(3)(A).

[17] 17 CFR 240.19b–4(f).

[18] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] This proposal was initially filed on July 29, 2026, as SR–TXSE–2026–017, and subsequently withdrawn and replaced with the instant filing.

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

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations (''SROs'') to submit a national market system (''NMS'') plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.[4] On November 15, 2016, the Commission approved the CAT NMS Plan.[5] Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.[6] The Operating Committee adopted a revised funding model to fund the CAT (''CAT Funding Model''). On March 16, 2026, the Commission approved the CAT Funding Model after concluding that the model satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.[7]

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (''Historical CAT Assessment'' fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to fund prospective CAT costs (''CAT Fees'').[8]

Under the CAT Funding Model, Participants, CEBBs and CEBSs are subject to fees designed to cover the ongoing budgeted costs of the CAT, as determined by the Operating Committee. ''The Operating Committee will establish fees ('CAT Fees') to be payable by Participants and Industry Members with regard to CAT costs not previously paid by the Participants ('Prospective CAT Costs').'' [9] In establishing a CAT Fee, the Operating Committee will calculate a ''Fee Rate'' for the relevant period. Then, for each month in which a CAT Fee is in effect, each CEBB and CEBS would be required to pay the fee for each transaction in Eligible Securities executed by the CEBB or CEBS from the prior month as set forth in CAT Data, where the fee for each transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate.

The CAT Fees to be paid by CEBBs and CEBSs are designed to contribute toward the recovery of two-thirds of the budgeted CAT costs for the relevant period.[10] The CAT Funding Model is designed to require that the Participants contribute to the recovery of the remaining one-third of the budgeted CAT costs.[11] Participants would be subject to the same Fee Rate as CEBBs and CEBSs.[12] While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,[13] CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.[14] Accordingly, this filing does not address Participant CAT fees as they are described in the CAT NMS Plan.[15]

CAT LLC proposes to charge CEBBs and CEBSs (as described in more detail below) CAT Fee 2026–1 to recover the reasonably budgeted CAT costs for the period from May 1, 2026 through December 31, 2026 in accordance with the CAT Funding Model. To implement this fee on behalf of CAT LLC, the CAT NMS Plan requires the Participants to ''file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves, and such fees shall be labeled as 'Consolidated Audit Trail Funding Fees.' '' [16] The Plan further states that ''[o]nce the Operating Committee has approved such Fee Rate, the Participants shall be required to file with the SEC pursuant to Section 19(b) of the Exchange Act CAT Fees to be charged to Industry Members calculated using such Fee Rate.'' [17] Accordingly, the purpose of this filing is to implement a CAT Fee on behalf of CAT LLC for Industry Members, referred to as CAT Fee 2026–1, in accordance with the CAT NMS Plan.

(1) CAT Executing Brokers

CAT Fee 2026–1 will be charged to each CEBB and CEBS for each applicable transaction in Eligible Securities.[18] The CAT NMS Plan defines a ''CAT Executing Broker'' to mean:

(a) with respect to a transaction in an Eligible Security that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of

[4] Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

[5] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''CAT NMS Plan Approval Order'').

[6] Section 11.1(b) of the CAT NMS Plan.

[7] Securities Exchange Act Rel. No. 105003 (Mar. 16, 2026), 91 FR 13410 (Mar. 19, 2026) (''CAT Funding Model Approval Order''). This CAT Funding Model replaced the prior funding model that was approved by the Commission on September 6, 2023. Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023).

[8] Under the CAT Funding Model, the Operating Committee may establish CAT Fees related to CAT costs going forward. Section 11.3(a) of the CAT NMS Plan. This filing only establishes CAT Fee 2026–1 related to reasonably budgeted CAT costs for the period from May 1, 2026 through December 31, 2026 as described herein; it does not address any other potential CAT Fees related to CAT costs. Any such other CAT Fee will be subject to a separate fee filing. In addition, under the CAT Funding Model, the Operating Committee may establish one or more Historical CAT Assessments. Section 11.3(b) of the CAT NMS Plan. This filing does not address any Historical CAT Assessments.

[9] Section 11.3(a) of the CAT NMS Plan.

[10] Section 11.3(a)(iii)(A) of the CAT NMS Plan.

[11] Section 11.3(a)(ii)(A) of the CAT NMS Plan.

[12] Section 11.3(a)(ii) of the CAT NMS Plan.

[13] Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

[14] CAT Funding Model Approval Order at 13448.

[15] *See* Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

[16] Section 11.1(b) of the CAT NMS Plan.

[17] Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

[18] In its approval of the CAT Funding Model, the Commission determined that charging CAT fees to CAT Executing Brokers was appropriate. In reaching this conclusion, the Commission noted that the use of CAT Executing Brokers is appropriate because the CAT Funding Model is based upon the calculation of *executed* equivalent shares, and, therefore, charging CAT Executing Brokers would reflect their executing role in each transaction. Furthermore, the Commission noted that, because CAT Executing Brokers are already identified in transaction reports from the exchanges and FINRA's equity trade reporting facilities recorded in CAT Data, charging CAT Executing Brokers could streamline the billing process. CAT Funding Model Approval Order at 13413.

the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.[19]

The following fields of the Participant Technical Specifications indicate the CAT Executing Brokers for the transactions executed on an exchange:

EQUITY ORDER TRADE (EOT)[20]

No.	Field name	Data type	Description	Include key
12.*n*.8/13.*n*.8	member	Member Alias	The identifier for the member firm that is responsible for the order on this side of the trade. Not required if there is no order for the side as indicated by the NOBUYID/NOSELLID instruction. This must be provided if orderID is provided.	C

OPTION TRADE (OT)[21]

No.	Field name	Data type	Description	Include key
16.*n*.13/17.*n*.13	member	Member Alias	The identifier for the member firm that is responsible for the order.	R

In addition, the following fields of the Participant Technical Specifications would indicate the CAT Executing Brokers for the transactions executed otherwise than on an exchange:

TRF/ORF/ADF TRANSACTION DATA EVENT (TRF)[22]

No.	Field name	Data type	Description	Include key
26	reportingExecutingMpid	Member Alias	MPID of the executing party	R
28	contraExecutingMpid	Member Alias	MPID of the contra-side executing party	C

(2) Calculation of Fee Rate 2026–1

The Operating Committee determined the Fee Rate to be used in calculating CAT Fee 2026–1 (''Fee Rate 2026–1'') by dividing the reasonably budgeted CAT costs (''Budgeted CAT Costs 2026–1'') for the period from May 1, 2026 through December 31, 2026 (''CAT Fee 2026–1 Period'') by the reasonably projected total executed share volume of all transactions in Eligible Securities for the eight-month recovery period, as discussed in detail below.[23] Based on this calculation, the Operating Committee has determined that Fee Rate 2026–1 would be $0.000003799483243631228 per executed equivalent share. This rate is then divided by three and rounded to determine the fee rate of $0.000001 per executed equivalent share that will be assessed to CEBBs and CEBSs, as also discussed in detail below.

(A) CAT Fee 2026–1 Period

CAT LLC proposes to implement CAT Fee 2026–1. CAT LLC proposes to commence CAT Fee 2026–1 during the year, rather than at the beginning of the year. Accordingly, CAT Fee 2026–1 ''would be calculated as described in paragraph (II)'' of Section 11.3(a)(i)(A) of the CAT NMS Plan,[24] which states that ''[d]uring each year, the Operating Committee will calculate a new Fee Rate by dividing the reasonably budgeted CAT costs for the remainder of the year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the

[19] Section 1.1 of the CAT NMS Plan. In its approval order for the CAT Funding Model, the Commission ''recognize[d] that Industry Members may pass-through CAT fees for customer executed volume.'' *See* CAT Funding Model Approval Order at 13424.

[20] *See* Table 23, Section 4.7 (Order Trade Event) of the CAT Reporting Technical Specifications for Plan Participants, Version 4.2.0–r2 (Feb. 24, 2026), *https://www.catnmsplan.com/sites/default/files/2026-02/02.24.2026-CAT_Reporting_Technical_Specifications_for_Participants_4.2.0-r2.pdf* (''CAT Reporting Technical Specifications for Plan Participants'').

[21] *See* Table 52, Section 5.2.5.1 (Simple Option Trade Event) of the CAT Reporting Technical Specifications for Plan Participants.

[22] *See* Table 62, Section 6.1 (TRF/ORF/ADF Transaction Data Event) of the CAT Reporting Technical Specifications for Plan Participants.

[23] Section 11.3(a)(i) of the CAT NMS Plan.

[24] Section 11.3(a)(i)(A)(IV) of the CAT NMS Plan.

remainder of the year.'' [25] For CAT Fee 2026–1, the reasonably budgeted CAT costs for ''the remainder of the year'' are the reasonably budgeted CAT costs from May 1, 2026 through December 31, 2026 as set forth in the updated annual budget for 2026 for CAT LLC approved by the Operating Committee on March 31, 2026 (''Updated 2026 CAT Budget'').[26]

(B) Executed Equivalent Shares for Transactions in Eligible Securities

Under the CAT NMS Plan, for purposes of calculating CAT Fees, executed equivalent shares in a transaction in Eligible Securities will be reasonably counted as follows: (1) each executed share for a transaction in NMS Stocks will be counted as one executed equivalent share; (2) each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.,* 100 executed equivalent shares or such other applicable multiplier); and (3) each executed share for a transaction in OTC Equity Securities will be counted as 0.01 executed equivalent share.[27]

(C) Budgeted CAT Costs 2026–1

The CAT NMS Plan states that ''[t]he budgeted CAT costs for the year shall be comprised of all reasonable fees, costs and expenses reasonably budgeted to be incurred by or for the Company in connection with the development, implementation and operation of the CAT as set forth in the annual operating budget approved by the Operating Committee pursuant to Section 11.1(a) of the CAT NMS Plan, or as adjusted during the year by the Operating Committee.'' [28] Section 11.1(a) of the CAT NMS Plan describes the requirement for the Operating Committee to approve an operating budget for CAT LLC on an annual basis. It requires the budget to ''include the projected costs of the Company, including the costs of developing and operating the CAT for the upcoming year, and the sources of all revenues to cover such costs, as well as the funding of any reserve that the Operating Committee reasonably deems appropriate for the prudent operation of the Company.'' Section 11.1(a)(i) of the CAT NMS Plan further states that: [w]ithout limiting the foregoing, the reasonably budgeted CAT costs shall include technology (including cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs), legal, consulting, insurance, professional and administration, and public relations costs, a reserve and such other cost categories as reasonably determined by the Operating Committee to be included in the budget.

In accordance with the requirements under the CAT NMS Plan, the Operating Committee approved an annual budget for 2026 for CAT LLC (''Original 2026 CAT Budget'') on December 11, 2025.[29] On March 31, 2026, the Operating Committee approved an updated budget for 2026, referred to as the Updated 2026 CAT Budget. The Updated 2026 CAT Budget includes actual costs for each category for January and February 2026, with updated estimated costs for the remainder of the year. The updated costs for May through December as included in the Updated 2026 CAT Budget (*i.e.,* Budgeted CAT Costs 2026–1) are the costs used in calculating CAT Fee 2026–1.[30] The 2026 CAT budgets, both the Original 2026 CAT Budget and the Updated 2026 CAT Budget, were prepared on the accrual basis of accounting.[31]

As described in detail below, the Budgeted CAT Costs 2026–1 would be $15,149,648. CEBBs collectively will be responsible for one-third of the Budgeted CAT Costs 2026–1 (which is $5,049,882.67), and CEBSs collectively will be responsible for one-third of the Budgeted CAT Costs 2026–1 (which is $5,049,882.67).

The following describes in detail the Budgeted CAT Costs 2026–1 for CAT Fee 2026–1. The following cost details are provided in accordance with the requirement in the CAT NMS Plan to provide in the fee filing the following: the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration, and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.[32]

Each of the costs described below is reasonable, appropriate and necessary for the creation, implementation and maintenance of CAT.

The following table breaks down the Budgeted CAT Costs 2026–1 into the categories set forth in Section 11.3(a)(iii)(B) of the CAT NMS Plan.[33] The Budgeted CAT Costs 2026–1 reflect the costs for May through December as included in the Updated 2026 CAT Budget. The Budgeted CAT Costs 2026–1 are the costs used in calculating CAT Fee 2026–1.

[25] Section 11.3(a)(i)(A)(II) of the CAT NMS Plan.

[26] The Updated 2026 CAT Budget is available on the CAT website (*https://www.catnmsplan.com/sites/default/files/2026-04/03.31.26-CAT-2026-Budget.pdf*).

[27] Section 11.3(a)(i)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission concluded that ''the use of executed equivalent share volume provides an appropriate basis for the calculation of CAT fees.'' CAT Funding Model Approval Order at 13413.

[28] Section 11.3(a)(i)(C) of the CAT NMS Plan.

[29] The Original 2026 CAT Budget is available on the CAT website (*https://www.catnmsplan.com/sites/default/files/2025-12/12.08.25-CAT-LLC-2026-Financial_and_Operating_Budget.pdf*).

[30] The version of the Updated 2026 CAT Budget set forth on the CAT website is presented on a quarterly basis, but is prepared based on more granular detail. The costs for May and June are estimated based on two-thirds of costs for Q2 where the budgeted monthly amounts are consistent. For those cases in which the costs for a category vary from month to month in Q2, the specific budgeted amounts for May and June are noted.

[31] CAT budgets for periods prior to 2025 were prepared on the cash basis of accounting, as such budgets were primarily used to determine the dollar amount of promissory notes from the Participants that were required to fund the ongoing operations of the CAT. Commencing in 2025, with the contemplated recovery of costs from Industry Members and the Participants via CAT Fees, the Original 2025 CAT Budget was prepared on the accrual basis of accounting to properly match projected revenues with estimated expenses incurred. A cash basis budget reflects expenditures when paid, while an accrual basis budget reflects expenditures when incurred. In moving from a cash basis budget to an accrual basis budget, there is no double counting of expenses.

[32] Section 11.3(a)(iii)(B) of the CAT NMS Plan.

[33] Note that costs and related cost calculations provided in this filing may reflect minor variations from the budgeted costs due to rounding.

[34] With respect to certain costs that were ''appropriately excluded,'' such excluded costs relate to the amortization of capitalized technology costs, which are amortized over the life of the Plan Processor Agreement. As such costs have already been otherwise reflected in the filing, their inclusion would double count the capitalized technology costs. In addition, amortization is a non-cash expense.

BUDGETED CAT COSTS 2026–1

Budget category	Budgeted CAT costs 2026–1 [b] (*i.e.,* costs for May–December 2026)
Capitalized Developed Technology Costs [a]	[c] $3,450,000
Technology Costs	83,737,680
Cloud Hosting Services	[d] 49,866,667
Operating Fees	[e] 19,691,953
CAIS Operating Fees	[f] 14,179,060
Change Request Fees	[g] 0
Legal	[h] 5,670,452
Consulting	[i] 1,025,957
Insurance	[j] 852,768
Professional and administration	[k] 749,151
Public relations	[l] 0
Interest Income	[m] (1,453,382)
Total Costs	94,032,626
Reserve (25% of Total Costs)	23,508,157
Total Costs and Reserve	117,540,783
Use of Existing Reserve	[n] (102,391,135)
Total Budgeted CAT Costs 2026–1	15,149,648

[a] The non-cash amortization of these capitalized developed technology costs to be incurred during the CAT Fee 2026–1 Period have been appropriately excluded from the above table.[34]

[b] Budgeted CAT Costs 2026–1 described in this table of costs were determined based on an analysis of a variety of factors, including historical costs/invoices, estimated costs from respective vendors/service providers, contractual terms with vendors/service providers, anticipated service levels and needs, and discussions with vendors and Participants.

[c] This cost number for capitalized developed technology costs reflects (1) capitalized developed technology costs of $3,450,000 for May, $0 for June and $0 for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget; and (2) $0 for the Software License Fee 2026 for the second, third, and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: ($3,450,000 + $0 + $0 + $0) + ($0 + $0 + $0) = $3,450,000.

[d] This cost number for cloud hosting services reflects two-thirds of the cloud hosting services costs for the second quarter and the cloud hosting services for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: (⅔ × $18,700,000) + $18,700,000 + $18,700,000 = $49,866,667.

[e] This cost number for operating fees reflects (1) two-thirds of the Non-CAIS fixed operating fees for the second quarter and the Non-CAIS fixed operating fees for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget and (2) two-thirds of the market data vendor fees for the second quarter and the market data vendor fees for the third and fourth quarter of 2026 as included in the Updated 2026 CAT Budget: ((⅔ × $7,191,853) + $7,191,853 + $7,191,853) + ((⅔ × $192,630) + $192,630 + $192,630) = $19,691,953.

[f] This cost number for CAIS operating fees reflects two-thirds of the CAIS fixed operating fees for the second quarter and the CAIS fixed operating fees for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: (⅔ × $5,317,147) + $5,317,147 + $5,317,147 = $14,179,060.

[g] This $0 cost number for change requests reflects the fact that there were no change request fees set forth in the Updated 2026 CAT Budget.

[h] This cost number for legal services reflects two-thirds of the legal costs for the second quarter and the legal costs for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: (⅔ × $2,145,170) + $2,125,170 + $2,115,170 = $5,670,452.

[i] This cost number for consulting services reflects two-thirds of the consulting costs for the second quarter and the consulting costs for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: (⅔ × $384,734) + $384,734 + $384,734 = $1,025,957.

[j] This cost number for insurance reflects two-thirds of the insurance costs for the second quarter and the insurance costs for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: (⅔ × $300,977) + $321,042 + $331,074 = $852,768.

[k] This cost number for professional and administration services reflects two-thirds of the professional and administration costs for the second quarter and the professional and administration costs for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: (⅔ × $280,932) + $280,932 + $280,932 = $749,151.

[l] This $0 cost number of change requests reflects the fact that there were no change request fees set forth in the Updated 2026 CAT Budget.

[m] This interest income reflects interest income (net of bank fees) of $517,208 for May and June and interest income (net of bank fees) for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget: $517,208 + $571,010 + $365,164 = $1,453,382. Note that interest income for May and June 2026 of $517,208 is slightly less than two-thirds of $809,598 (which is $539,732) for the second quarter as the amount of interest income varies from month to month.

[n] This amount for the use of the existing reserve is calculated by subtracting from the Accrued Liquidity Reserve Balance as of the Beginning of the Year in the Updated 2026 CAT Budget the 25% Incremental Liquidity Reserve Accrued during 2026 for the first quarter and for April of 2026 as included in the Updated 2026 CAT Budget: $155,403,378 − ($41,800,153 + $11,212,091) = $102,391,135. Note that the 25% Incremental Liquidity Reserved Accrued during 2026 for April 2026 of $11,212,091 is slightly more than one-third of $33,366,432 (which is $11,122,144) for the second quarter as the amount of the 25% Incremental Liquidity Reserved Accrued during 2026 varies from month to month.

To the extent that CAT LLC enters into notes with Participants or others to pay costs incurred during the period in which CAT Fee 2026–1 is in effect, CAT LLC will use the proceeds from CAT Fee 2026–1 and the related Participant CAT fees to repay such notes.

The following table compares the annual budgeted CAT costs as set forth in the updated annual CAT budget for 2025 approved by the Operating Committee in May 2025 (''May Updated 2025 CAT Budget''),[35] the updated annual CAT budget for 2025 approved by the Operating Committee in November 2025 (''November Updated 2025 CAT Budget''),[36] the Original 2026 CAT Budget and the Updated 2026 CAT Budget, and is provided for informational purposes. In each case, the costs provided reflect the costs for the entire year for each of the budgets; this differs from the above chart which focuses on budgeted costs for the period from May 1, 2026 through December 31, 2026, which, as noted, are the costs that

[35] The May Updated 2025 CAT Budget is available on the CAT website (*https://www.catnmsplan.com/sites/default/files/2025-05/05.19.25-CAT-LLC-2025-Financial_and_Operating-Budget.pdf*).

[36] The November Updated 2025 CAT Budget is available on the CAT website (*https://www.catnmsplan.com/sites/default/files/2025-12/12.22.25_CAT-LLC-2025-Finacial_and_Operating-Budget.pdf*).

are used in the calculation of the fee rate in this fee filing.

COMPARISON OF FULL YEAR BUDGETED COSTS

Budget category	Full year of 2025 budgeted CAT costs from updated 2025 CAT budget (May 2025)	Full year of 2025 budgeted CAT costs from updated 2025 budget (Nov. 2025)	Full year of 2026 budgeted CAT costs from original 2026 CAT budget	Full year of 2026 budgeted CAT costs from updated 2026 CAT budget
Capitalized Developed Technology Costs [a]	$4,871,962	$5,163,991	$8,228,827	$8,378,964
Technology Costs	211,548,472	173,091,660	137,514,003	128,643,476
Cloud Hosting Services	159,230,937	122,084,811	81,900,006	77,529,362
Operating Fees [b]	30,817,686	29,932,001	34,345,413	29,845,524
CAIS Operating Fees	20,749,848	20,749,848	21,268,584	21,268,590
Change Request Fees	750,000	325,000	0	0
Legal	7,370,002	7,312,547	8,485,000	8,939,184
Consulting	1,749,998	1,750,000	1,550,000	1,550,000
Insurance	1,594,452	1,368,750	1,505,625	1,254,070
Professional and administration	1,193,090	1,392,679	1,145,500	1,085,500
Public relations	6,575	6,575	0	0
Interest Income	0	(2,510,223)	(1,995,958)	(2,806,325)
Total Annual CAT Costs [c]	228,334,551	187,575,979	156,432,998	147,044,869

[a] This cost number is calculated by adding together the Capitalized Developed Technology Costs and the Software License Fee for each budget.

[b] This cost number is calculated by adding together the Operating fees, the Cyber Insurance Premium Adjustment (if any) and market data vendor fees (if any separate fees) for each budget.

[c] This total cost number does not include an amount for a reserve.

In addition, the following table compares the budgeted costs for January and February 2026 that were used in drafting the Original 2026 CAT Budget with the actual costs for January and February 2026 that were used in drafting the Updated 2026 CAT Budget. The Original 2026 CAT Budget includes budgeted costs for January and February 2026, whereas the Updated 2026 CAT Budget includes actual costs for January and February 2026. The variance from the budgeted costs for January and February 2026 to the actual costs for January and February 2026 are used in this filing in supporting the reasonableness of the estimates for each category of costs.

COMPARISON OF BUDGETED AND ACTUAL COSTS FOR JANUARY & FEBRUARY 2026

Budget category	Budgeted costs for January & February 2026 (as used in drafting the original 2026 CAT budget)	Actual costs for January & February 2026 (as used in drafting the updated 2026 CAT budget)	Variance from budgeted costs for January & February 2026 to actual costs for January & February of 2026
Capitalized Developed Technology Costs [a]	$671,472	$4,145,430	Increase by $3,473,958.[b]
Technology Costs	25,894,000	21,501,183	
Cloud Hosting Services	17,200,000	12,829,362	Decrease by 4,370,638.[c]
Operating Fees	5,149,236	5,127,057	Decrease by 22,179.
CAIS Operating Fees	3,544,764	3,544,764	No change.
Change Request Fees	0	0	No change.
Legal	1,424,166	1,838,617	Increase by 414,451.[d]
Consulting	258,334	267,554	Increase by 9,220.
Insurance	250,938	200,652	Decrease by 50,286.
Professional and administration	190,916	149,061	Decrease by 41,855.
Public relations	0	0	No change.
Interest Income	(758,343)	(757,527)	Decrease by 816.
Total	27,931,483	27,344,970	Decrease by 586,513.

[a] This cost number for capitalized developed technology costs is calculated by adding together the capitalized developed technology costs and the software license fee for each budget.

[b] The variance for capitalized developed technology costs is the result of costs related to the software license fee in accordance with the Plan Processor Agreement with FCAT.

[c] This variance is attributable to lower than forecasted market volumes and the impact of lower processing costs due to shutting down certain functionalities.

[d] The variance in legal costs is attributable to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created.

(i) Technology Costs—Cloud Hosting Services

(a) Description of Cloud Hosting Services Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the cloud hosting services costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $49,866,667 in technology costs for cloud hosting services for the CAT Fee 2026–1 Period. The technology costs for cloud hosting services represent costs reasonably budgeted to be incurred for services provided by the cloud services provider for the CAT, Amazon Web Services, Inc. (''AWS'') during the CAT Fee 2026–1 Period.

In the agreement between CAT LLC and the Plan Processor for the CAT (''Plan Processor Agreement''), FINRA CAT, LLC (''FCAT''), AWS was named as the subcontractor to provide cloud hosting services. Under the Plan Processor Agreement, CAT LLC is required to pay FCAT the fees incurred by the Plan Processor for cloud hosting services provided by AWS as FCAT's subcontractor on a monthly basis for the cloud hosting services, and FCAT, in turn, pays such fees to AWS. The fees for cloud hosting services were negotiated by FCAT on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the expected volume of data, the breadth of services provided and market rates for similar services. Services provided by AWS include storage services, databases, compute services and other services (such as networking, management tools and DevOps tools), as well as various environments for CAT, such as development, performance testing, test, and production environments. FCAT utilizes such cloud hosting services for a broad array of services for the CAT, such as data ingestion, data management, and analytic tools for the CAT. AWS performs cloud hosting services for both the CAT transaction database as well as the Reference Database (previously referred to as the Customer and Account Information System, or ''CAIS'').[37] It is anticipated that such cloud hosting services will continue during the CAT Fee 2026–1 Period.

The cost for AWS cloud services for the CAT is a function of the volume of CAT Data, largely as a result of the processing and storage of the CAT Data.[38] The greater the amount of CAT Data, the greater the cost of AWS services to CAT LLC. During the CAT Fee 2026–1 Period, it is expected that AWS would provide cloud hosting services for volumes of CAT Data far in excess of the volume predictions set forth in the CAT NMS Plan. The CAT NMS Plan states, when all CAT Reporters are submitting their data to the CAT, it ''must be sized to receive[,] process and load more than 58 billion records per day,'' [39] and that ''[i]t is expected that the Central Repository will grow to more than 29 petabytes of raw, uncompressed data.'' [40] In contrast with those estimates, the Q3 2025 data volumes averaged 792 billion events per day. The highest peak data volume to date of 1.45 trillion events was recorded on April 7, 2025. The top five peak days were recorded in April 2025.

CAT LLC estimates that the budget for cloud hosting services costs during the CAT Fee 2026–1 Period will be approximately $49,866,667.[41] The budget for cloud hosting services costs during the CAT Fee 2026–1 Period is calculated based on the Updated 2026 CAT Budget. Specifically, this estimate was calculated by adding two-thirds of the cloud hosting services costs for the second quarter and the cloud hosting services for the third and fourth quarters of 2026 as included in the Updated 2026 CAT Budget.[42]

CAT LLC estimated the budget for the cost for cloud hosting services for the CAT Fee 2026–1 Period based on an assumption of 35% annual year-over-year volume growth for the transaction database and an assumption of 5% annual year-over-year volume growth for the Reference Database. CAT LLC determined these growth assumptions in coordination with FCAT.[43]

This process for estimating the budget for cloud hosting services costs for the CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the cloud hosting services costs for the Original 2026 CAT Budget.

The Original 2026 CAT Budget estimated a budget for cloud hosting services of $17,200,000 for January and February 2026. The actual costs for cloud hosting services for January and February 2026, which are set forth in the Updated 2026 CAT Budget, were $12,829,362. Therefore, the variance between budgeted and actual cloud hosting services costs for January and February 2026 was an approximate decrease of $4,370,638 as a result of lower volumes and a change in functionality.[44] Accordingly, CAT LLC believes that the process for estimating the budgeted cloud hosting services costs for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for cloud hosting services costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the cloud hosting services costs from the Original 2026 Budget.[45] Specifically, the following describes the differences in the costs for cloud hosting services included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budgeted costs for cloud hosting services included in the

[37] On January 13, 2026, the SEC approved an amendment to the CAT NMS Plan relating to the Customer and Account Information System (referred to as ''CAIS''). Effective with this amendment, CAIS has been renamed as the ''Reference Database.'' Securities Exchange Act Rel. No. 104586 (Jan. 13, 2026), 91 FR 2164 (Jan. 16, 2026) (''CAIS Amendment''). The SEC subsequently approved another amendment to the CAT NMS Plan to implement various cost savings measures that made further changes to the Reference Database. Securities Exchange Act Rel. No. 105107 (Mar. 27, 2026), 91 FR 16284 (Mar. 27, 2026) (''Cost Savings Amendment'').

[38] In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. For further discussion of the effect of processing timelines on cloud hosting costs, *see* Section 3(b)(2)(A)(i) below.

[39] Section 1.3 of Appendix D of the CAT NMS Plan, n.262.

[40] Section 1.3 of Appendix D of the CAT NMS Plan.

[41] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[42] This calculation is (⅔ × $18,700,000) + $18,700,000 + $18,700,000 = $49,866,667.

[43] Note that these growth rates are based on events processed and stored in the CAT. Executed transactions are a small subset of such events. As a result, the number of transactions in the CAT, and, hence, the number of executed equivalent shares, is not directly correlated with the number of events processed in the CAT or the costs of cloud hosting services for the CAT. Accordingly, the number of executed equivalent shares may stay relatively constant from year to year while the number of events processed and stored in the CAT may grow significantly.

[44] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

[45] The last Prospective CAT Fee, CAT Fee 2025–2, was implemented pursuant to the prior CAT funding model. Moreover, the final invoice for CAT Fee 2025–2 was sent in December 2025, and, therefore, there is a six-month gap between the final invoice for CAT Fee 2025–2 and the first invoice for CAT Fee 2026–1, which would be in June 2026. Accordingly, this filing describes the changes in the cloud hosting services costs from the Original 2026 Budget.

Original 2026 CAT Budget were $81,900,006, and the annual 2026 budgeted costs for cloud hosting services included in the Updated 2026 CAT Budget are $77,529,362. Accordingly, budgeted annual costs for cloud hosting services decreased by $4,370,644 from the Original 2026 CAT Budget to the Updated 2026 CAT Budget, which is an approximate 5% reduction in cloud hosting services costs for the full year of 2026.[46] The budgeted decrease in costs for cloud hosting services reflects lower costs for January and February 2026 due to lower than forecasted market volumes in January and the impact of lower processing costs due to shutting down certain functionalities.

(ii) Technology Costs—Operating Fees

(a) Description of Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $19,691,953 in technology costs for operating fees for the CAT Fee 2026–1 Period. Operating fees are those fees paid by CAT LLC to FCAT as the Plan Processor to operate and maintain the CAT and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.,* management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management as required by the CAT NMS Plan. Operating fees also include market data provider costs, as discussed below.

Plan Processor: FCAT. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT a negotiated monthly fixed price for the operation of the CAT. This fixed price contract was negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity. It is anticipated that FCAT will provide a variety of services to the CAT during the CAT Fee 2026–1 Period, including the following:

- Provide the CAT-related functions and services as the Plan Processor as required by SEC Rule 613 and the CAT NMS Plan in connection with the operation and maintenance of the CAT;
- Address compliance items, including drafting CAT policies and procedures, and addressing Regulation SCI requirements;
- Provide support to the Operating Committee, the Compliance Subcommittee and CAT working groups;
- Assist with interpretive efforts, exemptive requests and amendments regarding the CAT NMS Plan;
- Oversee the security of the CAT;
- Monitor the operation of the CAT, including with regard to Participant and Industry Member reporting;
- Provide support to subcontractors under the Plan Processor Agreement;
- Provide support in discussions with the Participants and the SEC and its staff;
- Operate the FINRA CAT Helpdesk;
- Facilitate communications with the industry, including via FAQs, CAT Alerts, meetings, presentations and webinars;
- Administer the CAT website and all of its content;
- Maintain cyber security insurance related to the CAT;
- Assist with billing, collection and other CAT fee-related activity; and
- Provide technical support and assistance with connectivity, data access, and user support, including the use of CAT Data and query tools, for Participants and the SEC staff.

CAT LLC calculated the budget for the FCAT technology costs for operating fees for the CAT Fee 2026–1 Period based on the recurring monthly operating fees under the Plan Processor Agreement.

Market Data Provider: Algoseek. It is anticipated that the operating fees costs for the CAT Fee 2026–1 Period will include costs related to the receipt of certain market data for the CAT pursuant to an agreement between FCAT and Algoseek, LLC (''Algoseek''). CAT LLC determined that Algoseek would provide market data that included data elements set forth in Section 6.5(a)(ii) of the CAT NMS Plan, and that the fees were reasonable and in line with market rates for the market data received. All costs under the contract would be treated as a direct pass through cost to CAT LLC. CAT LLC estimated the budget for the costs for Algoseek for the CAT Fee 2026–1 Period based on the monthly rate set forth in the agreement between Algoseek and FCAT.

Operating Fee Estimates. CAT LLC estimates that the budget for operating fees during the CAT Fee 2026–1 Period will be approximately $19,691,953.[47] The budget for operating fees during the CAT Fee 2026–1 Period is calculated based on the Updated 2026 CAT Budget. Specifically, this estimate was calculated by adding (1) two-thirds of the Non-CAIS fixed operating fees for the second quarter and the Non-CAIS fixed operating fees for the third and fourth quarters of 2026 included in the Updated 2026 CAT Budget and (2) two-thirds of the market data vendor fees for the second quarter and the market data vendor fees for the third and fourth quarter of 2026 included in the Updated 2026 CAT Budget.[48]

As discussed above, CAT LLC estimated the budget for the operating fees during the CAT Fee 2026–1 Period based on monthly rates set forth in the Plan Processor Agreement and the agreement with Algoseek. CAT LLC also recognized that the operating fees are generally consistent throughout the year. This process for estimating the budget for the operating fees for the CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the operating fees for the Original 2026 CAT Budget. The Original 2026 CAT Budget estimated a budget for operating fees of $5,149,236 for January and February 2026, and the actual costs for operating fees for January and February 2026 were $5,127,057. Therefore, the variance between budgeted and actual operating fees for this period was small—$22,179.[49] Accordingly, CAT LLC believes that the process for estimating the budgeted operating fees for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the operating fees from the Original 2026 Budget. Specifically, the following describes the differences in the costs for operating fees included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budgeted costs for operating fees included in the Original

[46] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[47] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[48] This calculation is (($\frac{2}{3}$ × $7,191,853) + $7,191,853 + $7,191,853) + (($\frac{2}{3}$ × $192,630) + $192,630 + $192,630) = $19,691,953.

[49] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

2026 CAT Budget were $34,345,413, and the annual 2026 budgeted costs for operating fees included in the Updated 2026 CAT Budget are $29,845,524. Accordingly, budgeted annual costs for operating fees decreased by $4,499,889 from the Original 2026 CAT Budget to the Updated 2026 CAT Budget, which is an approximate 13% reduction in operating fees for the full year of 2026.[50] The budgeted decrease in costs for operating fees reflects the proposed amendments to the Plan Processor Agreement related to the recent cost savings amendments to the CAT NMS Plan.[51]

(iii) Technology Costs—CAIS Operating Fees

(a) Description of CAIS Operating Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the CAIS operating fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $14,179,060 in technology costs for CAIS operating fees for the CAT Fee 2026–1 Period. CAIS operating fees represent the fees paid to FCAT for services provided with regard to the operation and maintenance of the Reference Database (previously referred to as CAIS), and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.,* management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. The CAT is required under the CAT NMS Plan to capture and store Reference Data in the Reference Database and to create a CAT-Customer-ID for each Customer.[52]

During the CAT Fee 2026–1 Period, it is anticipated that FCAT will provide services related to the Reference Database. Under the Plan Processor Agreement with FCAT, CAT LLC is required to pay FCAT for services related to the Reference Database provided by FCAT on a monthly basis. CAT LLC negotiated the fees for FCAT's services related to the Reference Database on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity. During the CAT Fee 2026–1 Period, it is anticipated that FCAT will continue to provide services relating to the ongoing operation, maintenance and support of the Reference Database.

CAT LLC estimates that the budget for CAIS operating fees during the CAT Fee 2026–1 Period will be approximately $14,179,060.[53] The budget for CAIS operating fees during the CAT Fee 2026–1 Period is calculated based on the Updated 2026 CAT Budget. Specifically, this estimate was calculated by adding two-thirds of the CAIS fixed operating fees for the second quarter and the CAIS fixed operating fees for the third and fourth quarters of 2026 included in the Updated 2026 CAT Budget.[54]

CAT LLC calculated the budget for FCAT's services related to the Reference Database for the CAT Fee 2026–1 Period based on the recurring monthly CAIS operating fees under the Plan Processor Agreement. This process for estimating the budget for the CAIS operating fees for the CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the CAIS operating fees for the Original 2026 CAT Budget. The Original 2026 CAT Budget estimated a budget of $3,544,764 for CAIS operating fees for January and February of 2026. The actual costs for CAIS operating fees for January and February of 2026, which are included in the Updated 2026 CAT Budget, were $3,544,764. There was no variance between budgeted and actual CAIS operating fees for the first two months of 2026.[55] Accordingly, CAT LLC believes that the process for estimating the budgeted CAIS operating fees for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for CAIS operating fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the CAIS operating fees from the Original 2026 Budget. Specifically, the following describes the differences in the costs for CAIS operating fees included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

CAIS operating fees are based on a recurring monthly rate payable to FCAT and are unchanged from the Original 2026 CAT Budget to the Updated 2026 CAT Budget. The annual 2026 budgeted costs for CAIS operating fees included in the Original 2026 CAT Budget were $21,268,584, and the annual 2026 budgeted costs for CAIS operating fees included in the Updated 2026 CAT Budget are $21,268,590.[56] Accordingly, the budgeted annual costs for CAIS operating fees are the same for both the Original 2026 CAT Budget and the Updated 2026 CAT Budget.

(iv) Technology Costs—Change Request Fees

(a) Description of Change Request Fees

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the change request fees set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $0 in technology costs for change request fees for the CAT Fee 2026–1 Period. The technology costs related to change request fees include costs related to certain modifications, upgrades or other changes to the CAT.

Change requests are standard practice and necessary to reflect operational changes, including changes related to new market developments, such as new market participants. In general, if CAT LLC determines that a modification, upgrade or other changes to the functionality or service is necessary and appropriate, CAT LLC will submit a request for such a change to the Plan Processor. The Plan Processor will then respond to the request with a proposal for implementing the change, including the cost (if any) of such a change. CAT LLC then determines whether to approve the proposed change.

The change request budget line is established to include expected costs to be incurred in which the nature of the costs (*i.e.,* capitalization versus expensing) have not yet been determined. Upon the incurrence of such costs, the final determination of capitalization versus expensing is determined and then such costs are reclassified from the change request line to the appropriate technology cost line item.

CAT LLC estimates that the budget for change requests during the CAT Fee 2026–1 Period will be approximately

[50] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[51] *See* CAIS Amendment and Cost Savings Amendment.

[52] *See* Section 9 of Appendix D of the CAT NMS Plan.

[53] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[54] This calculation is ($\frac{2}{3} \times \$5,317,147$) + $5,317,147 + $5,317,147 = $14,179,060.

[55] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

[56] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

$0.[57] The budget for change requests during the CAT Fee 2026–1 Period is calculated based on the Updated 2026 CAT Budget. This $0 cost number for change request fees reflects the fact that there were no change request fees set forth in the Updated 2026 CAT Budget.

CAT LLC estimated the budget for the potential change requests for the CAT Fee 2026–1 Period based on, among other things, a review of past change requests and potential future change request needs, as well as discussions with FCAT. This process for estimating the budget for the change requests for the CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the change requests cost for the Original 2026 CAT Budget. The Original 2026 CAT Budget estimated a change request budget of $0 for January and February of 2026. The actual costs for change requests for January and February of 2026, which are set forth in the Updated 2026 CAT Budget, were $0. There was no variance between budgeted and actual change request costs for January and February of 2026.[58] Accordingly, CAT LLC believes that the process for estimating the budgeted change request costs for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for change request fees from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the change request fees from the Original 2026 Budget. Specifically, the following describes the differences (if any) in the costs for change request fees included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budgeted costs for change requests included in the Original 2026 CAT Budget were $0, and the annual 2026 budgeted costs for change requests included in the Updated 2026 CAT Budget are $0.[59] Accordingly, budgeted annual costs for change requests are the same for both the Original 2026 CAT Budget and the Updated 2026 CAT Budget.

(v) Technology Costs—Capitalized Developed Technology Costs

(a) Description of Capitalized Developed Technology Costs

Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the capitalized developed technology costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes $3,450,000 in technology costs for capitalized developed technology costs for the CAT Fee 2026–1 Period. This category of costs includes the budget for capitalizable application development costs incurred in the development of the CAT. It is anticipated that such costs will include certain costs related to the software license fee for the Reference Database in accordance with the Plan Processor Agreement with FCAT, as well as costs related to a set of technology changes to be implemented by FCAT related to the cost savings amendments[60] and the move to 23x5 trading.

CAT LLC estimates that the budget for capitalized developed technology costs during the CAT Fee 2026–1 Period will be approximately $3,450,000.[61] The budget for capitalized developed technology costs during the CAT Fee 2026–1 Period is calculated based on the Updated 2026 CAT Budget. Specifically, this estimate was calculated by adding (1) capitalized developed technology costs of $3,450,000 for May, $0 for June and $0 for the third and fourth quarters of 2026 included in the Updated 2026 CAT Budget; and (2) $0 for the Software License Fee 2026 for the second, third, and fourth quarters of 2026 included in the Updated 2026 CAT Budget.[62]

CAT LLC estimated the budget for capitalized developed technology costs for the CAT Fee 2026–1 Period based on an analysis of a variety of factors, including information related to potential technology costs and related contractual and Plan requirements, and discussions with FCAT regarding such potential technology costs. This process for estimating the budget for capitalized developed technology costs for the CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the capitalized developed technology costs for the Original 2026 CAT Budget. The Original 2026 CAT Budget estimated a budget for capitalized developed technology costs of $671,472 for January and February 2026, and the actual costs for capitalized developed technology costs for January and February 2026 were $4,145,430.[63] The variance of $3,473,958 for January and February 2026 is the result of costs related to the software license fee for the Reference Database in accordance with the Plan Processor Agreement with FCAT. Accordingly, CAT LLC believes that the process for estimating the budgeted capitalized developed technology costs for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for capitalized developed technology costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the capitalized developed technology costs from the Original 2026 Budget. Specifically, the following describes the differences in the costs for capitalized developed technology costs as included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budget for capitalized developed technology costs included in the Original 2026 CAT Budget was $8,228,827, and the annual 2026 budget for capitalized developed technology costs included in the Updated 2026 CAT Budget are $8,378,964.[64] Accordingly, the annual budget for capitalized developed technology costs increased by $150,137 from the Original 2026 CAT Budget to the Updated 2026 CAT Budget, which is an approximate 2% increase in the capitalized developed technology costs for the full year of 2026. This budgeted increase in the annual budget for capitalized developed technology costs was the result of costs related to the software license fee for the Reference Database in accordance with the Plan Processor Agreement with FCAT.

(vi) Legal Costs

(a) Description of Legal Costs

Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan requires the fee filing for a

[57] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[58] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

[59] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[60] *See* CAIS Amendment and Cost Savings Amendment.

[61] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[62] This calculation is ($3,450,000 + $0 + $0 + $0) + ($0 + $0 + $0) = $3,450,000. Note that the $4,178,964 cost for the software license fee was not included in the CAT Fee 2026–1 Period.

[63] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

[64] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

Prospective CAT Fee to provide a brief description of the legal costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes $5,670,452 in legal costs for the CAT Fee 2026–1 Period. This category of costs represents budgeted costs for legal services for this period. CAT LLC anticipates that it will receive legal services from two law firms, Wilmer Cutler Pickering Hale and Dorr LLP (''WilmerHale'') and Jenner & Block LLP (''Jenner''), during the CAT Fee 2026–1 Period.

Law Firm: WilmerHale. It is anticipated that legal costs during the CAT Fee 2026–1 Period will include costs related to the legal services performed by WilmerHale. CAT LLC anticipates that it will continue to employ WilmerHale during the CAT Fee 2026–1 Period based on, among other things, their expertise, long history with the project and recognition that the hourly fee rates for this law firm are anticipated to be in line with market rates for specialized legal expertise. WilmerHale's billing rates are negotiated on an annual basis and are determined with reference to the rates charged by other leading law firms for similar work. The Participants assess WilmerHale's performance and review prospective budgets and staffing plans submitted by WilmerHale on an annual basis. The legal fees will be paid by CAT LLC to WilmerHale.

During the CAT Fee 2026–1 Period, it is anticipated that WilmerHale will provide legal services related to the following:

- Assist with CAT fee filings and related funding issues;
- Draft exemptive requests from CAT NMS Plan requirements and/or proposed amendments to the CAT NMS Plan;
- Provide legal guidance with respect to interpretations of CAT NMS Plan requirements;
- Provide legal support for the Operating Committee, Compliance Subcommittee, working groups and Leadership Team;
- Draft SRO rule filings related to the CAT Compliance Rule;
- Manage corporate governance matters, including supporting Operating Committee meetings and preparing resolutions and consents;
- Assist with communications with the industry, including CAT Alerts and presentations;
- Provide guidance regarding the confidentiality of CAT Data;
- Assist with cost management analyses and proposals;
- Assist with commercial contract-related matters, including change orders and amendments, Plan Processor Agreement items, and subcontract matters;
- Provide support with regard to discussions with the SEC and its staff, including with respect to addressing interpretive and implementation issues;
- Provide legal guidance with respect to the CAT budgets;
- Provide background assistance to other counsel for CAT matters;
- Assist with legal responses related to third-party data requests; and
- Provide legal support regarding CAT policies and procedures.

CAT LLC estimated the budget for the legal costs for WilmerHale for the CAT Fee 2026–1 Period through an analysis of a variety of factors, including WilmerHale fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues.

Law Firm: Jenner. It is anticipated that legal costs during the CAT Fee 2026–1 Period will include costs related to the legal services performed by Jenner. CAT LLC anticipates that it will continue to employ Jenner during the CAT Fee 2026–1 Period based on, among other things, their expertise, history with the project and recognition that their hourly fee rates are in line with market rates for specialized legal expertise. The legal fees will be paid by CAT LLC to Jenner.

During the CAT Fee 2026–1 Period, it is anticipated that Jenner will continue to provide legal assistance to CAT LLC regarding certain litigation matters, including: (1) CAT LLC's defense against a lawsuit filed in the Western District of Texas against the SEC Chair, the SEC and CAT LLC challenging the validity of Rule 613 and the CAT and alleging various constitutional, statutory, and common law claims; [65] (2) CAT LLC's intervention in a lawsuit in the Eleventh Circuit filed by various parties against the SEC challenging the SEC's approval of the CAT Funding Model; [66] and (3) a lawsuit in the Eleventh Circuit filed by Citadel Securities LLC seeking review of the SEC's May 20, 2024 order [67] granting the Participants temporary conditional exemptive relief related to the reporting of bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not immediately actionable.[68] Litigation involving CAT LLC is an expense of operating the CAT, and, therefore, is appropriately an obligation of both Participants and Industry Members under the CAT Funding Model. Jenner also will continue to provide legal counseling to CAT LLC related to the above-listed litigation and other litigation risk.

CAT LLC estimated the budget for the legal costs for Jenner for the CAT Fee 2026–1 Period through an analysis of a variety of factors, including Jenner's fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues.

Legal Cost Estimates. CAT LLC estimates that the budget for legal services during the CAT Fee 2026–1 Period will be approximately $5,670,452.[69] The budget for legal services during the CAT Fee 2026–1 Period is calculated based on the Updated 2026 CAT Budget. Specifically, this estimate was calculated by adding budgeted costs for two-thirds of the legal costs for the second quarter and the legal costs for the third and fourth quarters of 2026 included in the Updated 2026 CAT Budget.[70]

CAT LLC estimated the budget for the legal services for the CAT Fee 2026–1 Period based on an analysis of a variety of factors, including law firm fee rates, historical legal fees, and information related to pending legal issues and potential future legal issues. This process for estimating the budget for the legal services for CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the legal cost for the Original 2026 CAT Budget. The Original 2026 CAT Budget estimated a budget for legal costs of $1,424,166 for January and February of 2026. The actual costs for legal services for January and February 2026, which are included in the Updated 2026 Budget, were $1,838,617.[71] The increase of $414,451 was due to unanticipated issues that required additional legal efforts on behalf of CAT LLC that developed after the budget was created. Such additional costs were primarily due to additional legal work related to litigation matters as well as regulatory and corporate legal matters. Accordingly, CAT LLC believes that the process for estimating the

[65] *Davidson et al.* v. *Atkins et al.,* Case No. 6:24–cv–197 (W.D. Tex.).

[66] *Am. Sec. Ass'n* v. *SEC,* Case No. 26–10936 (11th Cir.).

[67] Securities Exchange Act Rel. No. 100181 (May 20, 2024), 89 FR 45715 (May 23, 2024).

[68] *Citadel Securities* v. *SEC,* Case No. 24–12300 (11th Cir.).

[69] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[70] This calculation is ($\frac{2}{3}$ × $2,145,170) + $2,125,170 + $2,115,170 = $5,670,452.

[71] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

budgeted legal costs for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for legal costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the legal costs from the Original 2026 Budget. Specifically, the following describes the differences in the legal costs included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budgeted legal costs included in the Original 2026 CAT Budget were $8,485,000, and the annual 2026 budgeted legal costs included in the Updated 2026 CAT Budget are $8,939,184.[72] Accordingly, the annual budget for legal costs increased by $454,184 from the Original 2026 CAT Budget to the Updated 2026 CAT Budget for the full year of 2026, which is an approximate 5% increase in the legal costs for the full year of 2026. This budgeted increase in the legal costs in the Updated 2026 CAT Budget from the Original 2026 Budget was primarily due to an anticipated increase in legal costs related to litigation matters as well as regulatory and corporate legal matters.

(vii) Consulting Costs

(a) Description of Consulting Costs

Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the consulting costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $1,025,957 in consulting costs for the CAT Fee 2026–1 Period. The consulting costs represent the fees estimated to be paid to the consulting firm Deloitte & Touche LLP (''Deloitte'') as project manager during the CAT Fee 2026–1 Period. The services provided by Deloitte to the CAT include advisory services related to the operation of the CAT, and meeting facilitation and communications coordination, vendor support and financial analyses. In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee.

It is anticipated that the costs for CAT during the CAT Fee 2026–1 Period will include costs related to consulting services performed by Deloitte. CAT LLC anticipates that it will continue to employ Deloitte during the CAT Fee 2026–1 Period based on, among other things, their expertise, long history with the project, and the recognition that it is anticipated that the consulting fees will remain in line with market rates for this type of specialized consulting work. Deloitte's fee rates are negotiated on an annual basis. CAT LLC assesses Deloitte's performance and reviews prospective budgets and staffing plans submitted by Deloitte on an annual basis. The consulting fees will be paid by CAT LLC to Deloitte.

It is anticipated that Deloitte will provide a variety of consulting services to the CAT during the CAT Fee 2026–1 Period, including the following:

- Implement program operations for the CAT project;
- Provide support to the Operating Committee, the Chair of the Operating Committee and the Leadership Team, including project management support, coordination and planning for meetings and communications, and interfacing with law firms and the SEC;
- Assist with cost and funding matters for the CAT, including assistance with loans and the CAT bank account for CAT funding;
- Provide support for updating the SEC on the progress of the development of the CAT; and
- Provide support for third party vendors for the CAT, including FCAT, Anchin and the law firms engaged by CAT LLC.

In addition, the consulting costs include the compensation for the Chair of the CAT Operating Committee, which is paid by CAT LLC.

CAT LLC estimates that the budget for consulting costs during the CAT Fee 2026–1 Period will be approximately $1,025,957.[73] The budget for consulting costs during the CAT Fee 2026–1 Period is calculated based on the Updated 2026 CAT Budget. Specifically, this estimate was calculated by adding two-thirds of the consulting costs for the second quarter and the consulting costs for the third and fourth quarters of 2026 included in the Updated 2026 CAT Budget.[74]

CAT LLC estimates the budget for the consulting costs for Deloitte for the CAT Fee 2026–1 Period based on the current statement of work with Deloitte, which took into consideration past consulting costs, potential future consulting needs, the proposed rates and other contractual issues, and discussions with Deloitte, as well as the compensation arrangement for the Chair. This process for estimating the budget for consulting costs for the CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the consulting costs for the Original 2026 CAT Budget. The Original 2026 CAT Budget estimated a budget for consulting services of $258,334 for January and February 2026, and the actual costs for consulting services for January and February 2026, which are included in the Updated 2026 CAT Budget, were $267,554.[75] Therefore, the variance between budgeted and actual consulting costs for January and February was approximately 4%. Accordingly, CAT LLC believes that the process for estimating the budgeted consulting costs for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for consulting costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the consulting costs from the Original 2026 Budget. Specifically, the following describes the differences (if any) in the consulting costs included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budget for consulting costs included in the Original 2026 CAT Budget was $1,550,000, and the annual 2026 budget for consulting costs included in the Updated 2026 CAT Budget is $1,550,000.[76] Accordingly, the annual budget for consulting costs has not changed from the Original 2026 CAT Budget to the Updated 2026 CAT Budget for the full year of 2026.

(viii) Insurance Costs

(a) Description of Insurance Costs

Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the insurance costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $852,768 in insurance costs for the CAT Fee 2026–1 Period.[77] The

[72] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[73] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[74] This calculation is ($\frac{2}{3} \times \$2,145,170$) + $2,125,170 + $2,115,170 = $5,670,452.

[75] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

[76] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[77] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

insurance costs represent the costs to be incurred for insurance for the CAT during the CAT Fee 2026–1 Period.

It is anticipated that the insurance costs for CAT during the CAT Fee 2026–1 Period will include costs related to cyber security liability insurance, directors' and officers' liability insurance, and errors and omissions liability insurance brokered by USI Insurance Services LLC (''USI''). Such policies are standard for corporate entities, and cyber security liability insurance is important for the CAT System. CAT LLC anticipates that it will continue to maintain this insurance during the CAT Fee 2026–1 Period, and notes that the annual premiums for these policies were competitive for the coverage provided. CAT LLC estimated the budget for the insurance costs for the CAT Fee 2026–1 Period based on the insurance estimate from USI for 2026. The annual premiums would be paid by CAT LLC to USI.

The budgeted insurance costs for the CAT Fee 2026–1 Period are based on an insurance cost estimate from USI for 2026. Accordingly, CAT LLC believes that the process for estimating the budgeted insurance costs for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for insurance costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the insurance costs from the Original 2026 Budget. Specifically, the following describes the differences in the insurance costs included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budgeted insurance costs included in the Original 2026 CAT Budget were $1,505,625, and the annual 2026 budgeted insurance costs included in the Updated 2026 CAT Budget are $1,254,070.[78] Accordingly, the annual budget for insurance costs decreased by $251,555 from the Original 2026 CAT Budget to the Updated 2026 CAT Budget for the full year of 2026, which is an approximate 16% decrease in the insurance costs for the full year of 2026. This budgeted decrease in the insurance costs in the Updated 2026 CAT Budget from the Original 2026 Budget was primarily due to an anticipated decrease in insurance premiums.

(ix) Professional and Administration Costs

(a) Description of Professional and Administration Costs

Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the professional and administration costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $749,151 in professional and administration costs for the CAT Fee 2026–1 Period. In adopting the CAT NMS Plan, the Commission amended the Plan to add a requirement that CAT LLC's financial statements be prepared in compliance with GAAP, audited by an independent public accounting firm, and made publicly available.[79] The professional and administration costs would include costs related to accounting and accounting advisory services to support the operating and financial functions of CAT, financial statement audit services by an independent accounting firm, preparation of tax returns, and various cash management and treasury functions. The professional and administration costs represent the fees to be paid to Anchin, Block & Anchin (''Anchin'') and Grant Thornton LLP (''Grant Thornton'') for financial services during the CAT Fee 2026–1 Period.

Financial Advisory Firm: Anchin. It is anticipated that the professional and administration costs for the CAT Fee 2026–1 Period will include costs related to financial advisory services performed by Anchin. CAT LLC anticipates that it will continue to employ Anchin during the CAT Fee 2026–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. The fees for these services will be paid by CAT LLC to Anchin.

It is anticipated that Anchin will provide a variety of services to the CAT during the CAT Fee 2026–1 Period, including the following:

- Update and maintain internal controls;
- Provide cash management and treasury functions;
- Facilitate bill payments to vendors;
- Facilitate repayments of promissory notes to Participants;
- Provide monthly bookkeeping;
- Review vendor invoices and documentation in support of cash disbursements;
- Review documentation to ensure that repayments of promissory notes to Participants are in accordance with established policies and procedures;
- Provide accounting research and consultations on various accounting, financial reporting and tax matters;
- Address not-for-profit tax and accounting considerations;
- Prepare tax returns;
- Address various accounting, financial reporting and operating inquiries from Participants;
- Develop and maintain annual and interim operating and financial budgets, including budget to actual and budget to budget fluctuation analyses;
- Support compliance with the CAT NMS Plan;
- Work with and provide support to the Operating Committee, Leadership Team and various CAT working groups;
- Prepare monthly, quarterly and annual financial statements;
- Review and reconcile the monthly FINRA CAT reports/analyses related to billings, collections, outstanding accounts receivable and cash account;
- Perform certain verification, completeness, and validation testing related to the monthly FINRA CAT reports/analyses related to billings;
- Support the annual financial statement audits by an independent auditor;
- Review historical costs from inception;
- Provide accounting and financial information in support of SEC filings; and
- Perform additional ad hoc accounting and financial advisory services, as requested by CAT LLC.

CAT LLC estimated the annual budget for the costs for Anchin based on historical costs adjusted for cost of living rate increases, and projected incremental advisory and support services.

Accounting Firm: Grant Thornton. It is anticipated that the professional and administration costs for the CAT Fee 2026–1 Period will include costs related to accounting services performed by Grant Thornton. CAT LLC anticipates that it will continue to employ Grant Thornton during the CAT Fee 2026–1 Period based on, among other things, the firm's relevant expertise and fees, which are anticipated to remain in line with market rates for these financial advisory services. It is anticipated that Grant Thornton will continue to be engaged as an independent accounting firm to complete the audit of CAT LLC's financial statements, in accordance with

[78] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[79] Section 9.2 of the CAT NMS Plan.

the requirements of the CAT NMS Plan. The fees for these services will be paid by CAT LLC to Grant Thornton. CAT LLC estimated the budget for the accounting costs for Grant Thornton for the CAT Fee 2026–1 Period based on the anticipated hourly rates and the anticipated services plus an administrative fee.

Professional and Administration Cost Estimates. CAT LLC estimates that the budget for professional and administration services during the CAT Fee 2026–1 Period will be approximately $749,151.[80] The budget for professional and administration services during the CAT Fee 2026–1 Period is based on the Updated 2026 CAT Budget. CAT LLC estimated the budget for the professional and administration costs for the CAT Fee 2026–1 Period based on a review of past professional and administration costs, potential future professional and administration needs, the proposed rates and other contractual issues, as well as discussions with Anchin and Grant Thornton. This process for estimating the budget for the professional and administration costs for the CAT Fee 2026–1 Period is the same process by which CAT LLC estimated the professional and administration costs for the Original 2026 CAT Budget. The Original 2026 CAT Budget estimated a budget for professional and administration costs of $190,916 for January and February 2026, and the actual costs for professional and administration services for January and February 2026, which are set forth in the Updated 2026 Budget, were $149,061.[81] The decrease of $41,855 was due to a lower than expected profressional and administration services costs and to the movement of bank fees from the professional and administration category to the interest income category. Accordingly, CAT LLC believes that the process for estimating the budgeted professional and administration costs for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for professional and administration costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the professional and administration costs from the Original 2026 Budget. Specifically, the following describes the differences in the professional and administration costs included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budgeted professional and administration costs as included in the Original 2026 CAT Budget were $1,145,500, and the annual 2026 budgeted professional and administration costs included in the Updated 2026 CAT Budget are $1,085,500.[82] Accordingly, the budgeted annual costs for professional and administration services decreased by $60,000 from the Original 2026 CAT Budget to the Updated 2026 CAT Budget for the full year of 2026. This budgeted decrease in the professional and administration costs in the Updated 2026 CAT Budget from the Original 2026 Budget was due to the movement of bank fees from the professional and administration category to the interest income category, and not a change in costs related to Anchin and Grant Thornton services.

(x) Public Relations Costs

(a) Description of Public Relations Costs

Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the public relations costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $0 in public relations costs for the CAT Fee 2026–1 Period. The public relations costs would represent the fees paid to a public relations firm for professional communications services to CAT, including media relations consulting, strategy and execution. Because CAT LLC anticipates that it will not engage a public relations firm for the CAT Fee Period 2026–1, the budget for public relations costs for this period is $0.[83]

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for public relations costs from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in the public relations costs from the Original 2026 Budget. Specifically, the following describes the differences (if any) in public relations costs included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual budgeted public relations costs for 2026 included in the Original 2026 CAT Budget were $0, and the annual budgeted public relations costs for 2026 included in the Updated 2026 CAT Budget are $0.[84] Accordingly, the annual budgeted public relations costs for 2026 are the same for both the Original 2026 CAT Budget and the Updated 2026 CAT Budget.

(xi) Interest Income

(a) Description of Interest Income

Section 11.1(a) of the CAT NMS Plan requires the CAT budget to include ''the sources of all revenues to cover costs.'' Accordingly, the Updated 2026 CAT Budget includes a line item for interest income. Specifically, the Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that included $1,453,382 in interest income for the CAT Fee 2026–1 Period.[85] Interest income represents the interest earned on the surplus reserve and other funds held by CAT LLC. Such income would be used to reduce the amount to be collected to fund the CAT.

CAT LLC estimates the budget for the interest income for the CAT Fee 2026–1 Period based on the estimate of the funds held by CAT LLC and the expected interest rates on such funds. The Original 2026 CAT Budget estimated interest income of $758,343 for January and February 2026, and the actual interest income for January and February 2026, which are included in the Updated 2026 CAT Budget, were $757,527.[86] As mentioned above, bank fees were moved from the professional and administration category in the Original 2026 CAT Budget to the interest income category in the Updated 2026 CAT Budget. Accordingly, the interest income amount for the Updated 2026 CAT Budget was net of $10,000 in bank fees. Therefore, the variance between budgeted and actual interest income (aside from bank fees) for January and February 2026 was approximately $10,000. Accordingly, CAT LLC believes that the process for

[80] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[81] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

[82] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[83] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[84] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[85] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[86] *See* chart entitled ''Comparison of Budgeted and Actual Costs for January & February 2026'' in Section 3(a)(2)(C) above.

estimating the budgeted interest income for the CAT Fee 2026–1 Period is reasonable.

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in each line item from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in interest income from the Original 2026 CAT Budget. Specifically, the following describes the differences in the interest income included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The annual 2026 budgeted interest income as included in the Original 2026 CAT Budget was $1,995,958, and the annual 2026 budgeted interest income included in the Updated 2026 CAT Budget is $2,806,325.[87] Accordingly, the budgeted interest income (not including bank fees) increased by $810,367 from the Original 2026 CAT Budget to the Updated 2026 CAT Budget for the full year of 2026, which is an approximate 40% increase in the interest income for the full year of 2026. This budgeted increase in the interest income in the Updated 2026 CAT Budget from the Original 2026 Budget was primarily due to higher than expected cash balances being maintained after the approval of the Original 2026 Budget.

(xii) Reserve

(a) Description of Reserve

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to provide a brief description of the reserve costs set forth in the budget. The Operating Committee approved an operating budget for the CAT pursuant to Section 11.1(a) of the CAT NMS Plan that includes a reserve amount for 2026. Section 11.1(a)(i) of the CAT NMS Plan states that the budget shall include a reserve. Section 11.1(a)(ii) of the CAT NMS Plan further describes the reserve as follows:

For the reserve referenced in paragraph (a)(i) of this Section, the budget will include an amount reasonably necessary to allow the Company to maintain a reserve of not more than 25% of the annual budget. To the extent collected CAT fees exceed CAT costs, including the reserve of 25% of the annual budget, such surplus shall be used to offset future fees. For the avoidance of doubt, the Company will only include an amount for the reserve in the annual budget if the Company does not have a sufficient reserve (which shall be up to but not more than 25% of the annual budget). For the avoidance of doubt, the calculation of the amount of the reserve would exclude the amount of the reserve from the budget.

CAT LLC determined to maintain a reserve in the amount of 25% of the total expenses set forth in the Updated 2026 CAT Budget (which does not include the reserve amount). Accordingly, the total 25% reserve of $23,508,157 was calculated by multiplying the total expenses set forth in the Updated 2026 CAT Budget (other than the reserve) by 25%.[88]

The Updated 2026 CAT Budget estimates that CAT LLC will have $102,391,135 in reserve as of the beginning of the CAT Fee Period 2026–1. Such reserve is related, in part, to (i) the collection of CAT fees in excess of the budgeted CAT costs in light of the greater actual executed equivalent share volume than the projected executed equivalent share volume for prior CAT Fees, and (ii) a reduction in anticipated budgeted costs associated with the implementation of certain cost savings measures. This reserve balance of $102,391,135 would be used to offset a portion of CAT costs for CAT Fee Period 2026–1, thereby reducing the fee rate to be paid for CAT Fee 2026–1. Specifically, the total costs (including the 25% reserve) for CAT Fee 2026–1 of $117,540,783 would be reduced by the $102,391,135 in reserve. Therefore, the Total Budgeted CAT Costs 2026–1 would be $15,149,648.

Accordingly, the fee rate for CAT Fee 2026–1 is calculated based on this reduced amount of $15,149,648, resulting in a fee rate of $0.000001 per executed equivalent share. If the fee rate for CAT Fee 2026–1 were calculated solely based on the reasonably budgeted costs for CAT for May—December 2026, excluding the reduction in that amount due to the surplus reserve offset, the fee rate would be the higher rate of $0.000010.[89]

(b) Changes From Prior Fee Filing

Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan requires the fee filing for a Prospective CAT Fee to describe the reason for changes in the line item for a reserve from the prior CAT Fee filing. As this is the first Prospective CAT Fee filing under this CAT Funding Model, this filing describes the changes in reserve from the Original 2026 CAT Budget. Specifically, the following describes the differences in the reserve included in the Original 2026 CAT Budget versus the Updated 2026 CAT Budget, and the reasons for any changes.

The accrued liquidity reserve balance at the beginning of the year included in the Original 2026 CAT Budget was $119,128,336. The Original 2026 CAT Budget contemplated using the reserve to pay CAT bills throughout the year as no CAT fee was in effect. The accrued liquidity reserve balance at the beginning of the year included in the Updated 2026 CAT Budget was $155,403,378. The increase in the accrued liquidity reserve balance at the beginning of the year from the Original 2026 CAT Budget to the Updated 2026 CAT Budget reflected the additional CAT Fees that had been received after the approval of the Original 2026 CAT Budget. In addition, the Updated 2026 CAT Budget not only reflected the use of the surplus reserve to pay CAT bills but also the accrual of additional reserve to establish a 25% reserve through CAT Fee 2026–1. Accordingly, the estimated liquidity reserve balance increased from a deficit of $37,304,661 included in the Original 2026 CAT Budget to a reserve balance of $23,508,157 included in the Updated 2026 CAT Budget for the full year of 2026.

(D) Projected Total Executed Equivalent Share Volume

The calculation of Fee Rate 2026–1 also requires the determination of the projected total executed equivalent share volume of transactions in Eligible Securities for the CAT Fee 2026–1 Period. Under the CAT NMS Plan, the Operating Committee is required to ''reasonably determine the projected total executed equivalent share volume of all transactions in Eligible Securities for each relevant period based on the executed equivalent share volume of all transactions in Eligible Securities for the prior twelve months.'' [90] The Operating Committee is required to base its projection on the prior twelve months, but it may use its discretion to analyze the likely volume for the upcoming year. Such discretion would allow the Operating Committee to use its judgment when estimating projected total executed equivalent share volume if the volume over the prior twelve months was unusual or otherwise unfit to serve as the basis of a future volume estimate.[91]

[87] *See* chart entitled ''Comparison of Full Year Budgeted Costs'' in Section 3(a)(2)(C) above.

[88] The reserve was calculated by multiplying $94,032,626 by 25%, which equals approximately $23,508,157.

[89] *See* CAT Fee Alert 2026–1 (Apr. 1, 2026).

[90] Section 11.3(a)(i)(D) of the CAT NMS Plan.

[91] CAT Funding Model Approval Order at 13452.

The total executed equivalent share volume of transactions in Eligible Securities for the 12-month period from March 2025 through February 2026 was 5,980,937,549,360.49 executed equivalent shares. The Operating Committee has determined to calculate the projected total executed equivalent share volume for the eight-month recovery period for CAT Fee 2026–1 by multiplying by 8/12ths the executed equivalent share volume for the 12-month period from March 2025 through February 2026. The Operating Committee determined that such an approach was reasonable as the CAT's annual executed equivalent share volume has increased from prior years (*e.g.,* the executed equivalent share volume for 2024 was 4,295,884,600,069.41), and the Operating Committee believes that it is reasonable to conclude that the annual executed equivalent share volume will remain at the higher level. Accordingly, the projected total executed equivalent share volume for the eight-month period for CAT Fee 2026–1 is projected to be 3,987,291,699,573.66 executed equivalent shares.[92]

The projected total executed equivalent share volume of all transactions in Eligible Securities for the eight-month recovery period for CAT Fee 2026–1 and a description of the calculation of the projection is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide such information in a fee filing for a CAT Fee.[93]

(E) Fee Rate 2026–1

Fee Rate 2026–1 would be calculated by dividing the Budgeted CAT Costs 2026–1 by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the eight-month recovery period for CAT Fee 2026–1, as described in detail above.[94] Specifically, Fee Rate 2026–1 would be calculated by dividing $15,149,648 by 3,987,291,699,573.66 executed equivalent shares. As a result, Fee Rate 2026–1 would be $0.000003799483243631228 per executed equivalent share. Fee Rate 2026–1 is provided in this filing in accordance with the requirement in the CAT NMS Plan to provide the Fee Rate in a fee filing for a CAT Fee.[95]

Fee Rate 2026–1 would be used to calculate the fee rate to be paid by CEBSs and CEBBs for CAT Fee 2026–1. Such fee rate is calculated by multiplying Fee Rate 2026–1 of $0.000003799483243631228 by one-third, and rounding the result to six decimal places.[96] Accordingly, the fee rate to be paid by CEBSs and CEBBs for CAT Fee 2026–1 would be $0.000001 per executed equivalent share.

(3) Monthly Fees

CEBBs and CEBSs would be required to pay fees for CAT Fee 2026–1 on a monthly basis for eight months, from July 2026 until January 2027. A CEBB's or CEBS's fee for each month would be calculated based on the transactions in Eligible Securities executed by the CEBB or CEBS from the prior month.[97] Proposed paragraph (c)(1) of the fee schedule would state that each CAT Executing Broker would receive its first invoice for CAT Fee 2026–1 in June 2026, and would receive an invoice for CAT Fee 2026–1 each month thereafter until January 2027. Proposed paragraph (c)(2) of the fee schedule would state that ''Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2026–1 on a monthly basis.'' In addition, paragraph (b)(1) of the fee schedule states that each CEBB and CEBS is required to pay its CAT fees ''each month.''

(4) Consolidated Audit Trail Funding Fees

To implement CAT Fee 2026–1, the Exchange proposes to add a new paragraph to the ''Consolidated Audit Trail Funding Fees'' section of the Exchange's fee schedule, to include the proposed paragraphs described below.

(A) Fee Schedule for CAT Fee 2026–1

The CAT NMS Plan states that:

Each Industry Member that is the CAT Executing Broker for the buyer in a transaction in Eligible Securities (''CAT Executing Broker for the Buyer'' or ''CEBB'') and each Industry Member that is the CAT Executing Broker for the seller in a transaction in Eligible Securities (''CAT Executing Broker for the Seller'' or ''CEBS'') will be required to pay a CAT Fee for each such transaction in Eligible Securities in the prior month based on CAT Data. The CEBB's CAT Fee or CEBS's CAT Fee (as applicable) for each transaction in Eligible Securities will be calculated by multiplying the number of executed equivalent shares in the transaction by one-third and by the Fee Rate reasonably determined pursuant to paragraph (a)(i) of this Section 11.3.[98]

Accordingly, based on the factors discussed above, the Exchange proposes to add paragraph (c) to the Consolidated Audit Trail Funding Fees section of its fee schedule. Proposed paragraph (c) would state the following:

(1) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2026–1 in June 2026, which shall set forth the CAT Fee 2026–1 fees calculated based on transactions in May 2026, and shall receive an invoice for CAT Fee 2026–1 for each month thereafter until January 2027.

(2) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2026–1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer (''CEBB'') and/or the CAT Executing Broker for the Seller (''CEBS'') (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of $0.000001 per executed equivalent share.

(3) Notwithstanding the last invoice date of January 2027 for CAT Fee 2026–1 in paragraph 6(A), CAT Fee 2026–1 shall continue in effect after January 2027, with each CAT Executing Broker receiving an invoice for CAT Fee 2026–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2026–1 will no longer be in effect.

(4) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2026–1 in accordance with paragraph (b).

As noted in the Plan amendment for the CAT Funding Model, ''[a]s a practical matter, the fee filing would provide the exact fee per executed equivalent share to be paid for the CAT Fees, by multiplying the Fee Rate by one-third and describing the relevant

[92] This projection was calculated by multiplying 5,980,937,549,360.49 executed equivalent shares by 8/12ths.

[93] Section 11.3(a)(iii)(B) of the CAT NMS Plan.

[94] In approving the CAT Funding Model, the Commission stated that ''[t]he manner in which the Fee Rate for Prospective CAT Costs will be calculated (*i.e.,* by dividing the CAT costs reasonably budgeted for the upcoming year by the reasonably projected total executed equivalent share volume of all transactions in Eligible Securities for the year) is appropriate.'' CAT Funding Model Approval Order at 13435.

[95] *See* Section 11.3(a)(iii)(B)(A) of the CAT NMS Plan.

[96] This fee rate of $0.000001 is calculated by multiplying the Fee Rate of $0.000003799483243631228 by one-third and rounding this result (which equals $0.000001266494414543743) to 6 decimal places.

[97] *See* proposed paragraph (c)(1) of the fee schedule.

[98] Section 11.3(a)(iii)(A) of the CAT NMS Plan.

number of decimal places for the fee.'' [99] Accordingly, proposed paragraph (c)(2) of the fee schedule would set forth a fee rate of $0.000001 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2026–1 of $0.000003799483243631228 by one-third, and rounding the result to six decimal places.[100] The Operating Committee determined to use six decimal places to balance the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.

The proposed language in paragraph (c)(1) of the fee schedule would describe when CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2026–1. Specifically, CAT Executing Brokers would receive their first monthly invoice for CAT Fee 2026–1 in June 2026 and the fees set forth in that invoice would be calculated based on transactions executed in May 2026. The payment for the first invoice would be required within 30 days after the receipt of the first invoice (unless a longer period is indicated), as described in paragraph (b)(2) of the fee schedule.

Proposed paragraph (c)(1) of the fee schedule also would describe the monthly cadence of the invoices for CAT Fee 2026–1. Specifically, after the first invoices are provided to CAT Executing Brokers in June 2026, invoices will be sent to CAT Executing Brokers each month thereafter until January 2027.

Proposed paragraph (c)(2) of the fee schedule would describe the invoices for CAT Fee 2026–1. Proposed paragraph (c)(2) of the fee schedule would state that ''Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2026–1 on a monthly basis.'' Proposed paragraph (c)(2) of the fee schedule also would describe the fees to be set forth in the invoices for CAT Fee 2026–1. Specifically, it would state that ''[e]ach month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer ('CEBB') and/or the CAT Executing Broker for the Seller ('CEBS') (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of $0.000001 per executed equivalent share.''

Since CAT Fee 2026–1 is a monthly fee based on actual transaction volume from the prior month, CAT Fee 2026–1 may collect more or less than two-thirds of the Budgeted CAT Costs 2026–1. To the extent that CAT Fee 2026–1 collects more than two-thirds of the Budgeted CAT Costs 2026–1, any excess money collected will be used to offset future fees and/or to fund the reserve for the CAT. To the extent that CAT Fee 2026–1 collects less than two-thirds of the Budgeted CAT Costs 2026–1, the budget for the CAT in the ensuing months will reflect such shortfall.

Furthermore, proposed paragraph (c)(1) of the fee schedule would describe how long CAT Fee 2026–1 would remain in effect. It would state that ''[n]otwithstanding the last invoice date of January 2027 for CAT Fee 2026–1 in paragraph 6(A), CAT Fee 2026–1 shall continue in effect after January 2027, with each CAT Executing Broker receiving an invoice for CAT Fee 2026–1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2026–1 will no longer be in effect.''

Finally, proposed paragraph (b)(4) of the fee schedule would set forth the requirement for the CAT Executing Brokers to pay the invoices for CAT Fee 2026–1. It would state that ''[e]ach CAT Executing Broker shall be required to pay each invoice for CAT Fee 2026–1 in accordance with paragraph (b).''

(B) Manner of Payment

Paragraph (b)(1) of the ''Consolidated Audit Trail Funding Fees'' section of the fee schedule describes the manner of payment of Industry Member CAT fees. It states that ''[e]ach CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.'' The CAT NMS Plan requires the Operating Committee to establish a system for the collection of CAT fees.[101] The Plan Processor has established a billing system for CAT fees.[102] Accordingly, CAT Executing Brokers would be required to pay CAT Fee 2026–1 in accordance with such system. Therefore, the Exchange proposes to add a reference to paragraph (c) to paragraph (b)(1) referenced above.

(C) Failure To Pay CAT Fees

The CAT NMS Plan further states that:

Participants shall require each Industry Member to pay all applicable fees authorized under this Article XI within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due (as determined in accordance with the preceding sentence), such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.[103]

Paragraph (b)(2) of the fee schedule states that:

Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

The requirements of paragraph (b)(2) would apply to CAT Fee 2026–1. Therefore, the Exchange proposes to add a reference to paragraph (c) to paragraph (b)(2) referenced above.

(5) CAT Fee Details

The CAT NMS Plan states that:

Details regarding the calculation of a Participant or CAT Executing Broker's CAT Fees will be provided upon request to such Participant or CAT Executing Broker. At a minimum, such details would include each Participant or CAT Executing Broker's executed equivalent share volume and corresponding fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-

[99] CAT Funding Model Approval Order at 13445, n.677.

[100] This fee rate of $0.000001 is calculated by multiplying the Fee Rate of $0.000003799483243631228 by one-third, and rounding this result (which equals $0.000001266494414543743) to 6 decimal places.

[101] Section 11.4 of the CAT NMS Plan.

[102] The billing process and system are described in CAT Alert 2023–02 as well as in the CAT FAQs related to the billing of CAT fees, the Industry Member CAT Reporter Portal User Guide, the FCAT Industry Member Onboarding Guide, the FCAT Connectivity Supplement for Industry Members and the CAT Billing Webinars (dated Sept. 28, 2023 and Nov. 7, 2023), each available on the CAT website.

[103] Section 11.4 of the CAT NMS Plan.

side transactions and sell-side transactions.[104]

Such information would provide CEBBs and CEBSs with the ability to understand the details regarding the calculation of their CAT Fee.[105] CAT LLC will provide CAT Executing Brokers with these details regarding the calculation of their CAT Fees on their monthly invoice for the CAT Fees.

In addition, CAT LLC will make certain aggregate statistics regarding CAT Fees publicly available. Specifically, the CAT NMS Plan states that, ''[f]or each CAT Fee, at a minimum, CAT LLC will make publicly available the aggregate executed equivalent share volume and corresponding aggregate fee by (1) Listed Options, NMS Stocks and OTC Equity Securities, (2) by transactions executed on each exchange and transactions executed otherwise than on an exchange, and (3) by buy-side transactions and sell-side transactions.'' [106] Such aggregate statistics will be available on the CAT website.

Furthermore, CAT LLC will make publicly available on the CAT website the total amount invoiced each month that CAT Fee 2026–1 is in effect as well as the total amount invoiced for CAT Fee 2026–1 for all months since its commencement. CAT LLC also will make publicly available on the CAT website the total costs to be collected from Industry Members for CAT Fee 2026–1.

(6) Financial Accountability Milestones

The CAT NMS Plan states that ''[n]o Participant will make a filing with the SEC pursuant to Section 19(b) of the Exchange Act regarding any CAT Fee related to Prospective CAT Costs until the Financial Accountability Milestone related to Period 4 described in Section 11.6 has been satisfied.'' [107] Under Section 1.1 of the CAT NMS Plan, a Financial Accountability Milestone is considered complete as of the date identified in the Participants' Quarterly Progress Reports. As indicated by the Participants' Quarterly Progress Report for the second and third quarter of 2024,[108] the Financial Accountability Milestone related to Period 4 was satisfied on July 15, 2024. In addition, the satisfaction of the Financial Accountability Milestone related to Period 4 was described in detail in the fee filing for the first Prospective CAT Fee, CAT Fee 2024–1.

(7) Participant Invoices

While CAT Fees charged to Industry Members become effective in accordance with the requirements of Section 19(b) of the Exchange Act,[109] CAT fees charged to Participants are implemented via an approval of the CAT fees by the Operating Committee in accordance with the requirements of the CAT NMS Plan.[110] On March 31, 2026, the Operating Committee approved the Participant fee related to CAT Fee 2026–1. Specifically, pursuant to the requirements of CAT NMS Plan,[111] each Participant would be required to pay a CAT fee calculated using the fee rate of $0.000001 per executed equivalent share, which is the same fee rate that applies to CEBBs and CEBSs. Like CEBBs and CEBSs, each Participant would be invoiced such CAT fees on a monthly basis for eight months, from June 2026 until January 2027, and each Participant's fee for each month would be calculated based on the transactions in Eligible Securities executed on the applicable exchange (for the Participant exchanges) or otherwise than on an exchange (for FINRA) in the prior month. Accordingly, each Participant will receive its first invoice in June 2026, and would receive an invoice each month thereafter until January 2027. Like with the CAT Fee 2026–1 applicable to CEBBs and CEBSs as described in proposed paragraph (b)(1) of the fee schedule, notwithstanding the last invoice date of January 2027, Participants will continue to receive invoices for this fee each month until a new subsequent CAT Fee is in effect with regard to Industry Members. Furthermore, Section 11.4 of the CAT NMS Plan states that each Participant is required to pay such invoices as required by Section 3.7(b) of the CAT NMS Plan. Section 3.7(b) states, in part, that

> [e]ach Participant shall pay all fees or other amounts required to be paid under this Agreement within thirty (30) days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated) (the ''Payment Date''). The Participant shall pay interest on the outstanding balance from the Payment Date until such fee or amount is paid at a per annum rate equal to the lesser of: (i) Prime Rate plus 300 basis points; or (ii) the maximum rate permitted by applicable law.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Exchange Act. The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,[112] which requires, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange also believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,[113] because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange further believes that the proposed rule change is consistent with Section 6(b)(8) of the Act,[114] which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. These provisions also require that the Exchange be ''so organized and [have] the capacity to be able to carry out the purposes'' of the Act and ''to comply, and . . . to enforce compliance by its members and persons associated with its members,'' with the provisions of the Exchange Act.[115] Accordingly, a reasonable reading of the Act indicates that it intended that regulatory funding be sufficient to permit an exchange to fulfill its statutory responsibility under the Act, and contemplated that such funding would be achieved through equitable assessments on the members, issuers,

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[104] Section 11.3(a)(iv)(A) of the CAT NMS Plan.

[105] In approving the CAT Funding Model, the Commission stated that, ''[i]n the Commission's view, providing CAT Execut[ing] Brokers information regarding the calculation of their CAT Fees will aid in transparency and permit CAT Execut[ing] Brokers to confirm the accuracy of their invoices for CAT Fees.'' CAT Funding Model Approval Order at 13454.

[106] Section 11.3(a)(iv)(B) of the CAT NMS Plan. In approving the CAT Funding Model, the Commission stated that ''[t]he publication of the aggregate executed equivalent share volume and aggregate fee is appropriate because it would allow Participants and CAT Executing Brokers a high-level validation of executed volume and fees.'' CAT Funding Model Approval Order at 13454.

[107] Section 11.3(a)(iii)(C) of the CAT NMS Plan.

[108] Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024).

[109] Section 11.3(a)(i)(A)(I) of the CAT NMS Plan.

[110] CAT Funding Model Approval Order at 13448.

[111] *See* Section 11.3(a)(ii) and Appendix B of the CAT NMS Plan.

[112] 15 U.S.C. 78f(b)(6).

[113] 15 U.S.C. 78f(b)(4).

[114] 15 U.S.C. 78f(b)(8).

[115] *See* Section 6(b)(1) of the Exchange Act.

and other users of an exchange's facilities.

The Exchange believes that this proposal is consistent with the Act because it implements provisions of the Plan and is designed to assist the Exchange in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [116] To the extent that this proposal implements the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

The Exchange believes that the proposed fees to be paid by the CEBBs and CEBSs are reasonable, equitably allocated and not unfairly discriminatory. First, the CAT Fee 2026–1 fees to be collected are directly associated with the budgeted costs of establishing and maintaining the CAT, where such costs include Plan Processor costs and costs related to technology, legal, consulting, insurance, and professional and administration costs.

The proposed CAT Fee 2026–1 fees would be charged to Industry Members in support of the maintenance of a consolidated audit trail for regulatory purposes. The proposed fees, therefore, are consistent with the Commission's view that regulatory fees be used for regulatory purposes and not to support the Exchange's business operations. The proposed fees would not cover Exchange services unrelated to the CAT. In addition, any surplus would be used as a reserve to offset future fees. Given the direct relationship between CAT fees and CAT costs, the Exchange believes that the proposed fees are reasonable, equitable and not unfairly discriminatory.

As further discussed below, the SEC approved the CAT Funding Model, finding it was reasonable and that it equitably allocates fees among Participants and Industry Members. The Exchange believes that the proposed fees adopted pursuant to the CAT Funding Model approved by the SEC are reasonable, equitably allocated and not unfairly discriminatory.

(1) Implementation of CAT Funding Model in CAT NMS Plan

Section 11.1(b) of the CAT NMS Plan states that ''[t]he Participants shall file with the SEC under Section 19(b) of the Exchange Act any such fees on Industry Members that the Operating Committee approves.'' Per Section 11.1(b) of the CAT NMS Plan, the Exchange has filed this fee filing to implement the Industry Member CAT fees included in the CAT Funding Model. The Exchange believes that this proposal is consistent with the Exchange Act because it is consistent with, and implements, the CAT Funding Model in the CAT NMS Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the CAT NMS Plan. In approving the CAT NMS Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [117] Similarly, in approving the CAT Funding Model, the SEC concluded that the CAT Funding Model met this standard.[118] As this proposal implements the Plan and the CAT Funding Model described therein, and applies specific requirements to Industry Members in compliance with the Plan, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Exchange Act.

(2) Calculation of Fee Rate for CAT Fee 2026–1 Is Reasonable

The SEC has determined that the CAT Funding Model satisfies the requirements of the Exchange Act. Specifically, the SEC has concluded that the method for determining CAT Fees as set forth in Section 11.3 of the CAT NMS Plan, including the formula for calculating the Fee Rate, the identification of the parties responsible for payment and the transactions subject to the fee rate for CAT Fees, satisfies the Exchange Act.[119] In each respect, as discussed above, CAT Fee 2026–1 is calculated, and would be applied, in accordance with the requirements applicable to CAT Fees as set forth in the CAT NMS Plan. Furthermore, as discussed below, the Exchange believes that each of the figures for the variables in the SEC-approved formula for calculating the fee rate for CAT Fee 2026–1 is reasonable and consistent with the Exchange Act. The calculation of Fee Rate 2026–1 for CAT Fee 2026–1 requires the figures for Budgeted CAT Costs 2026–1, the executed equivalent share volume for the prior twelve months, the determination of the CAT Fee 2026–1 Period, and the projection of the executed equivalent share volume for the CAT Fee 2026–1 Period. Each of these variables is reasonable and satisfies the Exchange Act, as discussed throughout this filing.

(A) Budgeted CAT Costs 2026–1

The formula for calculating a Fee Rate requires the amount of Budgeted CAT Costs to be recovered. Specifically, Section 11.3(a)(iii)(B) of the CAT NMS Plan requires a fee filing to provide:

> the budget for the upcoming year (or remainder of the year, as applicable), including a brief description of each line item in the budget, including (1) the technology line items of cloud hosting services, operating fees, CAIS operating fees, change request fees, and capitalized developed technology costs, (2) legal, (3) consulting, (4) insurance, (5) professional and administration, and (6) public relations costs, a reserve and/or such other categories as reasonably determined by the Operating Committee to be included in the budget, and the reason for changes in each such line item from the prior CAT fee filing.

In accordance with this requirement, the Exchange has set forth the amount and type of Budgeted CAT Costs 2026–1 for each of these categories above.

Section 11.3(a)(iii)(B) of the CAT NMS Plan also requires that the fee filing provide ''sufficient detail to demonstrate that the budget for the upcoming year, or part of year, as applicable, is reasonable and appropriate.'' As discussed below, the Exchange believes that the budget for the CAT Fee 2026–1 Period is ''reasonable and appropriate.'' Each of the costs included in CAT Fee 2026–1 is reasonable and appropriate because the costs are consistent with standard industry practice, based on the need to comply with the requirements of the CAT NMS Plan, incurred subject to negotiations performed on an arm's length basis, and/or is consistent with the needs of any legal entity, particularly one with no employees.

(i) Technology: Cloud Hosting Services

In approving the CAT Funding Model, the Commission recognized that it is appropriate to recover budgeted costs related to cloud hosting services as a part of CAT Fees.[120] CAT LLC

[116] CAT NMS Plan Approval Order at 84697.

[117] *Id.*

[118] CAT Funding Model Approval Order at 13481.

[119] *Id.*

[120] Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

determined that the budgeted costs related to cloud hosting services described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2026–1. As described above, the cloud hosting services costs reflect, among other things, the breadth of the CAT cloud activities, data volumes far in excess of the original volume estimates, the need for specialized cloud services given the volume and unique nature of the CAT, the processing time requirements of the Plan, and regular efforts to seek to minimize costs where permissible under the Plan. CAT LLC determined that use of cloud hosting services is necessary for implementation of the CAT, particularly given the substantial data volumes associated with the CAT, and that the fees for cloud hosting services negotiated by FCAT were reasonable, taking into consideration a variety of factors, including the expected volume of data and the breadth of services provided and market rates for similar services.[121] Indeed, the actual costs of the CAT are far in excess of the original estimated costs of the CAT due to various factors, including the higher volumes and greater complexity of the CAT than anticipated when Rule 613 was originally adopted.

To comply with the requirements of the Plan, the breadth of the cloud activities related to the CAT is substantial. The cloud services not only include the production environment for the CAT, but they also include two industry testing environments, support environments for quality assurance and stress testing and disaster recovery capabilities. Moreover, the cloud storage costs are driven by the requirements of the Plan, which requires the storage of multiple versions of the data, from the original submitted version of the data through various processing steps, to the final version of the data.

Data volume is a significant driver of costs for cloud hosting services. When the Commission adopted the CAT NMS Plan in 2016, it estimated that the CAT would need to receive 58 billion records per day[122] and that annual operating costs for the CAT would range from $36.5 million to $55 million.[123] In contrast to the 2016 projections, the actual daily Q3 2025 data volumes averaged 792 billion events per day.

In addition to the effect of the data volume on the cloud hosting costs, the processing timelines set forth in the Plan contribute to the cloud hosting costs. Although CAT LLC has proactively sought to manage cloud hosting costs while complying with the Plan, including through requests to the Commission for exemptive relief and amendments to the CAT NMS Plan to reduce costs, stringent CAT NMS Plan requirements do not allow for any material flexibility in cloud architecture design choices, processing timelines (*e.g.,* the use of non-peak processing windows), or lower-cost storage tiers. As a result, the required CAT processing timelines contribute to the cloud hosting costs of the CAT.

The costs for cloud hosting services also reflect the need for specialized cloud hosting services given the data volume and unique processing needs of the CAT. The data volume as well as the data processing needs of the CAT necessitate the use of cloud hosting services. The equipment, power and services required for an on-premises data model, the alternative to cloud hosting services, would be cost prohibitive. Moreover, as CAT was being developed, there were limited cloud hosting providers that could satisfy all the necessary CAT requirements, including the operational and security criteria. Over time, more providers offering cloud hosting services that would satisfy these criteria have entered the market. CAT LLC will continue to evaluate alternative cloud hosting services, recognizing that the time and cost to move to an alternative cloud provider would be substantial.

The reasonableness of the cloud hosting services costs is further supported by key cost discipline mechanisms for the CAT—a cost-based funding structure, cost transparency, cost management efforts (including regular efforts to lower compute and storage costs where permitted by the Plan) and oversight. Together, these mechanisms help ensure the ongoing reasonableness of the CAT's costs and the level of fees assessed to support those costs.[124]

(ii) Technology: Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to operating fees as a part of CAT Fees.[125] CAT LLC determined that the budgeted costs related to operating fees described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2026–1.

The operating fees would include the negotiated fees paid by CAT LLC to the Plan Processor to operate and maintain the system for order-related information and to perform business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.,* management of the FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the selection of FCAT as the Plan Processor was reasonable and appropriate given its expertise with securities regulatory reporting, after a process of considering other potential candidates.[126] CAT LLC also determined that the fixed price contract, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan and Rule 613, was reasonable and appropriate, taking into consideration a variety of factors, including the breadth of services provided and market rates for similar types of activity.[127] The services to be performed by FCAT for CAT Fee 2026–1 Period and the budgeted costs related to such services are described above.[128]

The operating costs also include costs related to the receipt of market data. CAT LLC anticipates receiving certain market data from Algoseek during the CAT Fee 2026–1 Period. CAT LLC anticipates that Algoseek will provide data as set forth in the SIP Data requirements of the CAT NMS Plan and that the fees are reasonable and in line with market rates for market data received.[129]

(iii) Technology: CAIS Operating Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to CAIS operating fees as a part of CAT Fees.[130] CAT LLC determined that the budgeted costs related to CAIS operating fees described in this filing are reasonable and should be included as a part of the Budgeted CAT Costs 2026–1. The CAIS operating fees would include the fees paid to the Plan Processor to operate and maintain the Reference Database and to perform the business operations related to the system, including compliance, security, testing, training, communications with the industry (*e.g.,* management of the

[121] For a discussion of the amount and type of cloud hosting services fees, *see* Section 3(a)(2)(C)(i) above.

[122] Section 1.3 of Appendix D of the CAT NMS Plan at n.262.

[123] CAT NMS Plan Approval Order at 84801.

[124] *See* Securities Exchange Act Rel. No. 97151 (Mar. 15, 2023), 88 FR 17086, 17117 (Mar. 21, 2023) (describing key cost discipline mechanisms for the CAT).

[125] Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

[126] *See* Section 3(a)(2)(C)(ii) above.

[127] *Id.*

[128] *Id.*

[129] *Id.*

[130] Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

FINRA CAT Helpdesk, FAQs, website and webinars) and program management. CAT LLC determined that the fees for FCAT's services related to the Reference Database, negotiated on an arm's length basis with the goals of managing costs and receiving services required to comply with the CAT NMS Plan, taking into consideration a variety of factors, including the services to be provided and market rates for similar types of activity, are reasonable and appropriate.[131] The services to be performed by FCAT for the CAT Fee 2026–1 Period and the budgeted costs for such services are described above.[132]

(iv) Technology: Change Request Fees

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to change request fees as a part of CAT Fees.[133] CAT LLC determined that the budgeted costs related to change request fees described in this filing are reasonable and should be included as a part of the Budgeted CAT Costs 2026–1. It is common practice to utilize a change request process to address evolving needs in technology projects. This is particularly true for a project like CAT that is the first of its kind, both in substance and in scale. The substance and costs of each of the change requests are evaluated by the Operating Committee and approved in accordance with the requirements for Operating Committee meetings. In each case, CAT LLC forecasts that the change requests will be necessary to implement the CAT. As described above,[134] CAT LLC determined that it was reasonable not to include any change request fees in the Budgeted CAT Costs 2026–1.

(v) Capitalized Developed Technology Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to capitalized developed technology costs as a part of CAT Fees.[135] In general, capitalized developed technology costs would include costs related to, for example, certain development costs, costs related to certain modifications, upgrades and other changes to the CAT and license fees. The amount and type of budgeted capitalized developed technology costs for the CAT Fee 2026–1 Period, which relate to the software license fee and technology changes to be implemented by FCAT, are described in more detail above.[136]

(vi) Legal

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted costs related to legal fees as a part of CAT Fees.[137] CAT LLC determined that the budgeted legal costs described in this filing are reasonable and should be included as a part of the Budgeted CAT Costs 2026–1. Given the unique nature of the CAT, the number of parties involved with the CAT (including, for example, the SEC, Participants, Industry Members, and vendors) and the many regulatory, contractual and other issues associated with the CAT, the scope of the necessary legal services is substantial. CAT LLC determined that the scope of the proposed legal services is necessary to implement and maintain the CAT and that the legal rates reflect the specialized services necessary for such a project. CAT LLC determined to hire and continue to use each law firm based on a variety of factors, including their relevant expertise and fees. In each case, CAT LLC determined that the fee rates were in line with market rates for specialized legal expertise. In addition, CAT LLC determined that the budgeted costs for the legal projects were appropriate given the breadth of the services provided. The services to be performed by each law firm for the CAT Fee 2026–1 Period and the budgeted costs related to such services are described above.[138]

(vii) Consulting

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted consulting costs as a part of CAT Fees.[139] CAT LLC determined that the budgeted consulting costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2026–1. Because there are no CAT employees[140] and because of the significant number of issues associated with the CAT, the consultants are budgeted to provide assistance in the management of various CAT matters and the processes related to such matters.[141] CAT LLC determined the budgeted consulting costs were appropriate, as the consulting services were to be provided at reasonable market rates that were comparable to the rates charged by other consulting firms for similar work. Moreover, the total budgeted costs for such consulting services were appropriate in light of the breadth of services provided by Deloitte. The services budgeted to be performed by Deloitte and the budgeted costs related to such services are described above.[142]

(viii) Insurance

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted insurance costs as a part of CAT Fees.[143] CAT LLC determined that the budgeted insurance costs described in this filing are reasonable and should be included as a part of the Budgeted CAT Costs 2026–1. CAT LLC determined that it is common practice to have directors' and officers' liability insurance, and errors and omissions liability insurance. CAT LLC further determined that it was important to have cyber security insurance given the nature of the CAT, and such a decision is consistent with the CAT NMS Plan, which states that the cyber incident response plan may include ''[i]nsurance against security breaches.''[144] As discussed above,[145] CAT LLC determined that the budgeted insurance costs were appropriate given its prior experience with this market and an analysis of the alternative insurance offerings. Based on this analysis, CAT LLC determined that the selected insurance policies provided appropriate coverage at reasonable market rates.[146]

(ix) Professional and Administration

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted professional and administration costs as a part of CAT Fees.[147] CAT LLC determined that the budgeted professional and administration costs described in this filing are reasonable and should be included as a part of Budgeted CAT Costs 2026–1. Because there are no CAT employees, all required accounting,

[131] *See* Section 3(a)(2)(C)(iii) above.

[132] *Id.*

[133] Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

[134] *See* Section 3(a)(2)(C)(iv) above.

[135] Section 11.3(a)(iii)(B)(B)(1) of the CAT NMS Plan.

[136] *See* Section 3(a)(2)(C)(v) above.

[137] Section 11.3(a)(iii)(B)(B)(2) of the CAT NMS Plan.

[138] *See* Section 3(a)(2)(C)(vi) above.

[139] Section 11.3(a)(iii)(B)(B)(3) of the CAT NMS Plan.

[140] As stated in the filing of the proposed CAT NMS Plan, ''[i]t is the intent of the Participants that the Company have no employees.'' Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614, 30621 (May 17, 2016).

[141] CAT LLC uses certain third parties to perform tasks that may be performed by administrators for other NMS Plans. *See, e.g.,* CTA Plan and CQ Plan.

[142] Section 3(a)(2)(C)(vii) above.

[143] Section 11.3(a)(iii)(B)(B)(4) of the CAT NMS Plan.

[144] Section 4.1.5 of Appendix D of the CAT NMS Plan.

[145] *See* Section 3(a)(2)(C)(viii) above.

[146] *Id.*

[147] Section 11.3(a)(iii)(B)(B)(5) of the CAT NMS Plan.

financial, tax, cash management and treasury functions for CAT LLC have been outsourced at market rates. In addition, the required annual financial statement audit of CAT LLC is included in professional and administration costs, which costs are also at market rates. The services performed by Anchin and Grant Thornton and the costs related to such services are described above.[148]

CAT LLC anticipates continuing to make use of Anchin, a financial advisory firm, to assist with financial matters for the CAT. CAT LLC determined that the budgeted costs for Anchin were appropriate, as the financial advisory services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such financial advisory services were appropriate in light of the breadth of services provided by Anchin. The services budgeted to be performed by Anchin and the budgeted costs related to such services are described above.[149]

CAT LLC anticipates continuing to make use of Grant Thornton, an independent accounting firm, to complete the audit of CAT LLC's financial statements, in accordance with the requirements of the CAT NMS Plan. CAT LLC determined that the budgeted costs for Grant Thornton were appropriate, as the accounting services were to be provided at reasonable market rates that were comparable to the rates charged by other such firms for similar work. Moreover, the total budgeted costs for such accounting services were appropriate in light of the breadth of services provided by Grant Thornton. The services budgeted to be performed by Grant Thornton and the budgeted costs related to such services are described above.[150]

(x) Public Relations Costs

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted public relations costs as a part of CAT Fees.[151] However, as described above,[152] CAT LLC determined not to include any public relations costs in Budgeted CAT Costs 2026–1. CAT LLC determined that it was reasonable not to include any public relations costs in the Budgeted CAT Costs 2026–1.

(xi) Interest Income

Section 11.1(a) of the CAT NMS Plan requires the CAT budget to include ''the sources of all revenues to cover costs.'' Accordingly, the Updated 2026 CAT Budget includes a line item for interest income. Specifically, the Updated 2026 CAT Budget includes $1,453,382 in interest income for the CAT Fee 2026–1 Period.[153] CAT LLC determined that using interest income to reduce the amount to be collected via CAT Fees is reasonable and should be included as a part of the Budgeted CAT Costs 2026–1.

(xii) Reserve

In approving the CAT Funding Model, the SEC recognized that it is appropriate to recover budgeted reserve costs as a part of CAT Fees.[154] CAT LLC determined that the reserve in the amount of 25% of the Updated 2026 CAT Budget (other than the reserve) complies with the requirements of the CAT NMS Plan related to a reserve, is a reasonable amount, and, therefore, should be included as a part of the Updated 2026 CAT Budget.

In its approval order for the CAT Funding Model, the Commission stated that it would be appropriate for the annual operating budget for the CAT to ''include a reserve of not more than 25% of the annual budget.'' [155] In making this statement, the Commission noted the following:

Because the CAT is a critical regulatory tool/system, the CAT needs to have a stable funding source to build financial stability to support the Company as a going concern. Funding for the CAT, as noted in Section 11.1(b), is the responsibility of the Participants and the industry. Because CAT fees are charged based on the budget, which is based on anticipated volume, it is appropriate to have a reserve on hand to prevent a shortfall in the event there is an unexpectedly high volume in a given year. A reserve would help to assure that the CAT has sufficient resources to cover costs should there be unanticipated costs or costs that are higher than expected.[156]

The SEC also recognized that a reserve would help address the difficulty in predicting certain variable CAT costs, like trading volume.[157] The SEC also recognized that CAT fees will be collected approximately three months after trading activity on which a CAT fee is based, or 25% of the year, and that the reserve would be available to address funding needs related to this three-month delay.[158] The inclusion of the proposed reserve in the Updated 2026 CAT Budget would provide each of these benefits to the CAT. The reserve is discussed further above.[159]

As discussed further below,[160] however, a surplus reserve balance in excess of the budgeted 25% reserve has been collected as of the beginning of the year of 2026. Accordingly, the Updated 2026 CAT Budget indicates that this surplus would be used to offset a portion of CAT costs for the CAT Fee 2026–1 Period, thereby reducing the fee rate for CAT Fee 2026–1 ($0.000001 per executed equivalent share). If the fee rate for CAT Fee 2026–1 were calculated solely based on the reasonably budgeted costs for CAT for May—December 2026, excluding the reduction in that amount due to the surplus reserve offset, the fee rate would be $0.000010 per executed equivalent share.

(B) Reconciliation of Budget to the Collected Fees

The CAT NMS Plan also requires fee filings for Prospective CAT Fees to include ''a discussion of how the budget is reconciled to the collected fees.'' [161] As discussed above,[162] this reserve balance of $102,391,135 collected via prior CAT Fees would be used to offset a portion of CAT costs for CAT Fee Period 2026–1, thereby reducing the fee rate to be paid for CAT Fee 2026–1. Specifically, the total costs (including the 25% reserve) for CAT Fee 2026–1 of $117,540,783 would be reduced by the $102,391,135 in reserve. Therefore, the Total Budgeted CAT Costs 2026–1 would be $15,149,648. Such surplus reserve balance would be used to reduce the fee rate for CAT Fee 2026–1 ($0.000001 per executed equivalent share).

(C) Total Executed Equivalent Share Volume for the Prior 12 Months

The total executed equivalent share volume of transactions in Eligible Securities for the period from March 2025 through February 2026 was 5,980,937,549,360.49 executed equivalent shares. CAT LLC determined the total executed equivalent share volume for the prior twelve months by counting executed equivalent shares in the same manner as it counts executed

[148] *See* Section 3(a)(2)(C)(ix) above.

[149] *Id.*

[150] *Id.*

[151] Section 11.3(a)(iii)(B)(B)(6) of the CAT NMS Plan.

[152] *See* Section 3(a)(2)(C)(x) above.

[153] *See* chart entitled ''Budgeted CAT Costs 2026–1'' in Section 3(a)(2)(C) above.

[154] Section 11.3(a)(iii)(B)(B) of the CAT NMS Plan.

[155] CAT Funding Model Approval Order at 13444.

[156] *Id.*

[157] *Id.*

[158] *Id.*

[159] *See* Section 3(a)(2)(C)(xii) above.

[160] *See* Section 3(b)(2)(B) below.

[161] Section 11.3(a)(iii)(B)(C) of the CAT NMS Plan.

[162] *See* Section 3(a)(2)(C)(xii) above.

equivalent shares for CAT billing purposes.[163]

(D) Projected Executed Equivalent Share Volume for the CAT Fee 2026–1 Period

CAT LLC has determined that the projected total executed equivalent share volume for the eight months of the CAT Fee 2026–1 Period by multiplying by 8/12ths the executed equivalent share volume for the prior twelve months: 8/12 times 5,980,937,549,360.49 executed equivalent shares.[164] The Operating Committee determined that such an approach was reasonable as the CAT's annual executed equivalent share volume has increased from prior years (*e.g.,* the executed equivalent share volume for 2024 was 4,295,884,600,069.41), and the Operating Committee believes that it is reasonable to conclude that the annual executed equivalent share volume will remain at the higher level.

(E) Actual Fee Rate for CAT Fee 2026–1

(i) Decimal Places

As noted in the approval order for the CAT Funding Model, as a practical matter, the fee filing for a CAT Fee would provide the exact fee per executed equivalent share to be paid for each CAT Fee, by multiplying the Fee Rate by one-third and describing the relevant number of decimal places for the fee rate.[165] Accordingly, proposed paragraph (b)(2) of the fee schedule would set forth a fee rate of $0.000001 per executed equivalent share. This fee rate is calculated by multiplying Fee Rate 2026–1 by one-third and rounding the result to six decimal places. CAT LLC determined that the use of six decimal places is reasonable as it balances the accuracy of the calculation with the potential systems and other impracticalities of using additional decimal places in the calculation.[166]

(ii) Reasonable Fee Level

The Exchange believes that charging CAT Fee 2026–1 with a fee rate of $0.000001 per executed equivalent share is reasonable because it provides for a revenue stream for the Company that is aligned with the Budgeted CAT Costs 2026–1. Moreover, the Exchange believes that the level of the fee rate is reasonable, as it is less than CAT Fee 2025–2 and is comparable to other transaction-based fees, including fees assessed pursuant to Section 31.[167] As a result, the magnitude of CAT Fee 2026–1 is small, and therefore will mitigate any potential adverse economic effects or inefficiencies.[168]

(3) CAT Fee 2026–1 Provides for an Equitable Allocation of Fees

CAT Fee 2026–1 provides for an equitable allocation of fees, as it equitably allocates CAT costs between and among the Participants and Industry Members. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfied the requirements of the Exchange Act, including the formula for calculating CAT Fees as well as the Industry Members to be charged the CAT Fees.[169] In approving the CAT Funding Model, the SEC stated that "[t]he Participants have sufficiently demonstrated that the proposed allocation of fees is appropriate and meets the Rule 608(b) approval standard." [170] Accordingly, the CAT Funding Model sets forth the requirements for allocating fees related to Budgeted CAT Costs among Participants and Industry Members, and the fee filings for CAT Fees must comply with those requirements.

CAT Fee 2026–1 provides for an equitable allocation of fees as it complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. For example, as described above, the calculation of CAT Fee 2026–1 complies with the formula set forth in Section 11.3(a) of the CAT NMS Plan. In addition, CAT Fee 2026–1 would be charged to CEBBs and CEBSs in accordance with Section 11.3(a) of the CAT NMS Plan. Furthermore, the Participants would be charged for their designated share of the Budgeted CAT Costs 2026–1 through a fee implemented via the CAT NMS Plan, which would have the same fee rate as CAT Fee 2026–1.

In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2026–1—the Budgeted CAT Costs 2026–1, the count for the executed equivalent share volume for the prior 12 months, and the projected executed equivalent share volume for the CAT Fee 2026–1 Period—is reasonable. Moreover, these inputs lead to a reasonable fee rate for CAT Fee 2026–1 that is lower than other fee rates for transaction-based fees. A reasonable fee rate allocated in accordance with the requirements of the CAT Funding Model provides for an equitable allocation of fees.

(4) CAT Fee 2026–1 Is Not Unfairly Discriminatory

CAT Fee 2026–1 is not an unfairly discriminatory fee. The SEC approved the CAT Funding Model, finding that each aspect of the CAT Funding Model satisfies the requirements of the Exchange Act. In reaching this conclusion, the SEC analyzed the potential effect of CAT Fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. CAT Fee 2026–1 complies with the requirements regarding the calculation of CAT Fees as set forth in the CAT NMS Plan. In addition, as discussed above, each of the inputs into the calculation of CAT Fee 2026–1 and the resulting fee rate for CAT Fee 2026–1 is reasonable. Therefore, CAT Fee 2026–1 does not impose an unfairly discriminatory fee on Industry Members.

The Exchange believes the proposed fees established pursuant to the CAT Funding Model promote just and equitable principles of trade, and, in general, protect investors and the public interest, and are provided in a transparent manner and with specificity in the fee schedule. The Exchange also believes that the proposed fees are reasonable because they would provide ease of calculation, ease of billing and other administrative functions, and predictability of a fee based on fixed rate per executed equivalent share. Such factors are crucial to estimating a reliable revenue stream for CAT LLC and for permitting Exchange members to reasonably predict their payment obligations for budgeting purposes

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

Section 6(b)(8) of the Act [171] requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act. The Exchange does not believe that the proposed rule change will result in any

[163] *See* Section 3(a)(2)(D) above.

[164] *Id.*

[165] CAT Funding Model Approval Order at 13445, n.677.

[166] *See* Section 3(a)(5)(A) above.

[167] For example, as the SEC noted in the CAT Funding Model Approval Order, recent Section 31 fees ranged from $0.00007 per share to $0.00072 per share. CAT Funding Model Approval Order at 13469.

[168] *Id.*

[169] *See* Section 11.3(a) of the CAT NMS Plan.

[170] CAT Funding Model Approval Order at 13412.

[171] 15 U.S.C. 78f(b)(8).

burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that CAT Fee 2026–1 implements provisions of the CAT NMS Plan that were approved by the Commission and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan.

In addition, all Participants (including exchanges and FINRA) are proposing to introduce CAT Fee 2026–1 on behalf of CAT LLC to implement the requirements of the CAT NMS Plan. Therefore, this is not a competitive fee filing, and, therefore, it does not raise competition issues between and among the Participants.

Furthermore, in approving the CAT Funding Model, the SEC analyzed the potential competitive impact of the CAT Funding Model, including competitive issues related to market services, trading services and regulatory services, efficiency concerns, and capital formation.[172] The SEC also analyzed the potential effect of CAT fees calculated pursuant to the CAT Funding Model on affected categories of market participants, including Participants (including exchanges and FINRA), Industry Members (including subcategories of Industry Members, such as alternative trading systems, CAT Executing Brokers and market makers), and investors generally, and considered market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2026–1 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2026–1 is reasonable and the resulting fee rate for CAT Fee 2026–1 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2026–1 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

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

Not applicable.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act[173] and Rule 19b–4(f)(2) thereunder,[174] because it establishes or changes a due, or fee.

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–2026–033 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–2026–033. 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–2026–033 and should be submitted on or before October 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[175]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19872 Filed 9–28–26; 8:45 am]

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[172] CAT Funding Model Approval Order at 13457–81.

[173] 15 U.S.C. 78s(b)(3)(A)(ii).

[174] 17 CFR 240.19b–4(f)(2).

[175] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106486; File No. SR–DTC–2026–010]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change To Establish and Implement AnnounceDirect for the Submission of Corporate Action Announcements

September 24, 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 15, 2026, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. 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

The proposed rule change[3] consists of amendments to the Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services) ("Operational Arrangements")[4] to establish and implement AnnounceDirect, a new, modernized process for the submission of corporate action announcements, and make related updates to the existing methods by which Agents submit

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

[2] 17 CFR 240.19b–4.

[3] Capitalized terms not defined herein shall have the meaning assigned to such terms in the Rules, By-Laws and Organization Certificate of DTC ("DTC Rules"), the Operational Arrangements (Necessary for Securities to Become and Remain Eligible for DTC Services), and the DTC Corporate Actions Redemptions Service Guide ("Redemptions Service Guide"), available at *www.dtcc.com/legal/rules-and-procedures.*

[4] The Operational Arrangements is a Procedure of DTC. Pursuant to the DTC Rules, the term "Procedures" means the Procedures, service guides, and regulations of DTC adopted pursuant to DTC Rule 27 (Procedures), as amended from time to time. DTC Rule 1 (Definitions; Governing Law), Section 1, *id.* They are binding on DTC and each Participant in the same manner that they are bound by the DTC Rules.

corporate action announcement information to DTC. The updates include clarifications regarding applicable submission channels, Agent responsibilities, good order requirements, timing requirements, the distinction between pro rata pass-through distributions of principal and partial redemptions by lot, and ministerial and conforming edits, such as removing outdated processes, conforming notice submission methods, standardizing corporate action announcement notice content, correcting minor terminology and spelling issues, and reorganization of certain redemption provisions for clarity.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

DTC proposes to amend the Operational Arrangements to establish and implement AnnounceDirect, a new, modernized process for the submission of corporate action announcements, and make related updates to the existing methods by which Agents submit corporate action announcement information to DTC. The updates include clarifications regarding applicable submission channels, Agent responsibilities, good order requirements, timing requirements, the distinction between pro rata pass-through distributions of principal and partial redemptions by lot, and ministerial and conforming edits, such as removing outdated processes, conforming notice submission methods, standardizing corporate action announcement notice content, correcting minor terminology and spelling issues, and reorganization of certain redemption provisions for clarity.

(i) Background

DTC receives corporate action announcement information from Issuers, Agents, and other authorized parties in order to announce and process corporate action events for DTC Participants. Today, this information is submitted through a combination of emails, templates, and supported automated feeds.[5] While these methods support DTC's announcement process, these submission channels, particularly email, can require manual intake, review, validation and routing, which can create delays, inconsistent data capture, rekeying risk, and additional exception handling before information can be announced to Participants.

AnnounceDirect is intended to modernize this process by providing a structured electronic portal through which Agents can submit standardized corporate action announcement information directly to DTC. For example, when Agents would submit redemption notices, one type of corporate action announcement notice, through AnnounceDirect, Agents would use the Redemptions Cash Events Template, a template with standardized fields that would replace the substantially similar, existing RedCalLite template.[6] Agents can choose to upload the Redemptions Cash Events Template via AnnounceDirect or send it via an automated feed. A third option for Agents is a structured intake form on the AnnounceDirect portal, which requires the same information as the Redemptions Cash Template in standardized fields.

After corporate action announcement information is submitted via AnnounceDirect or a feed, business logic will validate required fields and route the information to the appropriate DTC processing systems or exception queues if submitted information does not satisfy required validations. Agents would be responsible for monitoring any exceptions queue and resolving the identified errors or exceptions so that corporate action announcement information is complete, accurate and in good order for processing.

Altogether, AnnounceDirect is intended to reduce manual processing, improve the completeness and accuracy of submitted information, support validation and exception resolution, and facilitate more efficient dissemination of corporate action announcement information to DTC Participants.

(ii) Proposed Rule Change

To effectuate the proposed rule change, DTC would amend the Operational Arrangements to reflect the implementation of AnnounceDirect for corporate action announcement submissions and make associated operational and clarifying edits to reflect the current and planned submission processes, clarify Agent responsibilities, and improve the completeness, accuracy and timeliness of corporate action announcement information submitted to DTC.

Transition to AnnounceDirect and Supported Electronic Submission Channels

In Sections III.B, IV.A, V.A, V.A.1 and V.A.2 of the Operational Arrangements, the proposed rule change would update the notice-submission provisions to add AnnounceDirect as a corporate action announcement submission channel, along with existing automated feeds and email, and describe the portal and associated phased onboarding of Agents and notice types.

In Section III.B specifically, two tables, also included below, would be added to (1) clarify the current and future permitted submission methods for each notice type (*i.e.,* redemptions, reorganizations, and distributions), and (2) describe the AnnounceDirect implementation period for each notice type.[7] The tables would be updated as the AnnounceDirect onboarding progresses. An Important Notice will be provided no less than 14 days prior to the implementation of AnnounceDirect for the subject notice types, and upon implementation of AnnounceDirect, the permitted submission methods would be updated accordingly. Additionally, in the ''AnnounceDirect Implementation Period for Notice Types'' table, once the

[5] Agents can communicate corporate action announcement information directly to DTC via computer-to-computer file transmission (Computer-to-Computer Facility or ''CCF''), a proprietary format of The Depository Trust & Clearing Corporation (''DTCC''). CCF automates the transmission of structured data files for corporate actions, specifically partial or full calls, maturities, and redemptions. RedCal file is available via CCF, which Agents can use for redemptions. RedCal file via CCF remains an option for Agents to send redemptions to DTC and is unchanged. Other files for corporate action announcement information include BMA and DCN files. These files are also unchanged.

[6] *See* DTCC, *Agent Reference Guide: Redemption Cash Events Template,* available at *https://www.dtcc.com/products-and-services/asset-services/agent-services,* under the Resources menu.

[7] DTC anticipates that beginning in November 2026, Agents would be required to submit via AnnounceDirect the following redemption notice types: full call, partial call, final paydown, final default distribution and advance refunding notices (*i.e.,* Redemptions I). In 2027, Agents would be required to submit via AnnounceDirect all remaining redemption notice types (*i.e.,* Redemptions II). In 2028, Agents would be required to submit via AnnounceDirect all reorganization notice types, as described in Section VI of the Operational Arrangements, and in 2029, Agents would be required to submit via AnnounceDirect all distributions notice types, as described in Section IV of the Operational Arrangements.

Important Notice is provided, the applicable line item related to the completed phase would be automatically deleted from the table. Upon implementation of all phases, the implementation paragraph and implementation table would be automatically deleted in their entirety.

PERMITTED SUBMISSION METHODS FOR NOTICE TYPES

Notice type	Current permitted submission methods	Future permitted submission methods
Redemptions I (full call, partial call, final paydown, final default distribution and advance refunding notice types).	Automated Feed Email	Automated Feed AnnounceDirect.
Redemptions II (all remaining notice types)	Automated Feed Email	Automated Feed AnnounceDirect.
Reorganization (all notice types)	Automated Feed Email	Automated Feed AnnounceDirect.
Distributions (all notice types)	Automated Feed Email	Automated Feed AnnounceDirect.

ANNOUNCEDIRECT IMPLEMENTATION PERIOD FOR NOTICE TYPES

Implementation period	Notice types
November 2026	Redemptions I (full call, partial call, final paydown, final default distribution and advance refunding notice types).
2027	Redemptions II (remaining notice types).
2028	Reorganizations (all notice types).
2029	Distributions (all notice types).

DTC would not require all Agents to begin using AnnounceDirect immediately for all notice types. Rather, DTC would sequence Agent onboarding based upon event volume and value of applicable corporate action announcement submissions, beginning with the more active Agents. DTC expects the initial population to consist of approximately twenty (20) Agents who represent about ninety percent (90%) of event volume.[8]

DTC would notify Agents of the ability and need to onboard to AnnounceDirect via Important Notice and direct email communication, as well as through webinars and industry group meetings as applicable. DTC will specify which notice types must be submitted through AnnounceDirect or automated feeds and which notice types, if any, may continue to be submitted by email during the transition period. Any Agent who would like to onboard earlier should contact DTC to request information.

Once an Agent has registered for AnnounceDirect and DTC has notified the Agent that specified notice types must be submitted through AnnounceDirect or automated feeds, the Agent would be required to use only AnnounceDirect or automated feeds for those notice types, and would not be permitted to submit notices via email. The RedCal spreadsheet template, which Agents currently can attach to an email and send to DTC to submit redemption notices, would be replaced by the substantially similar Redemptions Cash Events Template. However, Agents would be expected to upload the template via AnnounceDirect or send via an automated feed; the template could not be sent as an email attachment.

The proposed phased approach is intended to enable DTC and Agents to implement AnnounceDirect in a more orderly manner while preserving operational continuity during the transition.

Agent Registration, Access and Ongoing Responsibilities

In Section III.B of the Operational Arrangements, the proposed rule change would describe the steps Agents must take to onboard to AnnounceDirect. The Agent must submit all required registration documentation, including establishing a Customer Registration System (CRS) profile for the Agent's legal entity and designating Super Access Coordinators (SAC) responsible for managing access on the Agent's behalf.

The proposed rule change would also clarify that Agents are responsible for monitoring and maintaining notices submitted through AnnounceDirect and for resolving related errors or exceptions in their AnnounceDirect exceptions queue. These requirements are intended to ensure that corporate action announcement information submitted to DTC is complete, accurate and usable for announcement and processing purposes.

Notice Submission Requirements

In Sections III.B, IV.A, and V.A of the Operational Arrangements, the proposed rule change would update notice-submission language to clarify the applicable channels for submitting notices and related corporate action announcement information to DTC, including AnnounceDirect, automated feeds and, when permitted by DTC, email using the appropriate template.

The proposed rule change would also reiterate current guidance that delivery to an incorrect email address, where email submission is permitted, would not constitute valid notification to DTC. This clarification is intended to reduce ambiguity regarding the proper method and destination for notices submitted to DTC. Additionally, the proposed rule change would broaden the way Agents may contact DTC to confirm receipt of emailed notices (where email is permitted) because Agents may use a variety of means to confirm receipt of corporate action notices, not just the telephone.

Good Order, Error Resolution and Timeliness

In Sections III.B and V.A of the Operational Arrangements, the

[8] DTC would expect to onboard additional Agents using the same objective criteria (event value and value of applicable corporate action announcement submissions) in the short-term when the Agents are operationally ready.

proposed rule change would apply and clarify ''good order'' expectations for notices submitted through AnnounceDirect. Specifically, a corporate action announcement submission made via AnnounceDirect would be considered in good order when all required corporate action announcement information has been submitted, has passed applicable validations, and contains no errors or exceptions that would prevent DTC from processing or announcing the corporate action event.

The proposed rule change would require Agents to resolve discrepancies, errors or exceptions in AnnounceDirect, so that corporate action announcement information is complete and accurate. Failure to correct event discrepancies may delay event announcement and allocation. This aspect of the proposed rule change is intended to improve the quality of corporate action announcement information submitted to DTC and reduce processing delays caused by incomplete or inaccurate information.

With regard to timeliness, the proposed rule change would remove the duplicative, general reference to timely submissions because timeliness is already addressed within each notice type section.

Redemption Notice Submission and Timing Requirements

In Sections V.A, V.A.1, V.A.2 and V.A.4 of the Operational Arrangements, the proposed rule change would revise the redemption notice provisions to clarify the required submission channels for redemption events and to update related procedures. The revisions would provide that redemption notices must be submitted through AnnounceDirect, through a supported automated feed, or, when permitted by DTC, by email using the appropriate template. When submitting through AnnounceDirect or an automated feed, Agents would use the Redemptions Cash Events Template, which replaces the existing RedCalLite templates.

Once an Agent has been registered for AnnounceDirect and notified by DTC that applicable notices must be submitted through AnnounceDirect or an automated feed, the Agent would be required to submit specified redemption notices through the applicable electronic submission method.

The proposed rule change would also update timing requirements for redemption events. Full redemptions and redemption events that do not require lottery processing [9] would be required to be in good order at least one business day prior to the redemption date. Partial redemptions and redemption events that require lottery processing would be required to be in good order at least one business day prior to the publication date, and the publication date would be required to be at least three business days prior to the redemption date. The proposed timing requirements are intended to replace multiple product- and event-specific timing windows with a more uniform standard for redemption events, while preserving additional lead time for events requiring lottery processing.[10]

Finally, the proposed rule change would also update the information required in redemption notices, including by replacing general ''rate information'' language with more specific references to redemption price, premium, if applicable, and accrued interest rate, if applicable.

Income Payment and Defaulted Issue Notices

In Sections IV.A and IV.A.3 of the Operational Arrangements, the proposed rule change would reflect submission through AnnounceDirect, supported automated feeds or, when permitted by DTC, email using the appropriate template. The proposed rule change would also add language requiring an Agent to provide DTC with an event of default notice when a security has experienced an Event of Default as defined in the security's governing documentation. DTC would rely on the Agent's notice based on the applicable governing documentation and would not independently determine whether an event of default has occurred. This clarification is intended to identify the type of notice DTC expects to receive for defaulted securities and to support more accurate processing and communication of default-related event information.

Updates to Legacy Corporate Action Submission References

In Sections III.B, IV.A, V.A, V.A.1, V.A.2 and V.A.4 of the Operational Arrangements, the proposed rule change would remove outdated, duplicative or overly specific references to legacy corporate action announcement submission methods and replace them with broader references to AnnounceDirect, supported automated feeds or, when permitted by DTC, email using the appropriate template. This aspect of the proposed rule change is intended to make the Operational Arrangements more current and flexible by avoiding unnecessary references to specific legacy tools or spreadsheet names where the relevant requirement is the use of a DTC-supported submission method. The proposed rule change would also remove legacy references to Redemption Agent Numbers, RPS form numbers and Letter of Transmittal form numbers used in connection with prior redemption notification processes. Additionally, the proposed rule change would remove unnecessary datapoints (*i.e.,* security description and Agent address) for full or partial redemption and advance refunding notice types because DTC does not need these to process a corporate action notice.

Pro Rata Pass-Through Distributions of Principal and Lottery Redemptions

In Section V.A of the Operational Arrangements, the proposed rule change restructures the section to help clarify the distinction between pro rata pass-through distributions of principal [11] and partial redemptions by lot,[12] including

[9] Lottery processing is the method used to allocate a partial redemption when only a portion of the outstanding securities is being redeemed. DTC conducts an impartial allocation process, as described in the Redemptions Service Guide, to determine which Participant positions are selected for redemption. Securities selected through the lottery receive the redemption payment and are removed from Participant accounts, while securities not selected remain outstanding and continue to be held without change. *See* Redemptions Service Guide, *supra* note 3 at 17–19.

[10] The current Operational Arrangements include timing requirements that vary by product type and event type. For example, the current text generally requires notices to be in DTC's possession no later than the close of business two business days before the publication date, while also requiring the publication date to be no fewer than 30 calendar days nor more than 60 calendar days before the redemption date or escrow deposit date for an advance refunding, subject to a separate 30-calendar-day final notification requirement. Conventional municipal bonds are subject to a different 20- to 60-calendar-day publication date window and a separate 20-calendar-day final notification requirement. *See* Operational Arrangements, *supra* note 3, at 44.

[11] A pro rata pass-through distribution of principal pays all holders of record proportionately based on their positions held at the close of business on the event's record date. The amount paid is determined by the principal payment rate per $1,000 principal amount, as established by the Issuer or Agent. Because every position holder receives a proportional principal payment, no lottery processing is required. Following the payment, Participants continue to hold the same number of securities; however, each security represents a smaller remaining principal obligation. Accordingly, the principal balance factor for the CUSIP is reduced to reflect the principal that has been paid. Entitlement is therefore allocated to all record date holders, outstanding positions remain unchanged, and the reduction in principal is reflected through a corresponding reduction in the CUSIP's principal balance factor.

[12] A partial redemption by lot redeems only a portion of the outstanding securities of a CUSIP.

Continued

how each method affects holder entitlements, outstanding position and principal balance factor.[13] This restructuring would move language in Section V.A to a new Section V.A.4. These changes are not functional or operational in nature but are meant to clarify the guidance for Issuers and Agents on which types of cash principal payments DTC can support and their characteristics to minimize inaccurate principal distributions and post-allocation reconciliation.

The proposed rule change would also clarify that DTC does not support the announcement or payment of ''pro rata redemptions'' and that once a security pays principal by either redemption or pro rata pass-through distribution of principal, it must continue to use that method for the life of the security. The proposed rule change would also clarify related underwriting-system instructions, including that, when submitted through DTCC's underwriting system, the underwriter must use the value ''pro rata'' and not ''lottery.'' DTC has observed that these two principal event types may be confused in practice, which can lead to payment delays, balance discrepancies and Participant inquiries. This clarification is intended to reduce the risk of such confusion and related operational issues. These additions are consistent with guidance previously provided by DTC in Important Notices 6896–10, 1701–11, and 20767–24.

Entitlement to receive redemption proceeds is determined through lottery processing, which allocates the redemption among positions in accordance with the procedures described in DTC's Redemptions Service Guide. Only positions selected through the lottery are redeemed and receive payment; positions not selected do not receive redemption proceeds. *See* Redemptions Service Guide, *supra* note 3 at 17–19. Positions selected for redemption are removed from Participant Accounts and the corresponding securities are removed from the aggregate position registered in the name of Cede & Co, DTC's nominee. Because the redemption is accomplished by reducing the number of outstanding securities rather than reducing the principal amount represented by each remaining security, the principal balance factor is not changed. Entitlement is therefore limited to lottery-selected positions, the aggregate outstanding position is reduced by the redeemed amount, and the factor applicable to the remaining securities remains unchanged.

[13] A principal balance factor (or factor) represents the proportion of original principal that remains outstanding for a CUSIP and is expressed as a decimal. For example, a factor of 1.000000 represents 100% of the original principal amount outstanding, while a factor of 0.750000 indicates that 75% of the original principal remains outstanding. The factor is applied uniformly to all positions in the security and is commonly used for amortizing or pass-through instruments where principal is paid proportionately to all holders over time.

(iii) Implementation Timeframe

Subject to approval by the Commission, and as described herein, DTC would implement AnnounceDirect in phases beginning in November 2026, as announced by Important Notice at least 14 days prior to implementation, as well as direct email communication, in industry group meetings, and webinars as applicable. DTC would begin with certain redemption notice types and then expand the functionality to additional corporate action event notice types. Based on onboarding, testing and implementation experience, DTC may adjust the sequencing or scope of future phases to support an orderly transition for Agents and Issuers.

DTC anticipates the following phased approach for onboarding notice types to AnnounceDirect:

- Beginning in November 2026, Agents would be required to submit the following redemption notice types: full call, partial call, final paydown, final default distribution and advance refunding notices (collectively, ''Redemptions I'').
- In 2027, Agents would be required to submit Redemptions I plus the remaining redemption notice types (collectively, ''Redemptions II'').
- In 2028, DTC expects to require Agents to submit all reorganization notice types.
- In 2029, DTC expects to require Agents to submit all distributions notice types.

An Important Notice would be issued at least 14 days prior to each phase, in addition to communicating such implementation via direct email communication, and, as applicable, through industry group meetings and webinars.

2. Statutory Basis

DTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act and Rule 17ad–22(e)(21) thereunder.

Section 17A(b)(3)(F) of the Act requires, in part, that the DTC Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.[14]

As described herein, DTC proposes the AnnounceDirect implementation to modernize the corporate action announcement process. AnnounceDirect provides a structured electronic portal through which Agents can submit corporate action announcement information directly to DTC and to support more efficient validation, exception resolution and dissemination of that information to Participants. The portal is designed to capture corporate action announcement information in a standardized format, which can be uploaded or sent via automated feeds. Both methods of submission would integrate with business logic to validate and route the information to the appropriate DTC processing systems or exception queues if submitted information does not satisfy required validations. These steps would ensure that corporate action announcement information is complete, accurate and in good order for processing. Altogether, AnnounceDirect is intended to reduce manual processing, improve the completeness and accuracy of submitted information, support more efficient validation and exception resolution, and facilitate dissemination of that corporate action announcement information to Participants. AnnounceDirect is intended to provide Agents with a more user-friendly and efficient submission process and to reduce the risk of manual errors in the dissemination of corporate action announcement information. Meanwhile, by improving the timeliness, accuracy and consistency of corporate action announcement information generally, with the proposed clarification updates, the proposed rule change would help Participants receive more reliable information regarding corporate action events. DTC believes these improvements would support the prompt and accurate clearance and settlement of securities transactions and, in general, protect investors and the public interest. For these reasons, DTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act, cited above.

Rule 17ad–22(e)(21) under the Act requires, in part, that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves.[15]

As described herein, DTC proposes the AnnounceDirect implementation to facilitate more standardized corporate action announcement information directly to DTC, which supports more efficient validation, exception resolution and dissemination of that information to Participants. Further, business logic would validate and route the information to the appropriate DTC processing systems or exception queues if submitted information does not satisfy

[14] 15 U.S.C. 78q–1(b)(3)(F).

[15] 17 CFR 240.17ad–22(e)(21).

required validations where Agents can manage and correct any errors. Both individually and collectively, DTC believes these changes would promote the prompt and accurate clearance and settlement of securities transactions, enable DTC to be more efficient and effective in meeting the requirements of its participants and the market, and in general protect investors and the public interest. Therefore, DTC believes the proposed rule change is consistent with Rule 17ad–22(e)(21) under the Act, cited above.

(B) Clearing Agency's Statement on Burden on Competition

DTC does not believe the proposed rule change would impose a burden or otherwise have a significant impact on competition. The proposed rule change would update the Operational Arrangements to reflect current and planned submission processes and would support the more efficient and accurate dissemination of corporate action announcement information to Participants through automated and standardized processes.

Although certain Agents would be required to use either AnnounceDirect or supported automated feeds (and no longer use email) for applicable notice types once onboarded and notified by DTC, those requirements would apply uniformly to similarly situated Agents and are designed to standardize the submission of corporate action announcement information. In addition, DTC does not expect Agents to be required to complete any additional technology build or pay additional fees in order to use AnnounceDirect. While Agents would be onboarded to AnnounceDirect at different times during the transition period, as described above, DTC would sequence onboarding using objective operational criteria, including applicable corporate action announcement volume, and expects the initial onboarding group to represent approximately 90 percent of such volume. Although approximately ten percent of Agents would not onboard to AnnounceDirect immediately with the proposed implementation of Redemptions I notices, those Agents do not represent significant event volume or event value. Regardless, DTC expects to onboard those remaining agents over the course of the implementation period, and will continue to offer and support onboarding to Agents upon request. Further, the phased implementation of AnnounceDirect described herein, starting in November 2026 through 2029, would apply equally to all similarly situated Agents. Therefore, DTC believes the phased implementation approach would not unfairly discriminate among Agents or impose any burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

DTC has not received or solicited any written comments relating to this proposal. However, DTCC has educated and communicated with Agents and the broader market on the transition to AnnounceDirect for the past two years, since 2024, in a variety of ways.[16] DTC has not received written comments in response to these communications. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b–4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b–4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, *available at www.sec.gov/rules-regulations/how-submit-comment.* General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at *tradingandmarkets@sec.gov* or 202–551–5777.

DTC reserves the right to not respond to any comments 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.

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–DTC–2026–010 on the subject line.

Paper Comments

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

All submissions should refer to file number SR–DTC–2026–010. 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 DTC and on DTCC's website (*https://dtcc.com/legal/sec-rule-filings.aspx*). 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–DTC–2026–010 and should be submitted on or before October 20, 2026.

[16] DTCC held 17 AnnounceDirect working group webinars between 2024 to 2026; two rounds of structured Agent testing, which is still ongoing to account for future phases; weekly office hours; discussions at the DTCC Asset Services Forum; and issued Important Notices 20503–24, 21152–24, 23083–25, 23194–25, and 24300–26. DTCC also communicated with industry groups, such as the Securities Transfer Association (STA) through its meetings and conferences on 14 occasions, the American Bankers Association (ABA) on six occasions, the Shareholders Services Association, SIFMA through its Corporate Actions Forum on 19 occasions, the Bank Depository User Group at its 2025 and 2026 Annual Conferences, the National Association of State Treasuries (NAST), the Municipal Securities Rulemaking Board (MSRB), and the Governing Finance Officers Association (GFOA).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[17]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19870 Filed 9–28–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106482; File No. SR–PEARL–2026–40]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 2621 (Clearly Erroneous Executions)

September 24, 2026.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on September 18, 2026, MIAX PEARL, LLC (''MIAX Pearl'' or the ''Exchange''),[3] 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 to Rule 2621 (''Clearly Erroneous Executions'') in light of the Commission's approval of Overnight Protected Bands for 23/5 Trading.

The text of the proposed rule change is available on the Exchange's website at *https://www.miaxglobal.com/markets/us-equities/pearl-equities/rule-filings,* and at MIAX Pearl's principal office.

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

In its filing with the Commission, MIAX Pearl included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. MIAX Pearl has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend Rule 2621 (''Clearly Erroneous Executions'') in light of the Commission's approval of Overnight Protected Bands under the LULD Plan for 23/5 Trading.

Background

In conjunction with the industry's plans for the introduction of trading 23 hours a day, 5 days a week (''23/5 Trading''), the Operating Committee of the Plan to Address Extraordinary Market Volatility (''LULD Plan'') filed proposed Amendment 27 to the LULD Plan, which proposed to establish price band protections during overnight trading hours (''Overnight Price Bands'').[4] The Operating Committee proposed that the Overnight Price Bands would initially be temporary static bands 20% above and below two reference points, and that after implementation, the Operating Committee would evaluate the performance of such Overnight Price Bands and propose appropriate changes in a new plan amendment.[5] On August 5, 2026, the Commission approved the proposal.[6]

In light of the Commission's approval of these changes to the LULD Plan, the Exchange now proposes several amendments to Rule 2621 regarding Clearly Erroneous Executions. In general, the rule describes the process a market participant may use to request cancellation of a transaction that was ''clearly erroneous.'' The current rule's central premise is that if LULD Price Bands under the LULD Plan were available and correct at the time the transaction was executed, the transaction is not eligible for clearly erroneous review. Specifically, Rule 2621(c)(1) currently provides that ''[i]f the execution time of the transaction(s) under review is during the Regular Trading Hours, the transaction will not be reviewable as clearly erroneous'' except in certain limited circumstances, including when (i) the transaction is in an NMS stock that is not subject to the LULD Plan (*e.g.,* rights and warrants), (ii) the transaction was executed at a time with LULD Price Bands were unavailable or trading should have been prevented due to a regulatory halt or other halt, or (iii) several other limited circumstances.[7] In approving the existing version of the rule, the Commission noted that restricting clearly erroneous review in this way during times when LULD Price Bands were in effect was ''consistent with the Act and will further the goal of providing greater certainty to market participants that trades executed within the Price Bands will stand and not be broken. . . . Thus, the proposal is designed to limit the potential discordance between the LULD mechanism and CEE review process.'' [8]

Currently, LULD Price Bands are available only during Regular Trading Hours, meaning that the restrictions on clearly erroneous review described above apply only during Regular Trading Hours. With the introduction of Overnight Price Bands, the Exchange now proposes to extend the existing restrictions on clearly erroneous review to the period when Overnight Price Bands are in place. This proposed change would be consistent with the Commission's rationale in approving the current version of the rule because it would limit any potential discordance between the LULD mechanism and CEE review in the overnight trading session, providing greater certainty to market participants that trades executed with the Overnight Price Bands will stand and not be broken.

Proposed Changes to Rule 2621(c)(1)

To implement this change, the Exchange proposes to add several definitions to Rule 2621(c)(1). First, the Exchange would add that the term ''LULD Protected Hours'' includes Regular Trading Hours and ''Overnight Protected Hours'' defined in Section VIII of the LULD Plan. Second, the Exchange would define ''LULD Price Bands'' or ''Price Bands'' to mean the Price Bands defined in Section V of the LULD Plan (*i.e.,* the Price Bands that apply during Regular Trading Hours) and ''Overnight Price Bands'' as defined in Section VIII

[17] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] All references to ''MIAX Pearl'' in this filing are to MIAX Pearl Equities, the equities trading facility of MIAX PEARL, LLC. *See* Exchange Rule 1901.

[4] *See* Securities Exchange Act Release No. 105596 (June 1, 2026), 91 FR 33774 (June 4, 2026) (File No. 4–631) (Notice of Filing of 27th Amendment to the National Market System Plan).

[5] *See id.*

[6] *See* Securities Exchange Act Release No. 106042 (August 5, 2026), 91 FR 51515 (August 10, 2026) (File No. 4–631) (Order Granting Approval of the 27th Amendment to the National Market System Plan to Address Extraordinary Market Volatility to Establish Temporary Price Band Protections in Overnight Trading).

[7] *See* Rule 2621(c)(1)(i), (ii), and (iii).

[8] *See* Securities Exchange Act Release No. 95658 (September 1, 2022), 87 FR 55060 at 55063 (September 8, 2022) (SR–CboeBZX–2022–037) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Amend BZX Rule 11.17, Clearly Erroneous Executions).

of the LULD Plan (*i.e.,* the Price Bands that apply to the Overnight Protected Hours from 9:00 p.m. ET through 4:00 a.m. ET).

The Exchange proposes to amend the current first sentence of Rule 2621(c)(1) to replace the phrase ''Regular Trading Hours'' with ''LULD Protected Hours,'' to provide that ''[i]f the execution time of the transaction(s) under review is during LULD Protected Hours, the transaction will not be reviewable as clearly erroneous . . . .'' This change would extend the LULD-based restrictions on clearly erroneous review currently in place during Regular Trading Hours to the Overnight Protected Hours.

The Exchange also proposes to amend Rule 2621(c)(1)(ii)'s reference to ''Percentage Parameter'' to incorporate the Percentage Parameter that applies to Overnight Protected Hours. The amended provision would provide for the applicability of clearly erroneous review if the price of the transaction to buy (sell) that is the subject of the clearly erroneous complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the applicable Percentage Parameter defined in Appendix A to the LULD Plan (with respect to the Price Bands that apply during Regular Trading Hours) or the ''Overnight Percentage Parameter defined in Section VIII of the LULD Plan'' (with respect to Overnight Protected Hours).

In addition to these changes, the Exchange also proposes to make a non-substantive change to Rule 2621(c)(1)(i), substituting the term ''LULD Plan'' for the current text ''the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the 'Limit Up-Limit Down Plan' or 'LULD Plan,')'' as the ''LULD Plan'' would be defined in the proposed revision to Rule 2621(c)(1).

Proposed Changes to Rule 2621(c)(2), (d)(3), and (f)

As noted above, current Rule 2621(c)(1)(i) permits clearly erroneous review even during Regular Trading Hours when the transaction in question is in an NMS Stock that is not subject to the LULD Plan, *i.e.,* rights and warrants. Such transactions are reviewed for clearly erroneous status using the procedures set out in Rule 2621(c)(2), including the Numerical Guidelines set out in the table accompanying Rule 2621(c)(2)(i). The Exchange now proposes to introduce a similar provision regarding transactions in NMS Stocks not subject to the LULD Plan that are executed during the Overnight Protected Hours; such transactions would be subject to the same Numerical Guidelines as transactions occurring in the Early and Late Trading Sessions.

The heading of Rule 2621(c)(2) addresses ''[r]eview of transactions occurring during the Early or Late Trading Session or eligible for review pursuant to paragraph (c)(1)(A).'' The Exchange proposes to replace the phrase ''eligible for review pursuant to paragraph (c)(1)(A)'' (which, in the current rule, means transactions executed during Regular Trading Hours in NMS Stocks not subject to the LULD Plan) with ''during LULD Protected Hours in NMS Stocks not subject to the LULD Plan.'' This proposed language would cover transactions in NMS Stocks not subject to the LULD Plan during Regular Trading Hours and expand the same treatment to transactions executed in NMS Stocks not subject to the LULD Plan during Overnight Protected Hours. As such, the proposed change is not novel.

The Exchange proposes to make the same change everywhere else such language appears in the rule—namely, in the text of paragraphs (c)(2)(i), (c)(2)(ii), (c)(2)(iii), (c)(2)(iv), (d)(iii), and (f).[9] In each case, the Exchange proposes to replace the phrase ''transactions occurring during the Early or Late Trading Session or eligible for review pursuant to paragraph (c)(1)(A)'' with ''transactions occurring during the Early or Late Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan.''

The Exchange also proposes to make corresponding changes to the headings of the table accompanying Rule 2621(c)(2)(i). The Exchange proposes to change the heading of the second column from ''Regular Trading Hours Numerical Guidelines'' to ''Numerical Guidelines for Transactions Executed During Regular Trading Hours in NMS Stocks Not Subject to the LULD Plan.'' This change would simply add a fuller description that such transactions are ''executed during the Regular Trading Hours in NMS Stocks not subject to the LULD Plan,'' and is not a substantive change.

Similarly, the Exchange proposes to change the heading of the third column from ''Early and Late Trading Session Numerical Guidelines'' to ''Numerical Guidelines for Transactions Executed During the Early and Late Trading Session or During Overnight Protected Hours in NMS Stocks Not Subject to the LULD Plan.'' The proposed change addresses the fact that transactions executed during Overnight Protected Hours in NMS Stocks not subject to the LULD Plan are eligible for clearly erroneous review—just as are transactions in NMS Stocks not subject to the LULD Plan executed during Regular Trading Hours—but at the Numerical Guidelines that apply outside of Regular Trading Hours.

Together, these proposed changes would extend the eligibility of clearly erroneous review for transactions in NMS Stocks not subject to the LULD Plan that is currently in place during Regular Trading Hours to the Overnight Protected Hours, and would apply the Commission's recent approval of Overnight Price Bands to the clearly erroneous executions rule.

Implementation

The Exchange understands that the other national securities exchanges and FINRA will also file similar proposals, the substance of which are identical to this proposal. The Exchange proposes that this rule change would become operative at the commencement of 23/5 Trading, which is scheduled to commence industry-wide on December 6, 2026.

1. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.[10] Specifically, the proposal is consistent with Section 6(b)(5) of the Act[11] because it would 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, and, in general, protect investors and the public interest.

The Exchange believes that the proposed change is consistent with just and equitable principles of trade because it extends the basic premise of the current rule that clearly erroneous review should be generally unavailable any time a transaction is executed within LULD Price Bands at a time the Price Bands were available and correct.

[9] Rule 2621(c)(2)(1)–(iv) specifies general rules for applying clearly erroneous review to transactions where such review is not precluded by paragraph (c)(1). Rule 2621(d)(3) specifies conditions where the Exchange may use a revised Reference Price for the purpose of clearly erroneous review in certain transactions where such review is not precluded by paragraph (c)(1). Rule 2621(f) specifies that for transactions where clearly erroneous review is not precluded by paragraph (c)(1), an officer may initiate clearly erroneous review on his or her own motion.

[10] 15 U.S.C. 78f(b).

[11] 15 U.S.C. 78f(b)(5).

Currently, LULD Price Bands are available only during Regular Trading Hours, meaning that the restrictions on clearly erroneous review described above apply only during Regular Trading Hours. With the introduction of Overnight Price Bands, the Exchange believes that extending such restrictions on clearly erroneous review to the period when Overnight Price Bands are in place would remove impediments to and perfect the mechanism of a free and open market and a national market system by enhancing the transparency and consistency of the rule.

The resulting rule would thus extend the LULD-related limits on clearly erroneous review that are applicable during Regular Trading Hours to the overnight period. The proposed change would also be consistent with the Commission's rationale in approving the current version of the rule because it would limit any potential discordance between the LULD mechanism and CEE review in the overnight trading session, providing greater certainty to market participants that trades executed with the Overnight Price Bands will stand and not be broken.[12]

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

The Exchange believes the proposal is consistent with Section 6(b)(8) of the Act[13] in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather than impacting competition, the proposed change would simply extend the basic premise of the current rule that clearly erroneous review should be generally unavailable any time a transaction is executed within LULD Price Bands at a time the Price Bands were available and correct. The Exchange understands that the other national securities exchanges and FINRA will also file similar proposals, the substance of which are identical to this proposal. Thus, the proposed rule change will help to ensure consistency across SROs without implicating any competitive issues.

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

Written comments were neither solicited nor received.

[12] *See* 87 FR 55060 at 55063, *supra* note 6.

[13] 15 U.S.C. 78f(b)(8).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A) of the Act[14] and Rule 19b–4(f)(6)[15] thereunder, the Exchange has designated this proposal as one that 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.

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email *to rule-comments@sec.gov.* Please include File Number SR–PEARL–2026–40 on the subject line.

Paper Comments

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

All submissions should refer to file number SR–PEARL–2026–40. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–PEARL–2026–40 and should be submitted on or before October 20, 2026.

[14] 15 U.S.C. 78s(b)(3)(A).

[15] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19865 Filed 9–28–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106493; File No. 4–930]

Notice of an Application of Cboe Clear U.S., LLC for an Exemption Pursuant to Section 36 of the Securities Exchange Act of 1934 Regarding the Treatment of Customer Margin Under Item 13 and Note F of Exhibit A to Rule 15c3–3

September 25, 2026.

On September 18, 2026, Cboe Clear U.S., LLC (''CCUS''), an applicant for registration with the Securities and Exchange Commission (''Commission'') as a clearing agency, filed an application with the Commission (the ''Application'') to obtain an exemption pursuant to section 36(a)(1)[1] of the Securities Exchange Act of 1934 (''Exchange Act''),[2] in accordance with the procedures set forth in Exchange Act Rule 0–12.[3] Specifically, CCUS is requesting exemptive relief on behalf of broker-dealers that are CCUS clearing

[16] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78mm. Section 36(a)(1) of the Exchange Act gives the Commission the authority to exempt any person, security or transaction or any class or classes of persons, securities or transactions, conditionally or unconditionally, from any Exchange Act provision by rule, regulation or order, to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors.

[2] 15. U.S.C. 78a *et seq.*

[3] 17 CFR 240.0–12. Exchange Act Rule 0–12 sets forth the procedures for filing applications for orders for exemptive relief pursuant to section 36. The application will not appear in the **Federal Register** (''Application''). The Application is available on the Commission's internet website at *www.sec.gov.* Defined terms in this notice are the same as used in the application, unless noted otherwise.

members (''Clearing Members'') from the limitation in Item 13 and Note F of Exhibit A to Rule 15c3–3 [4] that confines the Item 13 debit to the amount of margin required and on deposit with the Options Clearing Corporation (''OCC'') for all option contracts written or purchased in customer accounts. The requested exemption would allow CCUS Clearing Members to include as a debit under Item 13 and Note F margin that is required and on deposit at CCUS for binary options that are cleared by CCUS on behalf of Clearing Member customers in the same manner as is currently provided for margin required and on deposit with OCC. The Commission is publishing this notice to provide interested persons with an opportunity to comment.

I. Background

Rule 15c3–3, the broker-dealer customer protection rule, requires, among other things, broker-dealers that hold customer cash and securities (''carrying broker-dealers'') to compute the net amount of cash owed to customers under a formula in Rule 15c3–3a (''customer reserve computation'').[5] Generally, carrying broker-dealers must perform their customer reserve computation and make any required deposits in a special reserve account at a bank daily or weekly. The rule also requires a carrying broker-dealer to perform a PAB reserve computation for the proprietary securities and cash it holds for other broker-dealers, known as proprietary accounts of broker-dealers (''PAB accounts'').[6]

Item 13 of the customer reserve computation in Rule 15c3–3a includes as a debit in the computation the amount of margin required and on deposit with OCC for all option contracts written or purchased in customer accounts. Note F to Item 13 states that Item 13 must include the amount of margin required and on deposit with the OCC to the extent such margin is represented by cash, proprietary qualified securities and letters of credit collateralized by customers' securities.[7] Under that framework, the permitted debit is based on the margin amount posted by the broker-dealer to OCC that is calculated by OCC across all of the broker-dealer's customers with listed options (*i.e.,* on an omnibus or net basis).

II. Summary of the Application and Proposed Conditions

In the Application, CCUS requests, pursuant to section 36(a)(1) of the Exchange Act, and in accordance with the procedures set forth in Rule 0–12, that the Commission issue an order exempting Clearing Members of CCUS from the limitation in Item 13 and Note F of Rule 15c3–3a that confines the Item 13 debit to the amount of margin required and on deposit with OCC for option contracts written or purchased in customer accounts. CCUS is also requesting that the exemptive relief apply with respect to the PAB reserve computation.[8]

CCUS states that it has filed an application with the Commission to register as a clearing agency, seeking temporary registration to provide central counterparty services for binary options that are securities.[9] In connection with its application to register as a clearing agency, CCUS is seeking under this Application comparable treatment under the customer reserve computation with respect to the margin that is required and on deposit at CCUS as has been afforded OCC.

In support of its request, CCUS states that when the Commission adopted Item 13, and Note F thereto, OCC was the only clearing agency registered with the Commission to provide central counterparty services for securities options. CCUS states that it does not believe that the Exchange Act requires or warrants different treatment for margin held on similar terms for security option products at different registered clearing agencies. Further, CCUS states that section 17A(a)(2) of the Exchange Act [10] directs the Commission, with due regard for the maintenance of fair competition among clearing agencies, to facilitate a national system for the prompt and accurate clearance and settlement of securities transactions and to assure equal regulation under the Exchange Act of registered clearing agencies. Consequently, CCUS states that reading Item 13 to exclude margin held at a second registered options clearing agency because it did not exist when the rule was amended would be inconsistent with this statutory mandate.[11]

To further support its position, CCUS states that Item 14 [12] and Item 15 [13] of the customer reserve computation do not name any particular clearing agency, and do not distinguish between registered clearing agencies.[14] CCUS states that where the Commission anticipated that more than one clearing agency could hold margin, it framed the customer reserve computation treatment of such margin by reference to a registered category rather than name a specific existing clearing agency. Consequently, CCUS states that permitting broker-dealers to treat margin held at other registered clearing agencies would treat functionally equivalent margin on equivalent terms.[15]

In its Application, CCUS states that its proposed rules contemplate customer protection standards that satisfy the same regulatory requirements as those under which OCC operates. Specifically, CCUS states that it will offer separate customer, firm, and market-maker accounts, and that its rules require all funds and assets held for securities customers of a Clearing Member be maintained in a segregated Securities Customer Account. Further, CCUS states that the binary options it proposed to clear will be fully margined and that its risk management framework provides for daily and intraday margin collection, guaranty fund resources, and a default waterfall.[16]

In its Application, CCUS states that a failure to provide equivalent treatment under the customer reserve computation to margin required and on deposit at

[4] 17 CFR 240.15c3–3a.

[5] 17 CFR 240.15c3–3.

[6] Broker-dealers use the formula in Rule 15c3–3a for the purposes of computing the PAB reserve requirement, except that references to ''accounts,'' ''customer accounts,'' or ''customers'' will be treated as references to PAB accounts. *See* Note 1 to Rule 15c3–3a (17 CFR 240.15c3–3a). For the purposes of this notice, references to ''accounts,'' ''customer,'' or ''customer accounts'' will also include ''PAB'' or ''PAB accounts'' as appropriate.

[7] *See* Note F to Rule 15c3–3a (17 CFR 240.15c3–3a).

[8] *See* Application, at 3–4.

[9] *See* Application at 2. Non-confidential aspects of CCUS's Form CA–1 application and exhibits thereto are available on the Commission's website at: *https://www.sec.gov/rules-regulations/other-commission-orders-notices-information/ccus-form-ca-1.*

[10] 15 U.S.C. 78q–1(a)(2).

[11] *See* Application at 4.

[12] Item 14 of the customer reserve computation is a debit item for margin that is required and on deposit with a registered clearing agency under section 17A of the Exchange Act (15 U.S.C 78q–1), or a derivatives clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a–1) related to positions written, purchased or sold in customer accounts with respect to security futures products, and futures contracts (and options thereon) carried in a securities account pursuant to a self-regulatory organization margining rule. *See* 17 CFR 240.15c3–3a, Item 14.

[13] Item 15 of the customer reserve computation is a debit item for margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q–1) resulting from specified transactions in U.S. Treasury securities in customer accounts that have been cleared, settled and novated by the clearing agency. *See* 17 CFR 240.15c3–3a, Item 15.

[14] *See* Application at 4–5.

[15] *See id.*

[16] *See* Application at 2–3.

CCUS would result in its Clearing Members facing a customer reserve computation penalty for clearing customer security options at CCUS. CCUS goes on to state that this result could hinder the development of a cleared securities environment for trading in binary options that CCUS expects to clear.[17]

CCUS proposes certain conditions that would apply in connection with its Clearing Members being able to include margin required and on deposit with respect to customer binary options transactions in the Item 13 debit. Specifically, CCUS proposes that:

1. Registration: CCUS must register with the Commission as a clearing agency in accordance with section 17A(b)[18] of the Exchange Act and Rule 17ab2–1[19] thereunder.

2. Eligibility Limitation: The relief will apply solely to margin required and on deposit with CCUS with respect to customer positions in binary options.

3. Margined Customer Positions: The binary options that CCUS clears will be margined by CCUS consistent with the requirements of Rule 17Ad–22(e)[20] and Clearing Members will collect such margin from their customers, with any proposed changes to CCUS's margin system subject to Commission review, and, as appropriate, approval pursuant to section 19(b)[21] of the Exchange Act and Rule 19b–4[22] thereunder.

4. Segregation of Customer Margin: For purposes of Rule 15c3–3a, CCUS will maintain margin required and on deposit with CCUS for options contracts written or purchased in customer accounts separately and independently from margin required and on deposit for proprietary positions of Clearing Members.

5. The relief would be subject to the same conditions set forth in Note F to Item 13 of Rule 15c3–3a that apply to margin required and on deposit with OCC for all option contracts written or purchased in customer accounts.

6. The rules of CCUS must comply with the conditions on any exemptive order the Commission may issue in response to this request and CCUS shall amend its rulebook as may be necessary to ensure that its rulebook complies with such conditions.

III. Request for Comment

We request and encourage any interested person to submit comments regarding the Application, including whether the Commission should grant the request. In particular, we solicit comment on the following questions:

1. Do commenters agree with CCUS's reasons described in the Application[23] in support of the Commission finding that the exemptive relief is consistent with section 36 of the Exchange Act? Why or why not?

2. Are the conditions upon which the relief would be granted sufficient? Why or why not? Are there other or alternative conditions not outlined in the Application, or modifications to the conditions proposed within the Application, that the Commission should consider? If so, please describe those conditions or modifications.

3. Would the exemption requested in the Application have a competitive impact—either positive or negative—on broker-dealers and their customers in the context of clearing security options? What would be the potential benefits and costs of the exemption? Would the exemption and conditions impact investor protection? If so, what would those impacts be?

Comments should be received on or before October 20, 2026. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/comments/4-930/notice-application-cboe-clear-us-llc-exemption-pursuant-section-36-securities-exchange-act-1934*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number 4–930 on the subject line.

Paper Comments

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

All submissions should refer to File Number 4–930. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules-regulations/public-comments/4-930*). 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.

For further information, you may contact Raymond A. Lombardo, Acting Associate Director; Sheila Dombal Swartz, Senior Special Counsel; or Abraham Jacob, Special Counsel at (202) 551–5500, Office of Broker-Dealer Finances, Division of Trading and Markets, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–7010.

By the Commission.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19916 Filed 9–28–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106480; File No. SR–IEX–2026–32]

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Pursuant to IEX Rule 15.110(a) and (c) To Establish a Fee Schedule for Certain Non-Transaction Fees Applicable to Participants Trading Options Contracts on and Products and Services To Be Provided by the Exchange

September 24, 2026.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on September 10, 2026, the Investors Exchange LLC ("IEX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Pursuant to the provisions of Section 19(b)(1) under the Act,[4] and Rule 19b–4 thereunder,[5] the Exchange is filing with the Commission a proposed rule change pursuant to IEX Rules 15.110(a) and (c) to establish a Fee Schedule for certain non-transaction fees applicable to participants trading options contracts on and products and services to be provided by the Exchange. Changes to the Fee Schedule pursuant to this proposal are effective upon filing,[6] and will be operative beginning on October 2, 2026.

The text of the proposed rule change is available at the Exchange's website at *https://www.iexexchange.io/resources/regulation/rule-filings* and at the principal office of the Exchange.

[17] *See* Application at 5.

[18] 15 U.S.C. 78*q*–1.

[19] 17 CFR 240.17ab2–1.

[20] 17 CFR 240.17ad–22(e).

[21] 15 U.S.C. 78s.

[22] 17 CFR 240.19b–4.

[23] *See, e.g.,* section III of the Application.

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] 15 U.S.C. 78s(b)(1).

[5] 17 CFR 240.19b–4.

[6] 15 U.S.C. 78s(b)(3)(A)(ii).

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

On September 18, 2025, the Commission approved IEX's rule change proposal to adopt rules governing the trading of options on the Exchange in a new facility called ''IEX Options''; [7] IEX Options has announced its plan to commence trading options on October 2, 2026.[8] The Exchange proposes to establish a fee schedule for IEX Options (''Fee Schedule'') that would apply to Options Members [9] and other market participants that use Exchange products and services. The proposed Fee Schedule would be separate from the existing IEX Equities Fee Schedule that applies to products and services associated with the Exchange's equities market (''IEX Equities'').[10] Specifically, the Exchange proposes to establish (i) the initial structure of the Fee Schedule, including a Preface section covering billing disputes and definitions of terms used throughout the Fee Schedule; (ii) a proposed Section I, Transaction Fees and Credits, which the Exchange is proposing to reserve to be amended by a later proposed rule filing pursuant to Section 19(b) of the Act; (iii) a proposed Section II, Trading Permit and Premium Product Fees; [11] (iv) a proposed Section III, Connectivity Fees; [12] (v) a proposed Section IV, Market Data Fees; [13] and (vi) a proposed Section V, Additional Fees, incorporating the FINRA registration and processing fees and CAT Funding Fees as set forth on the existing Additional Fees schedule for IEX Equities.[14] The Exchange also proposes an initial discount on fees for Trading Permits, Premium Products, Connectivity, and Market Data during the first six calendar months of IEX Options operations, which will be stated in the respective sections for each of the aforementioned proposed fees in the Fee Schedule. The Exchange notes that none of these proposed changes would amend any existing fee applicable to IEX Equities.

Table of Contents and Preface

The Exchange proposes to include a Table of Contents at the beginning of the Fee Schedule listing the various types of fees and credits the Exchange proposes to offer. The Exchange believes this will make the Fee Schedule easier to use and will allow readers to quickly locate the specific category of fees they are most interested in. As described below, the Exchange also proposes a Preface section containing a billing disputes provision and a Definitions section for defined terms used throughout the Fee Schedule.

Billing Disputes

The Exchange proposes to add a ''Billing Dispute'' paragraph stating that all fee disputes concerning fees billed by the Exchange must be submitted to the Exchange in writing and accompanied by supporting documentation. Furthermore, Options Members must submit all fee disputes no later than 60 days after receipt of a billing invoice. The Exchange believes this information will inform Options Members about the process and timeline for disputing any Exchange billing. Requiring Members to submit any billing disputes within a 60-day time period after receipt of an invoice will encourage Members to review their invoices promptly so that any potential disputes may be resolved in a timely manner, thereby reducing the administrative burden of such disputes on the Exchange. These provisions are consistent with billing dispute provisions included in the fee schedules of other options exchanges.[15]

Definitions

The Exchange has included a Definitions section at the beginning of the proposed Fee Schedule for terms that are used throughout the Fee Schedule. Defined terms that are also defined or otherwise explained in the Exchange Rules contain a cross reference to the relevant Exchange Rule. For ease of reference and readability, the Exchange proposes to include these previously defined terms in the Fee Schedule. The Definitions section would read as follows:

- A ''Clearing Member'' means an Options Member that has been admitted to membership in the Options Clearing Corporation (OCC) pursuant to the provisions of the Rules of the OCC and is self-clearing or that clears IEX Options Transactions for other Options Members. See Rule 17.100.
- A ''Market Maker'' refers to an Options Member registered, pursuant to Rule 23.100, as either a ''Registered Market Maker'' or a ''Specialist.''
- An ''MPID'' means the unique market participant identifier assigned to an Options Member. See Rule 17.100.
- ''Order Entry Firms'' or ''OEFs'' are those Options Members representing as agent Customer orders on IEX Options and those non-Market Maker Members conducting proprietary trading. See Rule 17.100.

IEX notes that other exchanges have similar Definitions sections in their respective fee schedules.[16]

Section I. Transaction Fees and Credits

The Exchange proposes to include a section for Transaction Fees and Credits which the Exchange is proposing to reserve to be amended by a later proposal.

[7] *See* Securities Exchange Act Rel. No. 103998 (September 18, 2025), 90 FR 45861 (September 23, 2025) (SR–IEX–2025–02).

[8] *See https://www.iex.io/options/resources#important-dates.*

[9] *See* Rule 17.100.

[10] The IEX Equities Fee Schedule (''IEX Equities Fee Schedule'') is available here: *https://www.iex.io/resources/trading/fee-schedule.*

[11] *See* Rule 18.140 (Trading Permits).

[12] *See* Rule 22.100(k) (Definitions—Port).

[13] *See* Rule 22.240(b) (Data Dissemination—Exchange Data Products).

[14] *See* Fee Schedule: Additional Fees (''Additional Fees Schedule''), available at *https://www.iex.io/documents/fee-schedule-additional-fees.*

[15] *See, e.g.,* NYSE American Options Fee Schedule, Effective as of August 18, 2026, available at *https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE_American_Options_Fee_Schedule.pdf;* Securities Exchange Act Rel. No. 72972 (September 3, 2014), 79 FR 53482 (September 9, 2014) (SR–NYSEMKT–2014–71) (proposing to add billing dispute language to fee schedule); NYSE Arca Options Fee Schedule (''NYSE Arca Options Fee Schedule''), Effective as of August 18, 2026, available at *https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf;* Securities Exchange Act Rel. No. 72971 (September 3, 2014), 79 FR 53488 (September 9, 2014) (SR–NYSEARCA–2014–92) (proposing to add billing dispute language to fee schedule).

[16] *See, e.g.,* MIAX Sapphire Options Exchange Fee Schedule as of August 17, 2026 (''MIAX Sapphire Fee Schedule''), available at MIAX_Sapphire_Fee_Schedule_08172026.pdf; Securities Exchange Act Rel. No. 100683 (August 9, 2024), 89 FR 66467 (August 15, 2024) (SR–SAPPHIRE–2024–13) (proposing to establish fee schedule, including a Table of Contents); MIAX Emerald Options Exchange Fee Schedule as of August 1, 2026 (''MIAX Emerald Fee Schedule''), available at *https://www.miaxglobal.com/sites/default/files/fee_schedule-files/MIAX__Emerald__Fee__Schedule__08012026.pdf;* Securities Exchange Act Rel. No. 85393 (March 21, 2019), 84 FR 11599 (March 27, 2019) (SR–EMERALD–2019–15) (same).

Section II. Trading Permit and Premium Product Fees

The Exchange is proposing a discount on permit fees and premium product fees during the first six calendar months of the operations of IEX Options to provide an incentive to prospective market participants to become a Member of IEX Options. Permit fees and premium product fees will be discounted 100% during the first three calendar months of IEX Options' operations.[17] For the three calendar months thereafter (*i.e.,* months four through six of IEX Options' operations), permit fees and premium product fees will be discounted 50%. Notwithstanding the initial discount of 100% for the first three calendar months of operations, the Exchange proposes to establish an initial fee structure to communicate the Exchange's intent to charge trading permit and premium product fees upon the expiration of the discount. In addition, the Exchange will provide Members with advance notice via Trading Alert of the proposed Fee Schedule, including the proposed discounts.

A. Monthly Order Entry Firm and Clearing Member Permit Fees

The Exchange is proposing to charge Order Entry Firms [18] and Clearing Members [19] permit fees of $1,000 per month for each permit. The fee for an IEX Options Member that is approved as an Order Entry Firm will be charged for any month the Order Entry Firm is certified in the membership system and is credentialed to use one or more Financial Information Exchange 4.2 (''FIX'') or binary order entry (''IBOP'' or ''binary'') ports in the production environment.[20] The Exchange proposes to assess a monthly clearing firm permit fee on a Clearing Member in any month the clearing firm is certified in the membership system to clear transactions on the Exchange. As discussed further in the Statutory Basis section, the proposed order entry firm and clearing member permit fees are comparable to the same fees charged by other options exchanges.[21]

B. Monthly Market Maker Permit Fees

The Exchange is proposing to charge monthly Market Maker [22] permit fees based on the maximum number of permits assessed during the month. The Exchange proposes that monthly Market Maker permit fees will be assessed in any month a Market Maker or Specialist [23] is appointed to quote in one or more classes as a Market Maker and/or Specialist. A Market Maker also engaged in order entry and clearing activity would also be subject to the Order Entry Firm Permit fees and Clearing Firm Permit fees, as applicable.[24]

The Exchange proposes to assess monthly Market Maker Permit fees based on the number of classes in which a Market Maker (including as a Specialist) was appointed during the month in question pursuant to Rules 23.120(a) and/or 23.130(a)(2).[25] The ''Market Maker Permit Assessment'' table on the Fee Schedule sets forth the number of permits an MPID of a Member would be charged for according to the number of classes in which the Market Maker is appointed. To quote in all classes listed on the Exchange, an MPID would require three permits.

The ''Permit Costs Per Market Maker Membership'' table on the Fee Schedule sets forth the fees applicable to a Member for each permit. The Exchange proposes to adopt the following monthly Market Maker Permit fees: (i) $5,000 for one permit that would allow quoting in up to 50 classes; (ii) $3,000 for the second permit that, together with the first permit, would allow quoting in up to 200 classes; (iii) $2,000 for a third permit that would allow quoting in 201 classes up to and including all classes listed on the Exchange; (iv) $1,000 for a fourth permit; (v) $1,000 for a fifth permit; (vi) $1,000 for a sixth permit; and (vii) any additional permits would be free. Thus, if a Market Maker seeks to enter quotes from more than one MPID in one or more classes,[26] it would be assessed $1,000 for up to three additional permits, and any additional permits would be free. Thus, the maximum amount an IEX Market Maker would pay for Market Maker permits is $13,000 ($5,000 + $3,000 + $2,000 + $1,000 + $1,000 + $1,000).

As discussed further in the Statutory Basis section, the proposed monthly Market Maker Permit fees are comparable to market maker permit fees charged by other options exchanges.[27]

C. IEX Options Market Maker Monthly Premium Product Fees

The Exchange proposes a monthly Premium Product Fee, in addition to the Market Maker Permit Fees, that would be charged to any IEX Options Market Maker appointed to transact [28] in certain specified options classes, which the Exchange expects will be among the most actively traded options classes. As proposed, the initial Premium Products would be SPY, QQQ, IWM, NVDA, TSLA, AAPL, and AMZN. The Exchange proposes a monthly fee of $300 each for options classes SPY, QQQ, and IWM, and a monthly fee of $200 each for options classes NVDA, TSLA, AAPL, and AMZN. To the extent the Exchange determines to change the list of classes subject to the Premium Product fee, it would do so through a fee filing with the Commission. As discussed further in the Statutory Basis section, the proposed monthly Premium Product fees are lower than similar fees charged by one other options exchange.[29]

Section III. Connectivity Fees

A. Physical Connectivity Fees

The Exchange will offer the ability to physically connect to the Exchange at its Primary Data Center and Disaster Recovery Data Center.[30] The number of physical connections to IEX's Primary Data Center assigned to each Member or non-Member is determined by each such entity based on the scope and scale of its trading and quoting activity on the Exchange (or other activity on the

[17] IEX Options launch is currently scheduled for October 2, 2026. *See* IEX Options Information Hub, available at *https://www.iex.io/options/resources.*

[18] An Order Entry Firm is an Options Member representing as agent Customer orders on IEX Options and those non-Market Maker Members conducting proprietary trading. *See* Rule 17.100.

[19] A ''Clearing Member'' is an Options Member that has been admitted to membership in the OCC pursuant to the provisions of the Rules of the OCC and is self-clearing or that clears IEX Options Transactions for other Options Members. *See* Rule 17.100.

[20] In addition, a Market Maker engaged in both order entry, clearing, and quoting activity would be liable for Order Entry Firm Permit fees, Clearing Firm Permit fees, and Market Maker permit fees, as applicable.

[21] *See infra,* notes 70–76 and text accompanying such notes.

[22] *See* Rule 23.100(a).

[23] *See* Rules 23.100(c) and 23.130(b).

[24] Other exchanges also charge a market maker for additional trading permits required for its activity on the exchange. *See* C2 Options Fee Schedule, *infra,* note 70 (''a Trading Permit Holder with one Market-Maker Permits and one Electronic Access Permit would be assessed a total of $6,000 per month ($5,000 for a Market-Maker Permit and $1,000 for an Electronic Access Permit'').

[25] The Exchange appoints Market Makers to options classes traded on the Exchange based on their submission to the Exchange of the options classes they intend to quote in pursuant to IEX Rule 23.120. The Exchange may appoint one Specialist to each options class traded on the Exchange pursuant to IEX Rule 23.130.

[26] ''MPID'' is the unique market participant identifier assigned to an Options Member. *See* Rule 17.100. A Market Maker with multiple MPIDs may choose to register for more than three permits in order to enter more than one quote in particular options on the Exchange.

[27] *See infra,* notes 80–90 and text accompanying such notes.

[28] *See supra,* note 25. The proposed Premium Product fee would apply per MPID. As proposed, for example, a Market Maker dual quoting in SPY would pay $600 in Premium Product fees.

[29] *See infra,* note 91 and accompanying text.

[30] The IEX Primary Data Center is located in Secaucus, NJ.

Exchange, in the case of market data recipients, Service Bureaus,[31] Sponsored Participants,[32] and Extranet Providers[33]).

The Exchange is proposing a discount on physical connectivity fees during the first six calendar months of the operations of IEX Options to provide Members an initial ramp up period for Members to scale operations on IEX Options. During the initial three calendar months of operations, the Exchange proposes to provide a 100% discount on fees for up to two connections at the Primary Data Center and up to two connections to the Disaster Recovery Data Center. During the three calendar months thereafter, the Exchange proposes to provide a 50% discount on fees for up to two connections at each Data Center. The proposed discount would only apply to the first two physical connections at each Data Center; additional connections would be charged at full price.

The following describes the proposed fees for physical connectivity to the Exchange.

(i) 10G Ultra-Low Latency (ULL) Ethernet Physical Port Connection to the Primary Data Center

The Exchange proposes to offer physical connections to the Primary Data Center through a 10G ULL Ethernet connection. The proposed 10G connection will provide infrastructure for IEX Options logical port connectivity at the Primary Data Center.[34] Members will be able to use the 10G connection for both order and quote entry and to receive IEX Options' proprietary market data feeds. The Exchange proposes to charge a monthly fee of $7,000 per physical port connection to the Primary Data Center. The Exchange also proposes to add a footnote to the line setting forth the fee for 10G connectivity to the Primary Data Center, which will clarify that these fees are billed to and payable by the Options Member, Service Bureau, Data Recipient, or Extranet Provider maintaining the physical port connection at the Primary Data Center or Disaster Recovery Data Center based on the highest quantity of ports provisioned during the month.

As discussed in more detail in the Statutory Basis section below, the proposed fee is comparable to, or lower than, fees charged by other options exchanges for similar connectivity.[35]

(ii) 10G Ultra-Low Latency (ULL) Ethernet Physical Port Connection to the Disaster Recovery Data Center

The Exchange proposes to offer physical connections to the Exchange's Disaster Recovery Data Center through a 10G ULL Ethernet connection. The Disaster Recovery Data Center is located in Chicago, IL. The Exchange proposes to charge a monthly fee of $3,000 for each physical port connection to the Disaster Recovery Data Center.[36] IEX notes that maintaining direct connectivity to the Disaster Recovery Data Center is optional for all Options Members. Even Options Members designated to participate in mandatory testing of backup systems may connect to the Disaster Recovery Data Center directly or indirectly through a third-party.[37] As discussed in more detail in the Statutory Basis section below, the proposed fee is comparable to, or lower than, fees charged by other options exchanges for similar connectivity.[38]

(iii) 1G or 10G Physical Port Connection to the IEX Test Facility (''ITF'')

The ITF is accessed through the Primary Data Center located in Secaucus, NJ and supports order entry certification and non-production testing. The Exchange offers 1G and 10G physical port connections as well as internet connectivity to the ITF.[39] The Exchange proposes to offer 1G and 10G port connectivity to the ITF free of charge in order to encourage testing at the ITF. The Exchange also proposes adding a footnote to the line setting forth the fee for connectivity to the ITF, which will clarify that 1G physical ports are the default connection to the ITF, but Options Members and Service Bureaus may also connect to ITF through a 10G physical port. As discussed in more detail in the Statutory Basis section below, the proposed fee is lower than comparable physical connectivity fees charged by other options exchanges for access to their testing environments.[40]

B. Port Connectivity Fees

The Exchange will offer logical port access, also known as ''port connections'' or ''sessions,'' for order entry, Market Maker quoting (including Purge ports), and receipt of trade execution reports and order messages (including Drop Copy ports). Options Members can also choose to connect to IEX indirectly through a port connection maintained by a third-party Service Bureau. The number of port connections to IEX's Primary Data Center assigned to each Options Member or non-Options Member is determined by each entity based on the scope and scale of its trading and quoting activity on the Exchange (or other activity on the Exchange, in the case of Service Bureaus and Sponsored Participants).

As set forth below, the Exchange proposes certain fees for port connectivity to the Primary Data Center. Logical port fees would be charged based on the highest quantity of ports provisioned during the month. The Exchange would not charge fees for logical ports at the Disaster Recovery Data Center or ITF. Thus, IEX proposes to add a footnote at the end of each logical port fee in the Fee Schedule specifying that the fees for logical ports are only applicable to such ports at the IEX point-of-presence (''POP'') in Secaucus (Hot/Primary) connectivity site, and that there are no fees for logical ports at the Disaster Recovery Center (Cold/Secondary) or ITF: Secaucus (Non-Production). The footnote will also explain that fees for Primary Data Center logical ports are billed to and payable by the Options Member or Service Bureau maintaining the port based on the number of Primary Data Center Logical Ports assigned to each Member or Service Bureau based on the highest quantity provisioned during the month.

The Exchange is proposing an initial discount on port connectivity fees during the first six calendar months of IEX Options operations to provide an incentive to market participants to connect to and trade on the Exchange. As proposed, fees for up to two sets[41] and up to two individual ports receive a 100% discount per service for the first three calendar months of IEX Options' operations. For the three calendar months thereafter, port connectivity fees would be discounted 50%. The proposed discount would apply only to

[31] Rule 11.130(d).

[32] Rule 11.130(b).

[33] Rule 11.130(e).

[34] Physical connectivity to the IEX Equities market cannot be used to connect to IEX Options.

[35] *See infra,* notes 94–100 and text accompanying such notes.

[36] As it does for its Equities market, the Exchange will offer logical order entry ports at the Disaster Recovery Data Center free of charge.

[37] *See* Rule 2.250 (Mandatory Participation in Testing of Backup Systems).

[38] *See infra,* notes 101–111 and text accompanying such notes.

[39] 10G physical ports provide ultra-low latency and wider bandwidth connections than a 1G port, which IEX understands is not as necessary when conducting testing in the ITF. Thus, 1G connectivity will be sufficient for most Options Members when connecting to the ITF, but those seeking ultra-low latency and wider bandwidth connections may connect to a 10G physical port.

[40] *See infra,* notes 112–116 and text accompanying such notes.

[41] As described in Section III.B.ii. below, a ''set'' refers to a collection of ten Market Maker Quoting Ports distributed across the ten trading rings.

the first two sets and up to two individual ports; additional ports would be charged at full price.

(i) Order Entry FIX or Binary Ports

Options Members will be able to send and receive order messages to the System [42] through either the FIX or binary ports. The Exchange proposes a monthly fee of $450 for each Order Entry FIX and binary port at the Primary Data Center. As discussed in more detail in the Statutory Basis section below, the proposed fees are lower than fees charged by other options exchanges for order entry ports.[43]

(ii) Market Maker Quoting Ports

Market Maker quote entry will be supported by the IBOP protocol. Market Makers will be able to pay to access Market Maker binary quoting ports that connect directly to the System to transmit bulk order entry and cancellation messages. The IEX Options matching engine architecture will be comprised of ten trading rings.[44] All listed options classes will be assigned to specific trading rings. A Market Maker would obtain full coverage of all ten trading rings by purchasing a ''set'' of ten quoting ports, which will enable Market Makers to quote in classes allocated to all ten trading rings, *i.e.,* all classes listed on the Exchange. The Fee Schedule would define a ''set'' as 10 individual sessions distributed to each of the 10 trading rings. Alternatively, a Market Maker could pay for individual sessions to connect to specific trading rings.

The Exchange proposes a monthly fee of $4,000 for a set of 10 Market Maker quoting ports and $650 for each individual session. As discussed in more detail in the Statutory Basis section below, the proposed fees are comparable to, or lower than, fees charged by other options exchanges for market maker quoting ports.[45]

(iii) Market Maker Purge Ports

A purge port is a dedicated, high-priority communication channel used by a Market Maker to send messages canceling and optionally blocking quote interest submitted through Market Maker quoting sessions. Purge ports will be supported by the IBOP protocol and allocated by the Exchange per trading ring. The Exchange proposes to charge a monthly fee of $2,500 for a set of 10 Market Maker purge ports, each of which will connect to one of the ten trading rings. A Market Maker would also be able to pay for individual sessions to connect to specific trading rings for $450 each. As discussed in more detail in the Statutory Basis section below, the proposed fees are comparable to, or lower than, fees charged by other options exchanges for market maker purge ports.[46]

(iv) Drop Copy Ports

The Exchange will offer drop copy ports supported by FIX 4.2.[47] The Exchange proposes a monthly fee of $450 per drop copy port. As discussed in more detail in the Statutory Basis section below, the proposed fee is comparable to, or lower than, fees charged by other options exchanges for drop copy ports, which are used in the same manner as IEX Options drop copy ports.[48]

Section IV. Market Data Fees

As proposed, the Exchange will offer two proprietary market data feeds: Options TOPS and Options DEEP. Options TOPS is an uncompressed data feed that offers top of book quotations and execution information based on options orders entered into the System.[49] Options DEEP is an uncompressed data feed that offers depth of book quotations and execution information based on options orders entered into the System.[50]

A. Market Data Definitions

The Exchange proposes to include in the Market Data Fees section of the proposed Fee Schedule definitions of certain key terms applicable to the distribution of IEX market data: Real-Time, Data Subscriber, and Non-Display. As proposed, the Fee Schedule would include the definitions of these terms as follows in order to provide clarity regarding how the proposed fees would apply: [51]

- ''Real-Time'' means IEX market data that is accessed, used, or distributed less than fifteen (15) minutes after it was made available by the Exchange. IEX provides only Real-Time IEX market data to Data Subscribers. A Data Subscriber may redistribute Real-Time IEX market data that it receives from the Exchange on a Real-Time basis to a natural person or entity. Receipt of IEX market data on a Real-Time basis by an affiliate of a Data Subscriber is not subject to additional Fees beyond those paid by such Data Subscriber.[52]
- The term ''Data Subscriber'' means any natural person or entity that receives Real-Time IEX market data either directly from the Exchange or from another non-affiliated Data Subscriber. A Data Subscriber must enter into a Data Subscriber Agreement with IEX in order to receive Real-Time IEX market data. A natural person or entity that receives Real-Time IEX market data from an affiliated Data Subscriber is subject to the Data Subscriber Agreement of such affiliated Data Subscriber.
- ''Non-Display'' use means accessing, processing, or consuming Real-Time IEX Market Data for a purpose other than (i) solely facilitating a Data Subscriber's display of the Real-Time IEX Market Data or (ii) solely internally or externally distributing the Real-Time IEX Market Data. Non-Display use may include, but is not limited to: operating a trading platform; automated trading; order routing; order management; investment analysis; risk management; surveillance; compliance; portfolio valuation. For more information, see the IEX Market Data Policies.

B. Market Data Fees

In general, the Exchange believes that exchanges, in setting fees, should meet very high standards of transparency to demonstrate why each new fee or fee increase meets the Exchange Act requirements. The Exchange believes this high standard is especially important when an exchange imposes

[42] ''System'' means the automated trading system used by IEX Options for the trading of options contracts, as described in Rule 22.100(a).

[43] *See infra,* notes 117–120 and text accompanying such notes.

[44] IEX Options leverages a multi-ring architecture intended to maximize performance at scale. The architecture includes multiple Client Gateway Rings, to which Order Entry sessions connect, and multiple Trading Rings, to which Market Maker Quoting and Purge Sessions connect. *See* IEX Options User Manual, available at *https://www.iex.io/documents/iex-options-user-manual.*

[45] *See infra,* notes 121 and 122 and text accompanying such notes.

[46] *See infra,* notes 125–127 and text accompanying such notes.

[47] Confirmations of orders and execution reports are transmitted by the Exchange over the Order Entry Port that was used to enter the order. A ''drop copy'' contains redundant information that a Member chooses to have ''dropped'' to another destination (*e.g.,* to allow the Member's back office and/or compliance department, or another Member—typically the Member's clearing broker—to have immediate access to the information). Drop copies can only be sent via a drop copy port. Drop copy ports cannot be used to enter orders.

[48] *See infra,* notes 128–130 and text accompanying such notes.

[49] *See* Rule 22.240(b)(2). The quotations (including orders) disseminated via Options TOPS do not indicate the number or size of individual orders and quotes at the top of book.

[50] *See* Rule 22.240(b)(1). The quotations (including orders) disseminated via Options DEEP include the number and size of individual orders and quotes entered into the System.

[51] These defined terms also appear in the Market Data Fees section of the IEX Equities Fee Schedule with the same definitions as proposed here. *See* IEX Equities Fee Schedule, *supra,* note 10.

[52] The terms ''affiliate'' and ''affiliated'' have the meaning specified in Rule 12b–2 of the Exchange Act.

fees for its market data because each exchange is the exclusive source of its market data.

The Exchange is proposing a discount on market data fees during the first six calendar months of the operations of IEX Options to provide an incentive to prospective market participants to become a Data Subscriber of the market data feeds offered by IEX Options. Market data fees will be discounted 100% during the first three calendar months of IEX Options' operations. For the three calendar months thereafter, market data fees will be discounted 50%.

(i) Access Fees

The Exchange proposes a monthly access fee of $750 for Options TOPS and $2,500 for Options DEEP to each Data Subscriber that is credentialed to receive the applicable data feed. A ''Data Subscriber'' is any natural person or entity that receives Real-Time [53] IEX market data either directly from the Exchange or from another non-affiliated Data Subscriber. All Data Subscribers are required to enter into a Data Subscriber Agreement with IEX to receive Real-Time access to the applicable data feed. The proposed access fee would cover accessing, processing, or consuming the applicable data feed to facilitate the Data Subscriber's display of the data feed, or to distribute the data feed internally or externally.[54] The Exchange requires Data Subscribers to regularly report their usage of IEX Market Data.[55]

(ii) Non-Display Fees

The Exchange proposes to charge a monthly non-display fee of $750 for Options TOPS and $2,500 for Options DEEP to each Data Subscriber that is credentialed to receive the applicable data feed for non-display use. ''Non-Display'' use includes, but is not limited to, operating a trading platform; automated trading; order routing; order management; investment analysis; risk management; surveillance; compliance; portfolio valuation.[56]

The Exchange notes that Real-Time access to Options TOPS and Options DEEP is optional. The Exchange is not required to make Real-Time access to Options TOPS and Options DEEP available to Options Members or market data customers, nor is any customer or Member of the Exchange required, either by any Exchange rule or the federal securities laws, to purchase Real-Time access to the TOPS data feed.

Section V. Additional Fees

The Exchange proposes to incorporate by reference into the Fee Schedule the Exchange's ''Additional Fees Schedule,'' which already contains Central Registration Depository (''CRD'') registration and processing fees,[57] and Consolidated Audit Trail (''CAT'') Funding Fees. The Financial Industry Regulatory Authority (''FINRA'') charges a single fee to register any representative or principal of a member firm in the CRD system irrespective of if the member firm is also a member of FINRA. Because FINRA separately collects the CRD system fee for any IEX Member [58] that is also a FINRA member,[59] the registration and processing fees on the Additional Fees Schedule apply only to IEX Members who are not FINRA members.

The CAT Funding Fees are related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'') [60] for the period from May 1, 2026 through December 31, 2026.[61] The CAT Funding fees comprise (i) the fee rate for CAT Fee 2026–1, which is $0.000001 per executed equivalent share; [62] and (ii) Historical CAT Assessment 1A, which is $0.000002 per executed equivalent share.[63] Under the CAT NMS Plan, for purposes of calculating CAT Fees, with respect to the trading of listed options contracts, the executed equivalent shares in a transaction in Eligible Securities is counted as follows: each executed contract for a transaction in Listed Options will be counted based on the multiplier applicable to the specific Listed Options (*i.e.,* 100 executed equivalent shares or such other applicable multiplier).[64]

The Exchange proposes to incorporate the Web CRD registration and processing fees and the CAT Funding Fees into proposed Section V of the Fee Schedule by referencing the Exchange's Additional Fees Schedule.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act [65] in general and furthers the objectives of Section 6(b)(4) of the Act,[66] in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities. In addition, the Exchange believes that the proposed fees are consistent with the purposes of Section 6(b)(5) [67] of the Act in that they are designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to a free and open market and national market system, and, in general, to protect investors and the public interest, and particularly, are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Table of Contents and Preface

The Exchange believes that including a Table of Contents and Preface section is reasonable, equitable, and not designed to permit unfair discrimination because these features are designed to make the Fee Schedule more logical and comprehensive and, therefore, easier for market participants to navigate and digest, which is in the public interest. In particular, the proposed Preface section, which includes billing disputes and a Definitions sections, is designed to enable market participants to better understand how the Exchange imposes fees on each market participant, which should make the overall Fee Schedule

[53] ''Real-Time IEX Market Data'' is IEX Market Data that is accessed, used or distributed less than fifteen (15) minutes after it was made available by the Exchange. *See* IEX Fee Schedule—Market Data Fees, available at *https://www.iex.io/resources/trading/fee-schedule#market-data-fees.* IEX only provides Real-Time IEX Market Data and will not itself delay the dissemination of IEX Market Data to Data Subscribers.

[54] *See* IEX Market Data Policies, Section 13—Non-Display Use, available at *https://www.iex.io/documents/iex-market-data-policies-rev202408.*

[55] *See* IEX Data Subscriber Agreement, Section 7, available at *https://www.iex.io/documents/iex-data-subscriber-agreement.*

[56] *See* IEX Market Data Policies, *supra,* note 54, Section 13. ''Trading Platforms'' include, but are not limited to, alternative trading systems (ATS's), broker crossing networks, broker crossing systems not filed as ATS's, dark pools, multilateral trading facilities, exchanges, and systematic internalization systems. *See id.*

[57] *See* Securities Exchange Act Rel. No. 106058 (August 7, 2026), 91 FR 52097 (August 12, 2026) (SR–IEX–2026–26) (re-organizing the IEX Fee Schedule to establish the Additional Fees Schedule as a stand-alone fee schedule containing CRD registration and processing fees and CAT Funding Fees).

[58] *See* IEX Rule 1.160(s).

[59] IEX Members that are also FINRA members are charged CRD system fees according to Section (4) of Schedule A to the FINRA By-Laws.

[60] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (Commission Order approving CAT NMS Plan).

[61] *See* Securities Exchange Act Rel. No. 105396 (May 7, 2026), 91 FR 26100 (May 12, 2026) (SR–IEX–2026–11).

[62] *See id.*

[63] Securities Exchange Act Rel. No. 105407 (May 7, 2026), 91 FR 26252 (May 12, 2026) (SR–IEX–2026–12).

[64] Section 11.3(a)(i)(B) of the CAT NMS Plan.

[65] 15 U.S.C. 78f(b).

[66] 15 U.S.C. 78f(b)(4).

[67] 15 U.S.C. 78f(b)(5).

more transparent and comprehensive to the benefit of the investing public. As set forth below, each of these provisions is based on substantially similar rules of other options exchanges. Thus, IEX does not believe that any aspect of the proposed Table of Contents and Preface section raises new or novel issues not already considered by the Commission.

Billing Disputes

The Exchange believes the requirement to submit any fee dispute in writing with supporting documentation and no later than 60 days after receipt of an invoice is reasonable because it provides Members a set period of time to review the various charges for a given month on their invoices. The proposed provision is equitable because it applies to all Members equally and promotes the protection of investors and the public interest by providing a clear and concise mechanism for Members to dispute fees and thereby enable the Exchange to review and resolve such disputes in a timely manner. In addition, the proposed language is substantially similar to billing dispute language adopted by other exchanges.[68]

Definitions

The Exchange believes that it is consistent with the Act to provide a Definitions section in its Fee Schedule for terms that are used in that section of the Fee Schedule. The Exchange believes that providing a Definition section is designed to protect investors and the public interest by clarifying terms and locating them in a dedicated section of the Fee Schedule for ease of reference, thereby reducing the possibility of confusion. The Exchange believes the proposal is equitable and is not designed to permit unfair discrimination because all Members and market participants would be subject to the same defined terms set forth in the proposed Definitions section.

Section II. Trading Permit and Premium Product Fees

For the reasons set forth below, the Exchange believes that the proposed Trading Permit and Premium Product fees are reasonable, equitable, and not designed to permit unfair discrimination.

Further, the Exchange believes that it is reasonable and equitable to provide a discount to the proposed Trading Permit and Premium Product Fees as described in the Purpose section in order to provide incentives to market participants to trade on the Exchange, providing the Exchange with potential order flow and liquidity providers as it ramps up operations. The proposed discount will be equally available and will apply uniformly to all similarly situated Members during the specified six month discount period.

A. Monthly Order Entry Firm and Clearing Member Permit Fees

The Exchange believes that the proposed fees for Order Entry Firm and Clearing Member permits are reasonable, equitable, and not designed to permit unfair discrimination because the fees apply equally to all Order Entry Firms and Clearing Members, as well as to Market Makers engaged in Order Entry Firm and/or Clearing Member activities.[69] In addition, the Exchange believes that the proposed fees are reasonable, equitable, and not designed to permit unfair discrimination because they are comparable to the fees charged for similar permit fees by other options exchanges, and lower than fees charged for similar permits by four such exchanges. Further, the fees are fair, equitable, and not designed to permit unfair discrimination because they are assessed on Options Members solely based upon the Options Members' activities on IEX Options in a particular month. As set forth below, the Exchange compared the proposed Order Entry Firm permit fees and Clearing Member permit fees with similar fees charged by other options exchanges.

(i) Order Entry Firm Permit Fees

As set forth in the table below, the proposed fee of $1,000 per month is the same as the order entry permit fees charged by C2 Options[70] (''C2'') and NYSE American,[71] and less than order entry permit fees charged by BOX Exchange (''BOX''),[72] MIAX Options Exchange (''MIAX''),[73] MIAX Emerald Options Exchange (''MIAX Emerald''),[74] and Cboe Options Exchange (''Cboe'').[75]

C2, NYSE American	IEX (proposed)	BOX	MIAX, MIAX Emerald	Cboe
$1,000	$1,000	$1,500 (plus $2,500 initiation fee)	$2,000	$3,000

(ii) Clearing Member Permit Fees

As set forth in the table below, the proposed fee of $1,000 per month is the same as the clearing member permit fees charged by C2, NYSE American, and NYSE Arca, and less than clearing member permit fees charged by BOX, MIAX, MIAX Emerald, and Cboe.[76]

[68] *See* Securities Exchange Act Rel. No. 72972, 79 FR 53482 (September 9, 2014) (SR–NYSEMKT–2014–71), *supra,* note 15; Securities Exchange Act Rel. No. 72971 (September 3, 2014), 79 FR 53488 (September 9, 2014) (SR–NYSEARCA–2014–92), *supra,* note 15.

[69] IEX notes that other exchanges also charge a market maker for additional trading permits required for its activity on the exchange. *See* C2 Options Fee Schedule, Effective August 7, 2026 (''C2 Fee Schedule''), Access Fees Section, available at *https://www.cboe.com/us/options/membership/fee_schedule/ctwo/* (''a Trading Permit Holder with one Market-Maker Permits and one Electronic Access Permit would be assessed a total of $6,000 per month ($5,000 for a Market-Maker Permit and $1,000 for an Electronic Access Permit''). Note that C2 uses the term ''Electronic Access Permit,'' (''EAP'') which ''[e]ntitles the holder to access to the Exchange. Holders must be broker-dealers registered with the Exchange and are allowed to submit orders to the Exchange.'' *Id.* Thus, C2's EAP is functionally equivalent to the Exchange's proposed Order Entry Firm Permit.

[70] *See* C2 Options Fee Schedule, *supra,* note 69.

[71] *See* NYSE American Options Fee Schedule, Section III(A) Monthly ATP Fees, *supra,* note 15. NYSE American defines ''ATP'' or ''ATP Holder'' as ''a registered Broker-Dealer who is a permit holder on the Exchange, per Rule 900.2NY(4), (5).'' *Id.*

[72] BOX Fee Schedule, as of July 2, 2026 (''BOX Fee Schedule''), Section I (B)—Participant Fee, available at *https://boxoptions.com/resources/fee-schedule/.*

[73] MIAX Options Exchange Fee Schedule, as of August 1, 2026 (''MIAX Fee Schedule''), Section 3(b)—Monthly Trading Permit Fee—Electronic Exchange Member, available at *https://www.miaxglobal.com/sites/default/files/fee_schedule-files/MIAX_Options_Fee_Schedule_08012026.pdf.* MIAX Rule 100 defines an Electronic Exchange Member as ''the holder of a Trading Permit who is not a Market Maker.''

[74] MIAX Emerald Fee Schedule, Section 3(b)—Monthly Trading Permit Fee—Electronic Exchange Member, *supra,* note 16. MIAX Emerald Rule 100 defines an Electronic Exchange Member as ''the holder of a Trading Permit who is not a Market Maker.''

[75] Cboe Options Fee Schedule, as of August 7, 2026 (''Cboe Fee Schedule''), Electronic Trading Permit Fees, available at *https://cdn.cboe.com/resources/membership/Cboe_FeeSchedule.pdf.*

[76] C2 Fee Schedule, *supra,* note 69; NYSE American Options Fee Schedule, *supra,* note 15; NYSE Arca Options Fee Schedule, *supra,* note 15; BOX Fee Schedule, *supra,* note 72; MIAX Fee Schedule, *supra,* note 73; MIAX Emerald Fee Schedule, *supra,* note 16.

C2, NYSE American, NYSE Arca	IEX (proposed)	BOX	MIAX, MIAX Emerald, Cboe
$1,000	$1,000	$1,500 (plus $2,500 initiation fee)	$2,000

B. Monthly Market Maker Permit Fees

The proposed fee structure is based on the number of options classes to which a Market Maker (including a Specialist) is appointed by the Exchange and the number of permits a Market Maker requires based on those appointments. For example, a Market Maker that makes markets in only a limited number of options classes (*i.e.,* 50 or fewer) would only be assessed for one Market Maker permit for a total monthly fee of $5,000. Market Makers that make markets in all options classes listed on the Exchange would be assessed for three permits, for a total monthly fee of $10,000 ($5,000 for the first permit up to 50 classes, $3,000 for the second permit up to 200 classes, and $2,000 for the third permit up to 201 classes and including all classes listed on the Exchange).[77] Market Makers requiring more than three permits (for example, for dual quoting by multiple MPIDs) would pay an additional $1,000 for each permit in excess of three permits. For example, a Market Maker with two MPIDs that enters dual quotes in all classes listed on the Exchange would be assessed for a total of six permits for a total cost of $13,000. Additionally, the Exchange notes that other exchanges also charge a market maker for additional types of trading permits such as order entry or clearing firm permits.[78]

The Exchange believes this fee structure is reasonable because it aligns permit costs with the number of classes in which a Market Maker is appointed: the more options classes a Market Maker is appointed to, the lower the permit fee it pays on an effective per-class basis. The proposed fee structure thus makes it cost effective for a Market Maker to maximize the number of classes in which they are appointed because the incremental cost of each additional permit decreases as the number of classes in which a Market Maker is appointed increases. Thus, the Exchange believes it is reasonable, equitable, and not designed to permit unfair discrimination to charge a higher aggregate fee for Market Makers quoting in a higher number of classes because such activity will result in higher message traffic and consumption of bandwidth and other technological resources on the Exchange's systems. In addition, it is reasonable, equitable and not designed to permit unfair discrimination for the Exchange to charge Market Makers that make markets in a more limited number of classes less in aggregate Market Maker permit fees, as those Market Makers would generate less message traffic and consume less bandwidth on the Exchange.

The Exchange believes that the proposed fee structure allows the Exchange to charge Market Makers based on the amount of quoting capacity they require as determined by the Market Maker; for example, charging lower permit fees to Market Makers quoting in fewer classes. Reducing the per-class quoting fees for Market Makers as they increase the number of classes they quote is reasonable, equitable, and not designed to permit unfair discrimination because it applies equally to all Market Makers, each of which may be incentivized to quote in more classes because the per-class quoting fee decreases as they are subject to more Market Maker permits. The Exchange notes that at least one other exchange, BOX, similarly reduces its per-class quoting fee as the number of permits increases.[79]

The Exchange believes the proposed fee structure will allow the Exchange to attract and retain a diverse array of Market Makers which is designed to protect investors and the public interest by supporting the entry of liquidity on the Exchange. The Exchange also believes the proposed fee structure is designed to remove impediments to a free and open market and national market system by incentivizing quote coverage by Market Makers in options classes listed by the Exchange, supporting liquidity on the Exchange, and thereby making the Exchange more attractive to incoming order flow. The Exchange notes that other options exchanges employ similar fee structures for market maker permits.[80]

The Exchange believes the proposed fees are equitable and not designed to permit unfair discrimination because the fees would apply equally to all Market Makers. All similarly situated Market Makers appointed in the same number of classes would pay the same amount of permit fees.

As set forth below, the Exchange believes that the proposed Market Maker Permit fees are reasonable, equitable, and not designed to permit unfair discrimination because they are comparable to, and in some cases lower than, the fees charged for similar permit fees by other options exchanges.

The proposed monthly Market Maker permit fee to quote up to 50 classes is $5,000. The proposed fee is lower than fees charged by other exchanges for market maker permits providing similar quoting capacity. To quote up to 40 classes on BOX, a market maker would pay $6,000,[81] which is the same amount a market maker would pay to quote up to 50 classes on MIAX Sapphire;[82] on MIAX Emerald, a market maker would pay $8,000 in permit fees to quote in only 10 classes.[83]

The proposed monthly fee for two Market Maker permits to quote in up to 200 classes would be $8,000 ($5,000 for the first permit plus $3,000 for the second permit). The proposed fee is lower than fees charged by other exchanges for market maker permits providing similar quoting capacity. To quote up to 200 classes on BOX, a market maker would pay $10,000 in permit fees.[84] For the same quoting capacity on either NYSE American or NYSE Arca, a Market Maker would pay $14,000 in permit fees.[85] For the same quoting capacity on MIAX Emerald, a market maker would pay $26,000.[86] As proposed, a Market Maker would pay permit fees of $10,000 ($5,000 for the first permit, $3,000 for the second, and $2,000 for the third) to quote in all

[77] In addition, a Market Maker quoting in all classes listed on the Exchange would incur $1,700 in the proposed Premium Product fees. *See* Section II.B., *supra.*

[78] *See supra,* note 20.

[79] *See* BOX Fee Schedule, *supra,* note 72 (BOX charges $4,000 to quote up to 10 classes, or $400 to quote per class; $6,000 to quote up to 40 classes, or $150 to quote per class; and $8,000 to quote up to 100 classes, or $80 to quote per class).

[80] *See, e.g.,* NYSE Arca Options Fee Schedule, *supra,* note 15; NYSE American Options Fee Schedule, *supra,* note 15; MIAX Emerald Fee Schedule, *supra,* note 16.

[81] *See* BOX Fee Schedule, *supra,* note 72.

[82] *See* MIAX Sapphire Fee Schedule, *supra,* note 16.

[83] *See* MIAX Emerald Fee Schedule, *supra,* note 16.

[84] *See* BOX Fee Schedule, Section 1.C., *supra,* note 72.

[85] *See* NYSE American Options Fee Schedule, Section III.A., *supra,* note 15; NYSE Arca Options Fee Schedule, *supra,* note 15.

[86] *See* MIAX Emerald Fee Schedule, *supra,* note 16.

classes listed on the Exchange.[87] The proposed fee is equal to or lower than fees charged by other exchanges for market maker permits to quote all classes. Additionally, IEX caps the fees charged for Market Maker permits at $13,000 as discussed in the Purpose section. To quote in all classes on NYSE American, NYSE Arca, and MIAX Emerald, a market maker would pay $26,000.[88]

Taken as a whole, IEX's proposed Market Maker Permit and Premium Product fees to quote in all classes listed on the Exchange are lower than the same fees charged by NYSE American. As proposed, this would cost $11,700 on IEX ($10,000 in permit fees plus $1,700 in Premium Product fees). It would cost $33,000 on NYSE American ($26,000 for five permits and $7,000 in Premium Product fees).[89]

No MPID would be assessed for more than three permits since three permits entitle a Market Maker's MPID to enter quotes in all classes listed on IEX Options. More than three permits would be applicable to a Market Maker wishing to enter quotes across multiple MPIDs. Market Makers could add an unlimited number of additional permits for $1,000 per permit. For example, if the Market Maker seeks to dual quote in up to 50 classes, it would be assessed for one additional permit for a cost of $1,000. If the Market Maker dual quotes across all classes, it would be assessed for three additional permits for a cost of $3,000 and an aggregate of $16,400 ($11,700 for permit and premium product fees for the first MPID plus $4,700 for permit and premium product fees for the second MPID). The Exchange believes these proposed fees are reasonable, equitable and not designed to permit unfair discrimination because, in the aggregate, the cost of two full quotes on IEX would be less than the cost of two full quotes on NYSE American or NYSE Arca, where a market maker would pay $28,000 ($26,000 for the first five permits plus $2,000 for the sixth permit).[90]

C. IEX Options Market Maker Monthly Premium Product Fees

The Exchange proposes Market Maker Monthly Premium Product fees for seven options classes with the following symbols: SPY, QQQ, IWM, NVDA, TSLA, AAPL, and AMZN. The Exchange believes that the Premium Product fees are reasonable, equitable, and not designed to permit unfair discrimination. The Exchange understands that these Premium Products are among the most actively traded options classes, with deep liquidity, and are expected to generate materially higher message traffic volume than other options classes. The Exchange believes that the proposed fees will encourage Market Makers who participate in quoting and trading these symbols to do so deliberately and without nonmarketable quotes. Accordingly, the Exchange believes it is consistent with the Act to charge a supplemental fee to Market Makers in such products. IEX also notes that different pricing for premium options classes on an exchange is not novel and is offered on NYSE American.

The Exchange believes that the proposed Market Maker Monthly Premium Product fees are reasonable, equitable, and not designed to permit unfair discrimination because they are lower than similar fees charged by one other options exchange on a per options class and aggregate basis. NYSE American charges market makers a monthly fee of $1,000 per symbol for quoting in ten Premium Products, including the seven symbols covered by the Exchange's proposed fees with a monthly cap of $7,000.[91]

Premium symbol	IEX monthly fee (proposed)	NYSE American monthly fee
SPY	$300	$1,000
QQQ	300	1,000
IWM	300	1,000
NVDA	200	1,000
TSLA	200	1,000
AAPL	200	1,000
AMZN	200	1,000

As proposed, an IEX Market Maker would be subject to lower per-class and aggregate fees for quoting in the Premium Products on IEX. An IEX Market Maker would pay monthly per-class fees of $200 or $300, compared to $1,000 on NYSE American, and monthly fees of $1,700, to quote in the same Premium Products compared to $7,000 on NYSE American.

Section III. Connectivity Fees

For the reasons set forth below, the Exchange believes that the proposed physical and logical port connectivity fees are reasonable, equitable, and not designed to permit unfair discrimination.

The Exchange believes that it is reasonable and equitable to provide a discount to physical and port connectivity fees as described in the Purpose section in order to provide an initial start up type period for Members to ramp up operations on IEX Options. The Exchange believes further that the level of port connectivity covered by the proposed discount (*i.e.,* up to two free physical connections and up to two sets and two individual logical ports) is a reasonable approach to limit the connectivity fees for Members as they ramp up operations on IEX Options. The proposed discount will be equally available and will apply uniformly to all market participants during the specified six-month discount period.

The Exchange further believes that the proposed connectivity fees are not designed to permit unfair discrimination because they would apply to all Members in the same manner and are not targeted at a specific type or category of market participant engaged in any particular trading strategy.

Further, as a national securities exchange, IEX is subject to Regulation Systems Compliance and Integrity (''Reg

[87] The Exchange anticipates listing approximately 1,500 options classes at launch of IEX Options. Market Makers quoting in all classes would also incur Premium Product Fees, as described in Section II.C., *supra.*

[88] *See* NYSE American Options Fee Schedule, Section III.A., *supra,* note 15; NYSE Arca Options Fee Schedule, *supra,* note 15; MIAX Emerald Fee Schedule, *supra,* note 16.

[89] *See* NYSE American Options Fee Schedule, Section III.A., *supra,* note 15

[90] *See* NYSE American Options Fee Schedule, Section III.A., *supra,* note 15; NYSE Arca Options Fee Schedule, *supra,* note 15.

[91] *See* NYSE American Options Fee Schedule, Section III.A., *supra,* note 15. As of the date of this filing, NYSE American is the sole options exchange that charges premium product fees. The three additional Premium Product symbols that NYSE American charges for are META, AMD, and VXX.

SCI'').[92] Reg SCI Rule 1001(a) requires that the Exchange establishes, maintains, and enforces written policies and procedures reasonably designed to ensure that its Reg SCI systems have adequate capacity levels to maintain the Exchange's operational capability and promote the maintenance of fair and orderly markets.[93] By encouraging users to be efficient with their usage of connectivity services, the proposed port connectivity fees will increase overall system efficiency and support the Exchange's Reg SCI obligations by ensuring that unused application sessions are available to be allocated based on individual User needs and as the Exchange's options quote and trade volumes increase.

As set forth in the tables below, the Exchange believes that the proposed physical and port connectivity fees are reasonable, equitable, and not designed to permit unfair discrimination because they are comparable to, and in some cases lower than, the fees charged for comparable connectivity (with comparable functionality) by other options exchanges.

A. Physical Connectivity Fees

(i) 10G Physical Port Connection to Primary Data Center

The Exchange believes that the proposed monthly fee of $7,000 per physical port connection to the Primary Data Center is reasonable because, as set forth in the table below, while it is higher than fees charged for comparable physical connectivity by BOX [94] and MEMX,[95] it is lower than fees charged for comparable physical connectivity by Cboe,[96] C2,[97] Cboe BZX Options (''BZX''),[98] Cboe EDGX Options (''EDGX''),[99] and Nasdaq PHLX.[100]

BOX	MEMX	IEX (proposed)	Cboe	C2, BZX, EDGX	Nasdaq PHLX
$6,000	$6,000 * * connectivity can be shared across markets.	$7,000	$8,000	$8,500 * * connectivity can be shared across multiple exchanges.	$11,000 * * connectivity can be shared across multiple exchanges.

Although some exchanges (*e.g.,* MEMX, C2, BZX, EDGX and Nasdaq PHLX) offer multi-venue access through their 10G physical port connections, the Exchange understands that most market participants with a need for multi-venue connectivity would likely pay for multiple instances of 10G connectivity. More than one physical connection on any of those exchanges would result in total fees ranging from $12,000 (two connections at MEMX) to $22,000 (two connections at Nasdaq PHLX)—in other words, significantly higher than the Exchange's proposed fee of $7,000.

(ii) 10G Physical Port Connection to Disaster Recovery Data Center

The Exchange believes that the proposed monthly fee of $3,000 per physical port connection to the Disaster Recovery Data Center is reasonable because, as set forth in the table below, it is lower than fees charged by MIAX,[101] MIAX Emerald,[102] MIAX Sapphire,[103] Cboe,[104] C2,[105] BZX,[106] EDGX,[107] Nasdaq PHLX,[108] NYSE Arca,[109] and NYSE American,[110] and equal to MEMX's [111] fee for comparable connectivity.

IEX (proposed)	MEMX	MIAX, MIAX Emerald, MIAX Sapphire	Cboe, C2, BZX, EDGX	Nasdaq PHLX	NYSE Arca, NYSE American
$3,000	$3,000	$4,000	$6,000	$8,250	$15,000

(iii) 1G or 10G Physical Port Connection to ITF

The Exchange believes that its proposal to offer free 1G or 10G port connectivity to the ITF is reasonable because, as set forth in the table below, that proposed fee of ''free'' is lower than fees charged by MIAX,[112] MIAX Emerald,[113] MIAX Sapphire,[114] and Nasdaq PHLX [115] for access to their testing environments, and is equal to the fee of ''free'' charged by MEMX.[116]

IEX (proposed)	MEMX	MIAX, MIAX Emerald, MIAX Sapphire	Nasdaq PHLX
FREE with 10G connection to Primary Data Center.	FREE	Dedicated cross-connect: $1,000/month *Note:* these exchanges offer free VPN connectivity to their test environments.	$1,100 per hand-off, per month plus a one-time $1,100 installation fee.

[92] 17 CFR 242.1000–1007.

[93] 17 CFR 242.1000(a).

[94] BOX Fee Schedule, Section III.A.2, *supra,* note 72.

[95] MEMX Connectivity Fee Schedule (effective April 12, 2024) (''MEMX Connectivity Fee Schedule''), available at *https://info.memxtrading.com/connectivity-fees/.*

[96] Cboe Fee Schedule, *supra,* note 75.

[97] C2 Fee Schedule, *supra,* note 69.

[98] Cboe BZX Options Fee Schedule, Effective August 7, 2026 (''BZX Fee Schedule''), available at *https://www.cboe.com/us/options/membership/fee_schedule/bzx/.*

[99] Cboe EDGX Options Fee Schedule, Effective August 7, 2026 (''EDGX Fee Schedule''), available at *https://www.cboe.com/us/options/membership/fee_schedule/edgx/.*

[100] Nasdaq PHLX Rule General 8, Connectivity Section 1(b) (''Nasdaq PHLX Fee Schedule''), available at *https://listingcenter.nasdaq.com/rulebook/phlx/rules/Phlx%20General%208.*

[101] MIAX Fee Schedule, *supra,* note 73.

[102] MIAX Emerald Fee Schedule, *supra,* note 16.

[103] MIAX Sapphire Fee Schedule, *supra,* note 16.

[104] Cboe Fee Schedule, *supra,* note 75.

[105] C2 Fee Schedule, *supra,* note 69.

[106] BZX Fee Schedule, *supra,* note 98.

[107] EDGX Fee Schedule, *supra,* note 99.

[108] Nasdaq PHLX Fee Schedule, *supra,* note 100.

[109] NYSE Arca Options Fee Schedule, *supra,* note 15.

[110] NYSE American Options Fee Schedule, *supra,* note 15.

[111] MEMX Connectivity Fee Schedule, *supra,* note 95.

[112] MIAX Fee Schedule, *supra,* note 73.

[113] MIAX Emerald Fee Schedule, *supra,* note 16.

[114] MIAX Sapphire Fee Schedule, *supra,* note 16.

[115] Nasdaq PHLX Fee Schedule, *supra,* note 100.

[116] MEMX Connectivity Fee Schedule, *supra,* note 95.

B. Port Connectivity Fees

(i) Order Entry FIX or Binary Port

The Exchange believes that its proposed fee of $450 for logical port connectivity is reasonable and not designed to permit unfair discrimination because, as set forth below, it is the same as MEMX's fee, and lower than fees charged by C2, Nasdaq Options Market, and Cboe for order entry ports with comparable functionality.

MEMX	IEX (proposed)	C2, Nasdaq Options Market	Cboe
$450 per order entry port	$450 per FIX or Binary port	$650 per FIX port	*1 to 5:* $750 per BOE or FIX port. *6 or more:* $800 per BOE or FIX port.

MEMX. The proposed fee for a FIX or Binary order entry port is equal to the $450 fee currently charged by MEMX for an equivalent port.[117]

C2. The proposed fee is lower than the $650 per port fee that C2 charges for its BOE and FIX logical ports, which are equivalent to IEX's binary and FIX logical ports.[118]

Nasdaq Options Market. The proposed fee is lower than the $650 per port fee that Nasdaq Options Market charges for a FIX port, which is equivalent to IEX's FIX logical ports.[119]

Cboe. The proposed fee is lower than the $750 per port fee that Cboe charges for 1 through 5 order entry ports and the $800 per port fee that Cboe charges for any ports greater than 5, which are equivalent to IEX's binary and FIX logical ports.[120]

(ii) Market Maker Quoting Port

The Exchange believes that its proposed fees for Market Maker Quoting Ports are reasonable, equitable, and not designed to permit unfair discrimination because, as set forth below, they are lower than fees charged by BOX and MIAX for their equivalent market maker quoting ports. Market Makers use special Binary protocol quoting ports that connect directly to an exchange's matching engines to enter quotes and cancellations of quotes. Market Makers will need at least one quoting port to connect to each trading ring on which it seeks to enter quotes. Because IEX will have ten trading rings, a Market Maker seeking to enter quotes on all options traded in IEX will be subject to fees for a set of 10 quoting ports to connect to all 10 trading rings.

IEX (proposed)	BOX	MIAX
$4,000 for one set of 10 quoting ports (gives ability to quote in all classes). $650 each for individual quoting port	$1,080 per month for all Ports All-in cost is $17,280 because BOX requires Market Makers to connect to 16 SAIL ports.	$6,500 (up to 5 classes). $13,500 (up to 10 classes). $19,000 (up to 40 classes). $23,500 (up to 100 classes). $27,500 (over 100 classes).

BOX. The proposed fee of $4,000 for one set is lower than the $17,280 BOX charges for the 16 SAIL ports, which BOX requires to quote in all classes.[121]

MIAX. The proposed fee of $4,000 for one set is lower than the $27,500 fee charged by MIAX to quote in all classes.[122] On an individual basis, the proposed fee of $650 for each individual session is lower than the lowest priced port at MIAX, which costs $6,500 and allows quoting in up to 5 classes.

(iii) Market Maker Purge Port

The Exchange proposes to charge a monthly fee of $2,500 for a set of 10 Market Maker Purge Ports,[123] or $450 each for individual sessions.

A ''set'' is defined as 10 individual sessions, with one such session distributed to each of the 10 trading rings for IEX Options. One set will enable Market Makers to send quote purge messages in all classes listed on the Exchange. Members will have the ability to combine sets with individual ports on certain trading rings if they choose. The Exchange believes that the proposed fees are reasonable, equitable, and not designed to permit unfair discrimination because, as set forth below, they are lower than fees charged by MIAX Sapphire, MIAX Options, and C2.

MIAX	IEX (proposed)	Sapphire	C2
$400 (per matching engine)	$2,500 for one set of 10 sessions; $450 each for individual session.	$600 per matching engine (max 2 per matching engine).	$850

The Exchange's ability to compare its proposed fees to the fees charged by other exchanges for the equivalent number of market maker purge ports is limited because a thorough comparison would require the Exchange to obtain competitively sensitive information about other exchanges' architecture and how their members logically connect. While most options exchanges do not publicize the number of matching engines they operate, there are a few exchange filings that provide that information (at least as of the time of this filing). For example, as of October

[117] MEMX Connectivity Fee Schedule, *supra,* note 95.

[118] C2 Fee Schedule, *supra,* note 69.

[119] Nasdaq Options Market, Options 7, Section 3(i), available at *https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Options%207.*

[120] Cboe Fee Schedule, *supra,* note 75.

[121] *See* BOX Fee Schedule, Section III.B.2., *supra,* note 72. BOX's SAIL Port enables market makers to submit quotes to the exchange and BOX requires market makers to connect to sixteen SAIL Ports. See Securities Exchange Act Rel. No. 83197 (May 9, 2018), 83 FR 22567 (May 15, 2018) (SR–BOX–2018–15).

[122] *See* MIAX Fee Schedule, Section 5(d)(ii), *supra,* note 73.

[123] Purge Ports are designed to assist Market Makers in the management of, and risk control over, their quotes, particularly if the firm is dealing with a large number of options. For example, if a Market Maker detects market indications that may impact the execution potential of their outstanding quotes, the Market Maker may use Purge Ports to reduce uncertainty and to manage risk by purging all quotes in a number of options with one message through the Purge Port.

2024, MIAX Options maintained 24 matching engines, MIAX Sapphire maintained 8 matching engines, and MIAX Pearl Options and MIAX Emerald Options maintained 12 matching engines.[124]

Additionally, in a practical sense, the Exchange can surmise that a market participant would require multiple market maker purge ports to access an exchange's entire market as a single port might not connect to all matching engines or provide the latency benefits that the market participant's trading behavior requires.

MIAX. The IEX proposed fee of $2,500 for one set (*i.e.,* 10 sessions, which would provide quote purge capacity for all classes listed on the Exchange) is lower than the $9,600 fee (24 matching engines times $400 per matching engine fee for purge ports) charged by MIAX to be able to purge quotes in all classes.[125] On an individual basis, the IEX proposed fee of $450 for each individual session (which would be used on one trading ring) is higher than the $400 fee MIAX charges per purge port.

MIAX Sapphire. The IEX proposed fee of $2,500 for one set (*i.e.,* 10 sessions, which would provide quote purge capacity for all classes listed on the Exchange) is lower than the $4,800 fee (8 matching engines times $600 per matching engine fee for purge ports) charged by MIAX Sapphire to be able to purge quotes in all classes.[126] On an individual basis, the IEX proposed fee of $450 for each individual session (which would be used on one trading ring) is lower than the lowest priced purge port at MIAX Sapphire, which costs $600.

C2. On an individual basis, the IEX proposed fee of $450 for each individual purge port (which would be used on one trading ring) is lower than the $850 fee C2 charges per purge port. Further, while C2 does not publicly disclose its number of matching engines, it has made announcements that indicate it supports at least 30 matching engines.[127] If C2 offered 30 matching engines, it would cost $25,500 to have purge ports on all matching engines, which is higher than the $2,500 fee IEX proposes to charge for a set of purge ports on every matching engine.

(iv) Drop Copy Port

The Exchange believes that the proposed fee of $450 per port for drop copy ports is reasonable, equitable, and not designed to permit unfair discrimination because, as set forth below, it is the same as MEMX's fee, and lower than fees charged by Nasdaq PHLX, BOX, and MIAX for drop copy ports.

MEMX	IEX (proposed)	Nasdaq PHLX	BOX	MIAX
$450 per port	$450 per port	$500 per port	$540 per port, capped at $2000.	$675 per port.

MEMX. The proposed fee of $450 per drop copy port is the same as the fee charged by MEMX for drop copy ports.[128]

Nasdaq PHLX. The proposed fee is lower than the $500 per port fee charged by Nasdaq PHLX for drop copy ports.[129]

BOX. The proposed fee is lower than the $540 per port fee charged by BOX; however, BOX caps fees for drop copy ports at $2,000.[130] The proposed fee would only be higher than BOX's fees if a Member registered five (or more) drop copy ports, which would cost $2,250 on IEX and $2,000 on BOX.

MIAX. The proposed fee is lower than the $675 per port fee charged by MIAX for drop copy ports.[131]

Section IV. Market Data Fees

A. Market Data Definitions

The Exchange believes it is consistent with the Act to include a ''Market Data Definitions'' section at the beginning of the proposed Market Data section of the Fee Schedule for terms that are used in that section of the Fee Schedule. The Exchange also believes that including three definitions of certain key terms applicable to the distribution of IEX market data furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers. The Exchange believes providing definitions of Real-Time, Data Subscriber, and Non-Display in its Fee Schedule is designed to protect investors and the public interest by clarifying terms and locating them in the Market Data section of the Fee Schedule for ease of reference, thereby reducing the possibility of confusion. The Exchange also believes the proposal is equitable and is not designed to permit unfair discrimination because all Data Subscribers would be subject to the same defined terms set forth in the proposed Definitions section.

B. Market Data Fees

The Exchange believes that its proposed monthly fees for Real-Time access to the Options TOPS and Options DEEP data feeds are reasonable, fair, equitable, and not designed to permit unfair discrimination. Subscribing to the Options TOPS and Options DEEP data feeds is optional and the proposed fees would apply uniformly to all Data Subscribers, irrespective of their relationship with the Exchange (*i.e.,* Member, non-Member, etc.) or the type of business they operate. Moreover, the proposed monthly fees would apply equally to all Data Subscribers.

The decision to subscribe to Real-Time access to Options TOPS, Options DEEP, or any other market data feed offered by IEX is within the control of any particular market participant, and each market participant has the ability to choose the market data product (or combination of products) best suited to its business objectives. As a result, the proposed fees do not favor certain categories of market participants in a manner that would impose a burden on competition because each market participant can select the market data product best suited to its needs. Thus, the Exchange believes that the proposed fees are not designed to permit unfair discrimination.

The proposed IEX Options TOPS and DEEP market data feeds are designed to facilitate transactions in securities, and remove impediments to and perfect the

[124] *See* Securities Exchange Act Rel. No. 101460 (October 29, 2024), 89 FR 87708, 87709 fn. 9 (November 4, 2024) (SR–SAPPHIRE–2024–34).

[125] *See* MIAX Fee Schedule, *supra,* note 73.

[126] *See* MIAX Sapphire Fee Schedule, Section 5(d)(iii), *supra,* note 16.

[127] *See* C2 Options Exchange Matching Engine Enhancements, available at *https://www.cboe.com/notices/content/?id=56832* (describing enhancements to matching units number 28 and 30).

[128] MEMX Connectivity Fee Schedule, *supra,* note 95.

[129] Nasdaq PHLX Fee Schedule, *supra,* note 100.

[130] *See* BOX Fee Schedule, Section III.B.3., *supra,* note 72.

[131] *See* MIAX Fee Schedule, *supra,* note 73.

mechanisms of a free and open market and a national market system by providing timely market data and thereby enhancing the subscriber's ability to make decisions on trading strategies on the Exchange. The proposed data feeds are also designed to protect investors and the public interest by making the IEX Options market more transparent and accessible to market participants.

Moreover, the proposed discount will enable Data Subscribers to become familiar with the features and functionality of the data feeds for a limited time with no, or limited, financial commitment. The benefit of the proposed discount would be available to any market participant; access would not be a function of, nor conditioned on, the use they plan to make of the data feed.

(i) Real-Time Access Fees—Options TOPS, Options DEEP

The Exchange believes that the proposed fees for Options TOPS are reasonable because, as set forth below, they are the same as, or lower than, fees charged by other options exchanges for their proprietary top-of-book market data feeds. IEX notes that like MEMX, (but unlike MIAX Sapphire, Nasdaq PHLX, and Cboe BZX) IEX only proposes to charge one fee for external distribution, internal distribution, or both. The fees in the below table reflect the lower of the internal or external distribution fees charged by each exchange, unless otherwise indicated.

IEX Options TOPS (internal and/or external) (proposed)	MEMX MEMOIR Options Top (internal and/or external)	MIAX Sapphire Top of Market (''ToM'') (internal)	Nasdaq PHLX Top of PHLX Options (internal)	Cboe BZX Options Top (external)
$750	$750	$1,200	$2,500	$2,000

MEMX. The proposed monthly fee of $750 for Real-Time access to Options TOPS is the same amount that MEMX charges for its MEMOIR Options Top data feed, which is comparable to IEX Options TOPS.[132]

MIAX Sapphire. The proposed fee is less than the $1,200 charged by MIAX Sapphire for its ToM data feed, which is comparable to IEX Options TOPS.[133] In addition, the Exchange is not proposing additional fees for external distribution of Options TOPS, but MIAX Sapphire charges an additional fee for external distribution of its ToM data feed.

Nasdaq PHLX. The proposed fee is less than the $2,500 charged by Nasdaq PHLX for its Top of PHLX Options data feed.[134] In addition, the Exchange's Options TOPS includes last sale information, whereas the Top of PHLX Options does not include such data, even though the proposed fee of $750 is less than the $2,500 charged by Nasdaq PHLX.

Cboe BZX. The proposed fee is less than the $3,000 charged by Cboe BZX for its Options Top data feed, which is comparable to IEX Options TOPS.[135] In addition, the Exchange is not proposing additional fees for external distribution of Options TOPS, but Cboe BZX charges an additional fee for external distribution of its Options Top data feed.

The Exchange is also not proposing to charge user fees for Options TOPS, although at least one other exchange charges user fees to access its top of book data feed.[136]

The Exchange believes that the proposed Real-Time access fee for Options DEEP is reasonable because, as set forth below, it is the same as, or lower than, fees charged by other options exchanges for their proprietary depth-of-book market data feeds.

IEX Options DEEP (internal and/or external) (proposed)	C2 Options Depth	Nasdaq PHLX Depth (internal)	Nasdaq ISE Depth (internal)
$2,500	$2,500	$4,412	$5,500

C2. The proposed fee of $2,500 is the same as the fee charged by C2 for its Options Depth data feed, which is comparable to IEX Options DEEP.[137]

Nasdaq PHLX. The proposed fee is less than the fee charged by Nasdaq PHLX for its Depth data feed, which is comparable to IEX Options DEEP. In addition, the Exchange is not proposing additional fees for external distribution of Options DEEP, but Nasdaq PHLX charges an additional $4,963 fee for external distribution of its Options Depth data feed.[138]

Nasdaq ISE. The proposed fee is less than the fee charged by Nasdaq ISE for its Depth data feed, which is comparable to IEX Options DEEP. In addition, the Exchange is not proposing additional fees for external distribution but Nasdaq ISE charges an additional fee for external distribution of its Depth data feed.[139]

In addition, the Exchange is not proposing to charge user fees for Options DEEP, although C2, Cboe BZX, and Nasdaq ISE charge user fees to access their depth of book data feeds.[140]

Accordingly, based on the foregoing analysis, IEX believes that the proposed fees for Real-Time access to Options TOPS and Options DEEP are consistent with the Act.

(ii) Non-Display Fees: Options TOPS, Options DEEP

As discussed in the Purpose section, the Exchange proposes a separate non-display fee that would apply to any ''Non-Display'' use of the Options TOPS and Options DEEP data feeds. The Exchange believes the proposed non-

[132] *See* MEMX Options Fee Schedule, Market Data Fees (Effective July 14, 2026), available at *https://info.memxtrading.com/us-options-trading-resources/us-options-fee-schedule/.*

[133] *See* MIAX Sapphire Fee Schedule, Section 6(a), *supra,* note 16.

[134] *See* Nasdaq PHLX Options Rules, Options 7, Section 10 (''Nasdaq PHLX Options—Market Data Fees''), available at *https://listingcenter.nasdaq.com/rulebook/phlx/rules/Phlx%20Options%207.*

[135] *See* BZX Fee Schedule, *supra,* note 98.

[136] *See* BZX Fee Schedule, *supra,* note 98.

[137] *See* C2 Fee Schedule, *supra,* note 69.

[138] *See* Nasdaq PHLX Options—Market Data Fees, *supra,* note 134.

[139] *See* Nasdaq ISE Options Rules, Options 7, Section 10 (''Nasdaq ISE Options—Market Data Fees''), available at *https://listingcenter.nasdaq.com/rulebook/ise/rules/ISE%20Options%207.*

[140] *See* C2 Fee Schedule, *supra,* note 69; BZX Fee Schedule, *supra,* note 98; Nasdaq ISE Options—Market Data Fees, *supra,* note 139.

display fees are equitably allocated and not designed to permit unfair discrimination because fees would be based on Subscribers' usage of the market data in a wide range of profit-generating purposes. Non-display usage could also include purposes that do not directly generate revenues but could nonetheless substantially reduce the Data Subscriber's costs by automating certain functions.[141] In addition, the proposed non-display fees would cover an unlimited number of different types of non-display uses by a Data Subscriber from a single data feed.

The Exchange believes that the proposed non-display fees for the data feeds are reasonable because, as set forth below, they are lower than fees charged by other options exchanges for non-display use of their comparable market data feeds.

IEX non-display fee for Options TOPS (proposed)	MIAX Sapphire non-display fee for ToM	MIAX Emerald non-display fee for ToM	MIAX Options non-display fee for ToM
$750	$1,500	$1,500	$1,500

MIAX Sapphire, MIAX Emerald, MIAX. The proposed non-display fee for Options TOPS is less than the fees charged by each of MIAX Sapphire, MIAX Emerald, MIAX for non-display use of their top-of-book data feeds.[142]

IEX non-display fee: Options DEEP (proposed)	Nasdaq Texas Options non-display fee: NTX Depth	Nasdaq Options Market non-display fee: Depth of Market
$2,500	$2,761	$10,942

Nasdaq Texas Options. The proposed fee for non-display use of Options DEEP is less than the fee charged by Nasdaq Texas Options for non-display use of its NTX Depth data feed.[143]

Nasdaq Options Market. The proposed fee for non-display use of Options DEEP is less than the fees charged by Nasdaq Options Market for non-display use of its Depth of Market data feed.[144]

Section V. Additional Fees

The Exchange believes it is reasonable, equitable, and not designed to permit unfair discrimination for the FINRA CRD registration and processing fees, and the CAT Funding Fees to be included by reference in the Fee Schedule.[145] The Exchange already established these fees in its Additional Fees Schedule and because IEX Options will operate as a facility of the Exchange, the fees will apply to market participants on IEX Options in the same manner the fees currently apply to IEX Equities.

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

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

Billing Disputes

The Exchange does not believe that the proposed provision about the process and timeline for disputing any Exchange billing will impose any burden on intramarket competition that is not necessary or appropriate. The proposed rule change is intended to encourage Members to review invoices received from the Exchange promptly so that any billing disputes may be resolved in a timely manner, which will reduce administrative burden for the Exchange. The Exchange notes that other options exchanges have adopted rules that are substantially similar to the proposed rule change.[146] Accordingly, the Exchange does not believe that the proposed billing disputes provision would impose any burden on intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Definitions

The Exchange does not believe that its proposal to adopt a Definition section in the proposed Fee Schedule imposes any burden on intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed Definitions will clarify terms used throughout the Fee Schedule and are not competitive in nature.

Trading Permit and Premium Product Fees

Intramarket Competition

The Exchange believes the proposed Trading Permit fees would not impose a burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed fees are designed to correspond to a Member's activity on the Exchange as determined by the Member, and therefore would not place particular market participants at a relative disadvantage to other market participants. With respect to the proposed Market Maker permit fees, the proposed fee structure takes into account the number of classes quoted by each individual Market Maker, as determined by the Market Maker. The Exchange believes that Market Makers quoting in a relatively higher number of classes will generate higher message traffic volume and consume greater network resources than Market Makers quoting in fewer classes, and therefore

[141] Examples of non-display uses that do not directly generate revenue include risk management, surveillance, compliance, and portfolio valuation.

[142] *See* MIAX Sapphire Fee Schedule, *supra,* note 16; MIAX Emerald Fee Schedule, *supra,* note 16; MIAX Fee Schedule, *supra,* note 73.

[143] Nasdaq Texas Options offers Depth and TOP in a combined feed, which is $261 more than IEX's proposed fee. But if a customer wants just depth from Nasdaq Texas Options, they still have to pay for the combined product. Nasdaq Texas Options also charges per subscriber fees. *See* Nasdaq Texas Options Rules, Options 7, Section 4 (''Nasdaq Texas Options—Market Data Fees''), available at *https://listingcenter.nasdaq.com/rulebook/nasdaqtx/rules/NTX%20Options%207.*

[144] The Nasdaq Options Market fee reflects its depth and top of book feeds and is an enterprise license. While it is therefore not exactly comparable to IEX's proposed fee, IEX includes these fees because they are illustrative of other ways that exchanges price these products. *See* Nasdaq Options Market Rules, Options 7, Section 4, available at *https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Options%207.*

[145] For reference, the Exchange refers to its most recent rule filings concerning the FINRA CRD registration and processing fees and the CAT Funding Fees: Securities Exchange Act Rel. No. 104634 (January 20, 2026), 91 FR 2976 (January 23, 2026) (SR–IEX–2026–01); Securities Exchange Act Rel. No. 105396 (May 7, 2026), 91 FR 26100 (May 12, 2026) (SR–IEX–2026–11); Securities Exchange Act Rel. No. 105407 (May 7, 2026), 91 FR 26252 (May 12, 2026) (SR–IEX–2026–12).

[146] *See supra,* note 15.

should be subject to higher fees. In addition, the Exchange does not believe that charging Market Makers higher permit fees than Order Entry Firms or Clearing Members will impose a burden on intramarket competition that is not necessary and appropriate because the Exchange anticipates that Market Makers will, compared to Order Entry Firms and Clearing Members, transact in substantially more volume, generate more message traffic and consume the most bandwidth and resources of the network.

The Exchange also does not believe the proposed Premium Product fees would impose a burden on intramarket competition that is not necessary or appropriate in furtherance of the Act. As discussed in the Statutory Basis section, the Premium Products are relatively more actively traded with higher volume than other options classes and thus Market Makers in such products would be expected to generate more message traffic and consume more Exchange bandwidth and resources. Accordingly, the Exchange believes it is consistent with the Act to charge a supplemental fee to Market Makers in such products. The proposed Premium Product Fees would apply uniformly to all Market Makers that choose to quote in the specified Premium Products. All Market Makers choose which classes they want to quote in and there is no requirement that any Market Maker quote in the specified Premium Products. Accordingly, the Exchange does not believe the proposed Premium Product fees will impose a burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intermarket Competition

The Exchange does not believe that the proposed Trading Permit Fees and Premium Product Fees would impose a burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Options market participants are not required to become members of all options exchanges. If Members believe that IEX's trading permit fees are too high, they can choose not to become an IEX Options Member or discontinue such membership. Similarly, a Market Maker that believes IEX's Premium Product Fees are too high can refrain from quoting in the specified classes on the Exchange and shift quoting activity to other exchanges that do not charge Premium Product fees for such options classes. Accordingly, the Exchange does not believe the proposed Premium Product fees will impose a burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Physical and Port Connectivity Fees

Intramarket Competition

The Exchange does not believe that the proposed port fees would impose a burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. All Members and non-Member connectivity subscribers will be charged the same amount for each physical connection to the Primary Data Center and the Disaster Recovery Data Center, and for each port connection. The proposed fees do not favor certain categories of Members or non-Member connectivity subscribers in a manner that would impose an undue burden on competition. The fact that connectivity subscribers who utilize more physical and port connectivity services pay a larger portion of the Exchange's connectivity fees does not place those connectivity subscribers at a competitive disadvantage because those connectivity subscribers typically generate higher volumes of message traffic, use the most bandwidth and thus the most resources from the Exchange. In addition, market participants have the option of connecting to the Exchange indirectly through third-party vendors. Accordingly, the Exchange does not believe its proposed fees impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intermarket Competition

The Exchange believes that the proposed connectivity fees will not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. There is no reason to believe that IEX's proposed fees will adversely impact any other options exchange's ability to compete. As detailed in the Statutory Basis section above, the proposed fees are comparable to or lower than fees charged by other options exchanges for comparable connectivity. Competing options exchanges are free to propose comparable fee structures subject to the SEC rule filing process. Accordingly, the Exchange does not believe its proposed fees impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Market Data Fees

Intramarket Competition

The Exchange does not believe that the proposed fees for Options TOPS and Options DEEP would impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The decision to subscribe to Real-Time access to Options TOPS, Options DEEP, or any other market data feed offered by IEX, and to use such data feeds in a non-display function, is within the control of any particular market participant. Thus, as proposed, the fees charged to each Data Subscriber would be a function of their usage of the data feeds. In addition, the proposed fees would apply equally to all market participants.

As discussed in the Statutory Basis section above, the proposed fees for the Exchange's proprietary market data feeds are comparable to, or less than, fees charged by other options exchanges for comparable market data products. IEX does not believe that the proposed relatively low fees would operate as a barrier to entry, or impose a significant cost burden, on smaller Data Subscribers. Accordingly, the Exchange does not believe its proposed fees for Options TOPS and Options DEEP impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intermarket Competition

The Exchange also does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Market participants are not required to subscribe to Options TOPS or Options DEEP. As discussed in the Statutory Basis section, other options exchanges charge comparable or higher fees for comparable market data products.[147] Accordingly, the Exchange does not believe its proposed fees for Options TOPS and Options DEEP impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

147 *See* Section IV.B., *supra.*

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) [148] of the Act.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) [149] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–IEX–2026–32 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–IEX–2026–32. 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–IEX–2026–32 and should be submitted on or before October 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[150]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19867 Filed 9–28–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106488; File No. SR–NASDAQ–2026–077]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule General 8 To Establish Fees for Liquid-Cooled Cabinets

September 24, 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 14, 2026, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule General 8 to establish fees for Liquid-Cooled Cabinets installation, Liquid-Cooled Cabinet Power Installation and Liquid-Cooled Cabinet Power in the Exchange's expanded data center. While these amendments are immediately effective, the Exchange proposes to implement the proposed fees during the fourth calendar quarter ("Q4") of 2026. The Exchange will notify customers of the implementation date by Trader Alert.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings,* and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange's current data center in Carteret, New Jersey, consists of the original data center, also known as "NY11," and expansion areas NY11–4 and NY11–5. The Exchange proposes to amend Rule General 8, Section 1 to establish fees for Liquid-Cooled Cabinets installation, Liquid-Cooled Cabinet Power Installation, and Liquid-Cooled Cabinet Power in NY11–5. The Exchange previously filed to expand its co-location services by offering Liquid-Cooled Cabinets in NY11–5.[3] In that filing, the Exchange stated that it would submit a separate fee filing to establish fees for those services. This proposed rule change establishes those fees.

Currently, co-location customers have the option of obtaining a cabinet capable of accommodating varying power options. Co-location customers may obtain a Cabinet and choose among varying power options as provided under Rule General 8, Section 1. In an earlier proposal, the Exchange introduced an additional cabinet option in NY11–5. Specifically, the Exchange introduced a cabinet featuring liquid cooling, a cooling method that uses liquid, rather than air, to absorb and transfer heat away from equipment, such as servers ("Liquid-Cooled Cabinet"). Depending on business needs of data center customers, a Liquid-Cooled Cabinet might be more attractive to data center customers because liquid cooling is more efficient and enables space optimization in ways that air cooling methods would struggle to support. For example, a Liquid-Cooled Cabinet could handle greater power densities within a given space than

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[148] 15 U.S.C. 78s(b)(3)(A)(ii).

[149] 15 U.S.C. 78s(b)(2)(B).

[150] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 105006 (Mar. 16, 2026), 91 FR 13346 (Mar. 19, 2026) (SR–NASDAQ–2026–013).

would air cooling. For data center customers, this translates into the ability to deploy more computing power within the same cabinet footprint. In effect, Liquid-Cooled Cabinets allow data center customers to install more of the computing equipment that data center customers typically use within their cabinet than they would with air cooling methods because liquid cooling is more efficient at dissipating heat from a given cabinet space. The Exchange notes that data center customers prefer denser environments to minimize distance between equipment and thus maximize computing power within a given space. The Liquid-Cooled Cabinet option is only offered in NY11–5 because the required liquid-cooled infrastructure necessary to support the proposed cabinets is not available in other parts of the data center. The Exchange notes that Liquid-Cooled Cabinets are offered as one other option for data center customers to choose from because traditionally cooled cabinets throughout the data center will continue to provide the level of thermal management appropriate for each cabinet offering that the Exchange provides.

As discussed above, the Exchange is offering the Liquid-Cooled Cabinets as a convenience to its customers and notes that use of co-location services, including the proposed Liquid-Cooled Cabinet service, is completely optional. Liquid-Cooled Cabinets are an optional premium co-location offering designed to support customer equipment with enhanced cooling capabilities. Co-location services, including the proposed offering, are voluntary, and each customer may determine whether any co-location option is appropriate for its business needs.

The Exchange proposes to establish separate installation fees for Liquid-Cooled Cabinets under Rule General 8, Section 1(a). Customers may elect to use a Nasdaq-provided Liquid-Cooled Cabinet or, unlike traditional air-cooled cabinets that must be Nasdaq-provided, may supply their own Liquid-Cooled Cabinet for use within the dedicated liquid-cooling enclosure in NY11–5. For a Nasdaq-provided Liquid-Cooled Cabinet, the Exchange proposes to assess an installation fee of $5,490 and no ongoing monthly fee. The proposed $5,490 installation fee is the same NY11–4/–5 installation fee currently applicable to a standard Cabinet under Rule General 8, Section 1(a). For a customer-provided Liquid-Cooled Cabinet, the Exchange proposes to assess an installation fee of $2,500 and no ongoing monthly fee.

Providing both options is appropriate because the Liquid-Cooled Cabinet offering is purpose-built for the customer within a dedicated enclosure specifically designed to support the customer's liquid-cooling infrastructure requirements. Depending on the customer's particular equipment and infrastructure needs, a customer-provided cabinet may be more appropriate, while other customers may prefer the convenience of a Nasdaq-provided cabinet. The proposed customer-provided cabinet installation fee reflects the separate installation work associated with permitting the customer to use its own Liquid-Cooled Cabinet within the dedicated NY11–5 liquid-cooling environment, while the proposed Nasdaq-provided cabinet installation fee reflects the furnishing and installation of a Nasdaq-provided Liquid-Cooled Cabinet. Unlike the installation of a traditional air-cooled cabinet, installation of a Liquid-Cooled Cabinet involves specialized infrastructure within the dedicated NY11–5 liquid-cooling environment and additional coordination to support the customer's liquid-cooling requirements.

The Exchange also proposes to establish installation and ongoing monthly fees for Liquid-Cooled Cabinet Power as follows.

Liquid-Cooled Cabinet Power would be available only in connection with Liquid-Cooled Cabinets in NY11–5 and would be subject to a one-year, two-year, or three-year commitment, as selected by the customer. The installation fee for Liquid-Cooled Cabinet Power would consist of the applicable standard NY11–4/–5 cabinet power installation fee, as set forth in Rule General 8, Section 1(c), plus an additional per-kVA [4] Liquid-Cooled Cabinet Power installation charge. The additional per-kVA installation charge would be $1,800 per kVA for a one-year commitment, $1,650 per kVA for a two-year commitment, and $1,500 per kVA for a three-year commitment. The ongoing monthly fee would be assessed per kVA based on the customer's selected commitment term: $1,000 per kVA per month for a one-year commitment, $900 per kVA per month for a two-year commitment, and $800 per kVA per month for a three-year commitment.

The Exchange calculates the amount of power associated with each Liquid-Cooled Cabinet Power option using the same general power-based methodology reflected in its existing cabinet power fee schedule. For single-phase power options, the Exchange calculates kVA by multiplying volts by amps and dividing by 1,000. For three-phase power options, the Exchange calculates kVA by multiplying volts by amps by the square root of three,

[4] Kilovolt-Amperes (kVA) is a unit of *apparent power* used to describe the capacity of electrical circuits and equipment. In alternating current (AC) systems, power consists of two components: real power (kW) and reactive power (kVAR). Real power, or kW, is the actual usable power that performs work, such as running servers or cooling systems, whereas reactive power, or kVAR, is the power that sustains the magnetic and electric fields in equipment but does not perform useful work. Because AC systems often have both real and reactive components, kVA measures the total apparent power, which is the combination of real and reactive power—the full load the circuit must carry. The relationship between kilowatts and kVA depends on the power factor (PF) which reflects how efficiently electrical power is converted into useful work: kW = kVA × PF. In the context of data center operations, electrical power is commonly expressed in two units: kilowatts (kW) and kilovolt-amperes (kVA). While these terms measure different aspects of electrical power—kW representing real power consumed by equipment and kVA representing apparent power supplied—they are closely correlated in environments where the power factor approaches unity. Modern data centers typically operate at or near a power factor of 1.0, resulting in minimal variance between kW and kVA. Accordingly, these measures, kW and kVA, are often treated as interchangeable for practical purposes.

and then dividing by 1,000.[5]

For the Single Phase 240 Volt 20 Amp option, the Exchange calculates the associated kVA as 240 volts multiplied by 20 amps, divided by 1,000, which equals 4.80 kVA.

The ongoing monthly fee is calculated by multiplying 4.80 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $4,800 for a one-year commitment, $4,320 for a two-year commitment, and $3,840 for a three-year commitment. The installation fee is calculated by adding the applicable $3,600 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $12,240 for a one-year commitment, calculated as $3,600 plus 4.80 kVA multiplied by $1,800; $11,520 for a two-year commitment, calculated as $3,600 plus 4.80 kVA multiplied by $1,650; and $10,800 for a three-year commitment, calculated as $3,600 plus 4.80 kVA multiplied by $1,500.

For the Single Phase 240 Volt 32 Amp option, the Exchange calculates the associated kVA as 240 volts multiplied by 32 amps, divided by 1,000, which equals 7.68 kVA. The ongoing monthly fee is calculated by multiplying 7.68 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $7,680 for a one-year commitment, $6,912 for a two-year commitment, and $6,144 for a three-year commitment. The installation fee is calculated by adding the applicable $3,600 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $17,424 for a one-year commitment, calculated as $3,600 plus 7.68 kVA multiplied by $1,800; $16,272 for a two-year commitment, calculated as $3,600 plus 7.68 kVA multiplied by $1,650; and $15,120 for a three-year commitment, calculated as $3,600 plus 7.68 kVA multiplied by $1,500.

For the Single Phase 240 Volt 40 Amp option, the Exchange calculates the associated kVA as 240 volts multiplied by 40 amps, divided by 1,000, which equals 9.60 kVA. The ongoing monthly fee is calculated by multiplying 9.60 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $9,600 for a one-year commitment, $8,640 for a two-year commitment, and $7,680 for a three-year commitment. The installation fee is calculated by adding the applicable $3,600 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $20,880 for a one-year commitment, calculated as $3,600 plus 9.60 kVA multiplied by $1,800; $19,440 for a two-year commitment, calculated as $3,600 plus 9.60 kVA multiplied by $1,650; and $18,000 for a three-year commitment, calculated as $3,600 plus 9.60 kVA multiplied by $1,500.

For the 3 Phase 415 Volt 20 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 20 amps multiplied by the square root of three, divided by 1,000, which equals approximately 14.38 kVA. The ongoing monthly fee is calculated by multiplying approximately 14.38 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $14,375.60 for a one-year commitment, $12,938.04 for a two-year commitment, and $11,500.48 for a three-year commitment. The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $30,436.08 for a one-year commitment, calculated as $4,560 plus approximately 14.38 kVA multiplied by $1,800; $28,279.74 for a two-year commitment, calculated as $4,560 plus approximately 14.38 kVA multiplied by $1,650; and $26,123.40 for a three-year commitment, calculated as $4,560 plus approximately 14.38 kVA multiplied by $1,500.

For the 3 Phase 415 Volt 32 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 32 amps multiplied by the square root of three, divided by 1,000, which equals approximately 23.00 kVA. The ongoing monthly fee is calculated by multiplying approximately 23.00 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $23,000.96 for a one-year commitment, $20,700.86 for a two-year commitment, and $18,400.77 for a three-year commitment. The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $45,961.73 for a one-year commitment, calculated as $4,560 plus approximately 23.00 kVA multiplied by $1,800; $42,511.58 for a two-year commitment, calculated as $4,560 plus approximately 23.00 kVA multiplied by $1,650; and $39,061.44 for a three-year commitment, calculated as $4,560 plus approximately 23.00 kVA multiplied by $1,500.

For the 3 Phase 415 Volt 40 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 40 amps multiplied by the square root of three, divided by 1,000, which equals approximately 28.75 kVA. The ongoing monthly fee is calculated by multiplying approximately 28.75 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $28,751.20 for a one-year commitment, $25,876.08 for a two-year commitment, and $23,000.96 for a three-year commitment.

[5] The kilovolt-ampere (kVA) rating for each circuit was calculated using standard electrical formulas based on circuit type as follows. Single-phase circuits: "kVA"=("Volts" ×"Amps")/1000. This converts the product of voltage and current into kilovolt-amperes. Three-phase circuits (balanced load): "kVA"=(√3×"Volts" ×"Amps")/1000≉(1.732×"Volts" ×"Amps")/1000. The factor √3 accounts for the three-phase power configuration. These formulas were applied to each circuit type in the table to determine its kVA capacity, which was then multiplied by the proposed per kVA rates to calculate the new fee. For readability, table values reflect rounded kVA figures and fees rounded to the nearest cent. In internal calculations, the Exchange compute fees using full-precision kVA (e.g., ~10.794 kVA before display rounding), which can yield penny-level variances relative to fees computed from rounded kVA values. These minor differences arise solely from the sequence of rounding (rounding kVA before vs. after fee computation) and do not affect the uniform application of the $550/kVA rate or the comparability of fees across circuit options.

The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $56,312.16 for a one-year commitment, calculated as $4,560 plus approximately 28.75 kVA multiplied by $1,800; $51,999.48 for a two-year commitment, calculated as $4,560 plus approximately 28.75 kVA multiplied by $1,650; and $47,686.80 for a three-year commitment, calculated as $4,560 plus approximately 28.75 kVA multiplied by $1,500.

For the 3 Phase 415 Volt 60 Amp option, the Exchange calculates the associated kVA as 415 volts multiplied by 60 amps multiplied by the square root of three, divided by 1,000, which equals approximately 43.13 kVA. The ongoing monthly fee is calculated by multiplying approximately 43.13 kVA by the applicable monthly per-kVA rate. Accordingly, the proposed ongoing monthly fee would be $43,130 for a one-year commitment, $38,817 for a two-year commitment, and $34,504 for a three-year commitment. The installation fee is calculated by adding the applicable $4,560 standard NY11–4/–5 installation fee to the additional per-kVA Liquid-Cooled Cabinet Power installation charge. Accordingly, the proposed installation fee would be $82,194 for a one-year commitment, calculated as $4,560 plus approximately 43.13 kVA multiplied by $1,800; $75,724.50 for a two-year commitment, calculated as $4,560 plus approximately 43.13 kVA multiplied by $1,650; and $69,255 for a three-year commitment, calculated as $4,560 plus approximately 43.13 kVA multiplied by $1,500.

The proposed installation and ongoing monthly fees therefore scale with the amount of electrical capacity associated with the selected Liquid-Cooled Cabinet Power option and the length of the customer's selected commitment term. This structure applies the same calculation consistently across the available Liquid-Cooled Cabinet Power options while providing customers that elect longer commitment terms with lower per-kVA rates.

The Exchange proposes separate cabinet installation fees and tiered Liquid-Cooled Cabinet Power pricing to reflect the optional nature of the offering and the different services customers may elect. The proposed $5,490 installation fee for a Nasdaq-provided Liquid-Cooled Cabinet is consistent with the existing NY11–4/–5 installation fee for a standard Cabinet under Rule General 8, Section 1(a), and no ongoing monthly cabinet fee would apply. The proposed $2,500 installation fee for a customer-provided Liquid-Cooled Cabinet reflects the separate installation work associated with permitting the customer to use its own Liquid-Cooled Cabinet within the dedicated NY11–5 liquid-cooling environment, and no ongoing monthly cabinet fee would apply. The proposed tiered pricing for Liquid-Cooled Cabinet Power provides customers with lower effective rates for longer-term commitments, which supports the Exchange's continued investment in making this specialized optional offering available. The proposed fees are higher than the fees applicable to standard air-cooled cabinets and associated power because Liquid-Cooled Cabinets are a premium product that provide enhanced liquid-cooling functionality and require specialized infrastructure, shared cooling capacity, and additional operational support beyond those required for standard co-location cabinets. The Exchange believes that the proposed fees are designed to reflect the value of the enhanced functionality, specialized infrastructure, customer choice, and dedicated capacity associated with Liquid-Cooled Cabinets and Liquid-Cooled Cabinet Power, while helping to support the Exchange's continued investment in this optional premium offering.

The proposed Liquid-Cooled Cabinet offering is optional. Customers are not required to purchase Liquid-Cooled Cabinet installation, Liquid-Cooled Cabinet Power Installation or Liquid-Cooled Cabinet Power to connect to the Exchange, to maintain co-location services, or to access any Exchange system. Customers may continue to use existing cabinet and power offerings under Rule General 8, Section 1, as applicable. Customers that elect the Liquid-Cooled Cabinet offering may choose between a Nasdaq-provided Liquid-Cooled Cabinet and a customer-provided Liquid-Cooled Cabinet based on their business and infrastructure needs.

The Exchange is offering Liquid-Cooled Cabinets in response to customer demand for infrastructure capable of supporting increasingly power-dense computing equipment. Although the Exchange is not aware of another exchange that currently offers a comparable liquid-cooled cabinet product in its co-location fee schedule, liquid-cooling technology is available in the broader data center industry and is not novel in data center or communications infrastructure. Accordingly, the proposal reflects the Exchange's effort to make available, as an optional premium co-location service, an infrastructure option that is responsive to evolving customer equipment and cooling needs. The Exchange proposes to implement the proposed fees during Q4 of 2026. The Exchange will notify customers of the implementation date by Trader Alert.

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 Sections 6(b)(4) and 6(b)(5) of the Act, in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed fees are reasonable because they are designed to reflect the value of the enhanced functionality, specialized infrastructure, customer choice, and dedicated capacity associated with Liquid-Cooled Cabinets and Liquid-Cooled Cabinet Power, while helping to support the Exchange's continued investment in this optional premium offering. The proposed $5,490 installation fee for a Nasdaq-provided Liquid-Cooled Cabinet is reasonable because it is consistent with the existing NY11–4/–5 installation fee for a standard Cabinet under Rule General 8, Section 1(a) and because installation of a Liquid-Cooled Cabinet is more involved than installation of a traditional air-cooled cabinet due to the specialized infrastructure and coordination required within the dedicated NY11–5 liquid-cooling environment. The proposed $2,500 installation fee for a customer-provided Liquid-Cooled Cabinet is reasonable because it applies only where the customer provides the cabinet and reflects the separate installation work associated with making the customer-provided cabinet available for use within that specialized, dedicated NY11–5 liquid-cooling environment.

The proposed Liquid-Cooled Cabinet Power installation fees are reasonable because they apply to the initial provisioning of Liquid-Cooled Cabinet Power and reflect the specialized infrastructure, configuration, and dedicated capacity associated with making the service available to a customer. The proposed ongoing monthly fees for Liquid-Cooled Cabinet Power are reasonable because they reflect the continuing availability of enhanced liquid-cooling functionality, specialized infrastructure, and capacity throughout the customer's selected commitment term.

The Exchange believes that the proposed tiered pricing is reasonable because it offers customers lower installation and monthly rates when they elect longer commitment terms. Longer-term commitments provide the Exchange with greater certainty regarding use of the specialized infrastructure and shared capacity required to support Liquid-Cooled Cabinets, and the proposed discounts are designed to encourage such commitments while allowing customers to choose the term that best fits their business needs.

The Exchange believes that the proposed fees are equitably allocated and not unfairly discriminatory because they will apply uniformly to all similarly situated customers that elect the same Liquid-Cooled Cabinet and Liquid-Cooled Cabinet Power options in NY11–5. Customers that choose a Nasdaq-provided Liquid-Cooled Cabinet will be assessed the same Nasdaq-provided cabinet installation fee, and customers that choose a customer-provided Liquid-Cooled Cabinet will be assessed the same customer-provided cabinet installation fee. The service is optional, and customers that do not require liquid-cooling functionality may continue to use the Exchange's existing co-location cabinet and power offerings, as applicable.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed fees apply only to an optional premium co-location service. Customers are not required to purchase Liquid-Cooled Cabinet installation, Liquid-Cooled Cabinet Power Installation or Liquid-Cooled Cabinet Power to connect to the Exchange or to receive co-location services, and customers will continue to have existing options for cabinet and power offerings to satisfy their business needs.

The Exchange believes that the proposal may enhance competition by expanding the range of optional co-location services available to customers, including customers that seek infrastructure options designed to support increasingly power-dense equipment. The proposal also gives customers flexibility to choose between a Nasdaq-provided Liquid-Cooled Cabinet and a customer-provided Liquid-Cooled Cabinet based on their business and infrastructure needs. The proposed fee structure reflects the value of the enhanced functionality, specialized infrastructure, customer choice, and dedicated capacity associated with Liquid-Cooled Cabinets, Liquid-Cooled Cabinet Power Installation and Liquid-Cooled Cabinet Power, and customers remain free to use existing cabinet and power offerings to satisfy their business needs. Accordingly, the Exchange does not believe that the proposal will impose any burden on intermarket or intramarket competition.

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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[6]

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

• Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov*. Please include file number SR–NASDAQ–2026–077 on the subject line.

Paper Comments

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

All submissions should refer to file number SR–NASDAQ–2026–077. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NASDAQ–2026–077 and should be submitted on or before October 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[7]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19864 Filed 9–28–26; 8:45 am]

BILLING CODE 8011–01–P

[6] 15 U.S.C. 78s(b)(3)(A)(ii).

[7] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21911; FLORIDA Disaster Number FL–20044 Declaration of Economic Injury]

Administrative Declaration of an Economic Injury Disaster for the State of Florida

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of an Economic Injury Disaster Loan (EIDL) declaration for the state of Florida dated September 24, 2026.

Incident: Industrial Salvage-Yard Fire.

DATES: Issued on September 24, 2026.

Incident Period: May 25, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: June 24, 2027.

ADDRESSES: *Visit the MySBA Loan Portal at https://lending.sba.gov* to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Shaquille Lewis, Office of Disaster Recovery, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205–6734.

SUPPLEMENTARY INFORMATION: Notice is hereby given as a result of the Administrator's EIDL declaration, applications for disaster loans may be submitted online using the MySBA Loan Portal *https://lending.sba.gov* or in person at other locally announced locations. For further assistance please contact the SBA disaster assistance customer service center by email at *disastercustomerservice@sba.gov* or by phone at 1–800–659–2955. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

The following areas have been determined to be adversely affected by the disaster:

Primary County: Miami-Dade.
Contiguous Counties:
Florida: Broward, Collier, Monroe.

The Interest Rates are:

	Percent
Business and Small Agricultural Cooperatives without Credit Available Elsewhere	4.000
Private Non-Profit Organizations without Credit Available Elsewhere	3.625

The number assigned to this disaster for economic injury is 219110.

(Catalog of Federal Domestic Assistance Number 59008)

(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator, Office of Disaster Recovery.

[FR Doc. 2026–19923 Filed 9–28–26; 8:45 am]

BILLING CODE 8026–09–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21909 and #21910; NEW YORK Disaster Number NY–20046]

Administrative Declaration of a Disaster for the State of NEW YORK

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of an Administrative declaration of a disaster for the state of NEW YORK dated September 24, 2026.

Incident: Severe Storms and Flooding.

DATES: Issued on September 24, 2026.

Incident Period: July 28, 2026 through July 29, 2026.

Physical Loan Application Deadline Date: November 23, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: June 24, 2027.

ADDRESSES: *Visit the MySBA Loan Portal at https://lending.sba.gov* to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Shaquille Lewis, Office of Disaster Recovery, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205–6734.

SUPPLEMENTARY INFORMATION: Notice is hereby given as a result of the Administrator's disaster declaration, applications for disaster loans may be submitted online using the MySBA Loan Portal *https://lending.sba.gov* or in person at other locally announced locations. For further assistance please contact the SBA disaster assistance customer service center by email at *disastercustomerservice@sba.gov.* or by phone at 1–800–659–2955. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Columbia, Rensselaer.

Contiguous Counties:

New York: Albany, Dutchess, Greene, Saratoga, Ulster, Washington.

Massachusetts: Berkshire.

Vermont: Bennington.

The Interest Rates are:

	Percent
For Physical Damage:	
Homeowners with Credit Available Elsewhere	5.750
Homeowners without Credit Available Elsewhere	2.875
Businesses with Credit Available Elsewhere	8.000
Businesses without Credit Available Elsewhere	4.000
Private Non-Profit Organizations with Credit Available Elsewhere	3.625
For Economic Injury:	
Business and Small Agricultural Cooperatives without Credit Available Elsewhere	4.000
Private Non-Profit Organizations without Credit Available Elsewhere	3.625

The number assigned to this disaster for physical damage is 219096 and for economic injury is 219100.

(Catalog of Federal Domestic Assistance Number 59008)
(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator,Office of Disaster Recovery.

[FR Doc. 2026–19851 Filed 9–28–26; 8:45 am]

BILLING CODE 8026–09–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. FAA–2026–9841]

Notice of Availability, Notice of Public Comment Period, Notice of Virtual Public Meeting, and Request for Comment on the Draft Environmental Assessment for Blue Origin New Glenn Cadence Increase at Space Launch Complex 36A, Cape Canaveral Space Force Station, Florida

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Notice of availability, public comment period, and virtual public meeting.

SUMMARY: In accordance with the National Environmental Policy Act of 1969, as amended (NEPA), DOT Order 5610.1D, *DOT's Procedures for Considering Environmental Impacts,* and FAA Order 1050.1G, *FAA National Environmental Policy Act Implementing Procedures,* the FAA is announcing the availability of and requesting comment on the Draft Environmental Assessment Blue Origin New Glenn Cadence Increase at Space Launch Complex 36A, Cape Canaveral Space Force Station, Florida (Draft EA).

DATES: The FAA will hold a virtual public meeting on the Draft EA on October 22, 2026, at 6:00–8:00 p.m. Eastern time. Interested parties must register to join the public meeting. Registration is now available at the link in **ADDRESSES**.

The public comment period for the Draft EA will close on October 30, 2026.

ADDRESSES: The Draft EA is available at *https://www.faa.gov/space/stakeholderengagement/blue-origin-new-glenn.* Public comments can be submitted electronically to *www.regulations.gov* under Docket No. FAA–2026–9841, or by postal mail to Ms. Amy Hanson, c/o ICF, 1902 Reston Metro Plaza, Reston, VA 20190. The Unique ID for this document is EAXX–021–12–14Y–1773227485.

SUPPLEMENTARY INFORMATION: The FAA is the lead federal agency, and the Department of the Air Force (DAF), National Aeronautics and Space Administration (NASA) and the U.S. Coast Guard (USCG) are cooperating agencies due to their special expertise and/or regulatory jurisdiction. Under the Proposed Action, the FAA is evaluating Blue Origin's proposal to modify its existing vehicle operator license to increase the maximum annual New Glenn launch cadence at SLC–36 from 12 to 50 launches per year, including associated static fire engine testing, downrange first-stage ocean platform landings, payload fairing recovery, and FAA approval of related airspace closures. The Proposed Action would not include new construction.

The Draft EA has been posted, and comments will be received through the Federal E-Rulemaking Portal: *http://www.regulations.gov.* Search for Docket No. FAA–2026–9841 to retrieve the docket and follow the instructions to submit a comment.

Before including your address, phone 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 the FAA in your comment to withhold from public review your personal identifying information, the FAA cannot guarantee that we will be able to do so. All comments received during the comment period will be given equal weight and be taken into consideration in the preparation of the Final EA.

Dated: September 24, 2026.

Stacey Molinich Zee,

Manager, Operations Support Branch.

[FR Doc. 2026–19871 Filed 9–28–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[FAA–2026–10792]

Office of Commercial Space Transportation; Notice of Intent To Prepare a Supplemental Environmental Impact Statement (SEIS) and Open a Public Scoping Period for the SpaceX Starship-Super Heavy Operations at Space Launch Complex 37 at Cape Canaveral Space Force Station, Cape Canaveral, Florida

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Notice of Intent to prepare a SEIS and notice of public scoping period.

SUMMARY: In accordance with the National Environmental Policy Act of 1969, as amended (NEPA), FAA Order 1050.1G, FAA National Environmental Policy Act Implementing Procedures, and Department of War (DoW) and Department of the Air Force (DAF) NEPA Implementing Procedures, FAA is announcing its intent to prepare a Supplemental Environmental Impact Statement (SEIS) concerning Space Exploration Technologies Corp.'s (SpaceX) proposal obtain a modification to their existing vehicle operator license from the FAA to authorize commercial Starship-Super Heavy operations at Space Launch Complex 37 (SLC–37) at Cape Canaveral Space Force Station (CCSFS). This SEIS supports FAA's adoption of the Final Environmental Impact Statement for the SpaceX Starship-Super Heavy Cape Canaveral Space Force Station (2025 DAF EIS), EIS Identification Number: EISX–007–057–USF–1730277197. The proposed operations would include up to 76 Starship-Super Heavy launches and up to 152 landings per year (up to 76 Super Heavy Booster and up to 76 Starship vehicle landings), including return-to-launch-site (RTLS) and ocean landings. FAA is requesting comments concerning the scope and content of the SEIS. A Draft SEIS will be released for public review and comment later.

DATES: FAA invites interested agencies, organizations, Native American Tribes, and members of the public to submit comments on alternatives or impacts and on relevant information, studies, or analyses with respect to the proposed agency action. The public scoping period starts with the publication of this Notice in the **Federal Register**. To ensure sufficient time to consider issues identified during the public scoping period, comments should be submitted by one of the methods listed under **ADDRESSES** no later than October 14, 2026. All comments will receive the same attention and consideration in the preparation of the SEIS.

ADDRESSES: Comments, statements, or questions concerning scoping issues must be identified with the Docket Number FAA–2026–10792 and may be provided to FAA as follows:

- *Federal E-Rulemaking Portal: www.regulations.gov.* Retrieve the docket by conducting a search for "[FAA–2026–10792] and follow the online instructions for submitting comments. Please note that FAA will post all comments on the internet without changes, including any personal information provided.
- *By U.S. mail to:* Ms. Eva Long, FAA Environmental Protection Specialist, c/o ICF, 1902 Reston Metro Plaza, Reston, VA 20190.

We encourage the submission of comments electronically through the Federal E-Rulemaking Portal. If comments are submitted electronically, it is not necessary to also submit a hard copy. All comments received will be posted without change to *http://www.regulations.gov.*

SUPPLEMENTARY INFORMATION:

Background

In 2025, the Department of the Air Force (DAF) completed the *Final Environmental Impact Statement for the SpaceX Starship-Super Heavy Cape Canaveral Space Force Station* (2025 DAF EIS) addressing the potential environmental impacts associated with the redevelopment of SLC–37 and Starship-Super Heavy launch and landing operations at CCSFS. The 2025 DAF EIS analyzed up to 76 Starship-Super Heavy launches and 152 landings per year (76 Super Heavy and 76 Starship landings). The 2025 DAF EIS concluded that implementation of the Proposed Action, with mitigation and adaptive management measures, would not result in significant environmental impacts except for noise. The DAF issued a Record of Decision (ROD) authorizing SpaceX to undertake certain construction activities for Starship-Super Heavy operations, to conduct prelaunch operations, as well as conduct up to 76 launches and 152 landings annually, pending supplementation of the Proposed Action with the temporary airspace closures and associated additional analysis by the FAA to support a follow-on decision from the DAF. FAA participated as a cooperating agency in the 2025 DAF EIS but did not issue a ROD, because SpaceX had not submitted a modification to their existing vehicle operator license from the FAA to authorize Starship-Super Heavy operations at SLC–37 at that time.

Following DAF's issuance of its ROD, SpaceX began developing infrastructure at SLC–37 to support future Starship-Super Heavy operations. SpaceX must obtain modification to their existing vehicle operator license from FAA before conducting commercial Starship-Super Heavy launch and landing operations associated with SLC–37.

The 2025 DAF EIS did not analyze temporary airspace closures, DOT Section 4(f) resources, or the proposed contingency landing area. The proposed contingency landing area is located in the Atlantic Ocean beginning 1 nautical mile (2 kilometers) or more from the coast and extending up to 50 miles (80 kilometers) north of KSC LC–39A and up to 50 miles (80 kilometers) south of CCSFS SLC–37, which is the same area that was previously analyzed in the FAA 2026 *Environmental Impact Statement for the SpaceX Starship-Super Heavy Launch Vehicle at Launch Complex 39A* (LC–39A) *at the Kennedy*

Space Center (KSC), *Merritt Island, Florida* (FAA 2026 EIS). In addition, certain aspects of Starship RTLS operations, including a range of potential RTLS trajectories, were not previously analyzed. Accordingly, FAA is preparing this SEIS to supplement the 2025 DAF EIS by evaluating these and other environmental effects associated with FAA's proposed licensing action and incorporating by reference relevant existing environmental analyses, as appropriate.

Proposed Action

FAA's Federal Action is to issue a modification to the existing vehicle operator license to authorize SpaceX to conduct Starship-Super Heavy operations associated with SLC–37 and issue, as appropriate, subsequent license modifications and renewals under 14 CFR part 400. FAA's Federal Action also includes FAA's issuance of temporary airspace closures.

SpaceX's Proposed Action would include up to 76 Starship-Super Heavy launches and up to 152 landings per year, (up to 76 Super Heavy Booster and up to 76 Starship vehicle landings), including RTLS associated with SLC–37. The Proposed Action also includes ocean landings of Super Heavy in the Atlantic Ocean and Starship landings in the Atlantic, Pacific, and Indian Oceans, and the Gulf of America.

Alternatives

FAA Order 1050.1G defines reasonable alternatives as those that are technically and economically feasible, meet the purpose and need for the Proposed Action, and, where applicable, meet the goals of the applicant. The 2025 DAF EIS established SLC–37 as an approved location for Starship-Super Heavy operations, and infrastructure to support those operations is already being developed. As such, no alternative launch sites meet the purpose and need for the Proposed Action. The SEIS will therefore evaluate the Proposed Action and the No Action Alternative.

Under the No Action Alternative, FAA would not issue a modification to the existing vehicle operator license to authorize SpaceX to conduct commercial Starship-Super Heavy operations associated with SLC–37 and would not issue associated temporary airspace closures.

More information on the SEIS can be found at: *https://www.faa.gov/space/stakeholder_engagement/spacex_starship_ccsfs.*

Before including your address, phone 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 FAA in your comment to withhold from public review your personal identifying information, FAA cannot guarantee that we will be able to do so. All comments received during the comment period will be given equal weight and be taken into consideration in the preparation of the SEIS.

Katie L. Cranor,

Executive Director, Office of Operational Safety.

[FR Doc. 2026–19897 Filed 9–28–26; 8:45 am]

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Part II

Department of Homeland Security

Federal Emergency Management Agency

Notices of Emergency and Major Disaster Declarations and Related Amendments; Notice

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA–2026–0001]

Notices of Emergency and Major Disaster Declarations and Related Amendments

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: This is a notice of the Presidential declarations of emergencies and major disasters, and related determinations, declared under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act and issued from March 2026 through August 2026.

DATES: These declarations and amendments were issued between March 2026 through August 2026. The amendments relate to Presidential declarations of emergencies and major disasters declared from October 2018 through August 2026.

FOR FURTHER INFORMATION CONTACT: Dean Webster, Office of Response and Recovery, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472, (202) 646–2833.

SUPPLEMENTARY INFORMATION: The Robert T. Stafford Disaster Relief and Emergency Assistance Act (''Stafford Act'') authorizes the President to declare a major disaster or emergency for a State or Federally Recognized Tribe. Declaration of an emergency or major disaster generally contains the following elements: incident type; incident period; designation of affected geographical areas; designation of Stafford Act assistance programs authorized for the declaration; and Federal cost-share for the assistance programs. FEMA's regulations require FEMA to publish certain declaration information in the **Federal Register**. This includes 44 CFR 206.40(b) (requiring the publication of the designated areas and eligible assistance) and 44 CFR 206.32 (requiring the publication of the incident period). In addition, FEMA publishes in the **Federal Register** notices for declarations that communicate all the required information both upon the initial declaration by the President, and when that information changes because a declaration is amended. Below are 86 notices of Presidential declarations of emergencies and major disasters and of amendments related to Presidential declarations of emergencies and major disasters, made under the Stafford Act from March 2026 through August 2026.

[Internal Agency Docket No. FEMA–3629–EM]

Washington; Amendment No. 1 to Notice of an Emergency Disaster Declaration

This notice amends the notice of an emergency declaration for the State of Washington (FEMA–3629–EM), dated December 12, 2025, and related determinations. This amendment was issued May 27, 2026.

Notice is hereby given that the incident period for this emergency is closed effective December 19, 2025.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3630–EM]

Montana; Amendment No. 1 to Notice of an Emergency Disaster Declaration

This notice amends the notice of an emergency declaration for the State of Montana (FEMA–3630–EM), dated December 19, 2025, and related determinations. This amendment was issued May 27, 2026.

Notice is hereby given that the incident period for this emergency is closed effective December 11, 2025.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3640–EM]

Mississippi; Amendment No. 3 to Notice of an Emergency Declaration

This notice amends the notice of an emergency declaration for the State of Mississippi (FEMA–3640–EM), dated January 24, 2026, and related determinations. This change occurred on April 18, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, E. Craig Levy, Sr., of FEMA is appointed to act as the Federal Coordinating Officer for this emergency.

This action terminates the appointment of Brett H. Howard as Federal Coordinating Officer for this emergency.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3643–EM]

District of Columbia; Amendment No. 1 to Notice of an Emergency Declaration

This notice amends the notice of an emergency declaration for the District of Columbia (FEMA–3643–EM), dated February 20, 2026, and related determinations. This amendment was issued March 19, 2026.

Notice is hereby given that the incident period for this emergency is closed effective March 14, 2026.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3644–EM]

Guam; Amendment No. 1 to Notice of an Emergency Declaration

This notice amends the notice of an emergency declaration for the territory of Guam (FEMA–3644–EM), dated April 11, 2026, and related determinations. This amendment was issued May 18, 2026.

Notice is hereby given that the incident period for this emergency is closed effective April 18, 2026.

[Internal Agency Docket No. FEMA–3645–EM]

Commonwealth of the Northern Mariana Islands; Amendment No. 1 to Notice of an Emergency Declaration

This notice amends the notice of an emergency declaration for the Commonwealth of the Northern Mariana Islands (FEMA–3645–EM), dated April 11, 2026, and related determinations. This amendment was issued May 18, 2026.

Notice is hereby given that the incident period for this emergency is closed effective April 18, 2026.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3646–EM]

California; Emergency and Related Determinations

This is a notice of the Presidential declaration of an emergency for the State of California (FEMA–3646–EM), dated May 25, 2026, and related determinations. The declaration was issued May 25, 2026.

Notice is hereby given that, in a letter dated May 25, 2026, the President issued an emergency declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5207 (the Stafford Act), as follows:

I have determined that the emergency conditions in certain areas of the State of California resulting from a chemical release beginning on May 21, 2026, and continuing, are of sufficient severity and magnitude to warrant an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (''the Stafford Act''). Therefore, I declare that such an emergency exists in the State of California.

You are authorized to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in the designated areas. Specifically, you are authorized to provide assistance for emergency protective measures (Category B), limited to direct Federal assistance, under the Public Assistance program.

Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs. In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal emergency assistance and administrative expenses.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, Department of Homeland Security, under Executive Order 12148, as amended, Mark O'Hanlon, of FEMA is appointed to act as the Federal Coordinating Officer for this declared emergency.

The following areas of the State of California have been designated as adversely affected by this declared emergency:

Orange County for emergency protective measures (Category B), limited to direct federal assistance, under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3646–EM]

California; Amendment No. 1 to Notice of an Emergency Disaster Declaration

This notice amends the notice of an emergency declaration for the State of California (FEMA–3646–EM), dated May 25, 2026, and related determinations. This amendment was issued June 12, 2026.

Notice is hereby given that the incident period for this emergency is closed effective May 29, 2026.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3647–EM]

Commonwealth of the Northern Mariana Islands; Emergency and Related Determinations

This is a notice of the Presidential declaration of an emergency for the Commonwealth of the Northern Mariana Islands (FEMA–3647–EM), dated July 3, 2026, and related determinations. The declaration was issued July 3, 2026.

Notice is hereby given that, in a letter dated July 3, 2026, the President issued an emergency declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5207 (the Stafford Act), as follows:

I have determined that the emergency conditions in the Commonwealth of the Northern Mariana Islands resulting from Typhoon Bavi beginning on July 2, 2026, and continuing, are of sufficient severity and magnitude to warrant an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (''the Stafford Act''). Therefore, I declare that such an emergency exists in the Commonwealth of the Northern Mariana Islands.

You are authorized to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in the designated areas. Specifically, you are authorized to provide assistance for emergency protective measures (Category B), limited to direct Federal assistance, under the Public Assistance program.

Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs. In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal emergency assistance and administrative expenses.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, Department of Homeland Security, under Executive Order 12148, as amended, Teresa Y. Serata, of FEMA is appointed to act as the Federal Coordinating Officer for this declared emergency.

The following areas of the Commonwealth of the Northern Mariana Islands have been designated as adversely affected by this declared emergency:

The entire Commonwealth of the Northern Mariana Islands, including Saipan, Tinian, Rota, and the Northern Islands for emergency protective measures (Category B), limited to direct federal assistance, under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3647–EM]

Commonwealth of the Northern Mariana Islands; Emergency and Related Determinations

This is a notice of the Presidential declaration of an emergency for the Commonwealth of the Northern Mariana Islands (FEMA–3647–EM), dated July 3, 2026, and related determinations. The declaration was issued July 3, 2026.

Notice is hereby given that, in a letter dated July 3, 2026, the President issued an emergency declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5207 (the Stafford Act), as follows:

I have determined that the emergency conditions in the Commonwealth of the Northern Mariana Islands resulting from Typhoon Bavi beginning on July 2, 2026, and continuing, are of sufficient severity and magnitude to warrant an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (''the Stafford Act''). Therefore, I declare that such an emergency exists in the Commonwealth of the Northern Mariana Islands.

You are authorized to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in the designated areas. Specifically, you are authorized to provide assistance for emergency protective measures (Category B), limited to direct Federal assistance, under the Public Assistance program.

Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs. In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal emergency assistance and administrative expenses.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, Department of Homeland Security, under Executive Order 12148, as amended, Teresa Y. Serata, of FEMA is appointed to act as the Federal Coordinating Officer for this declared emergency.

The following areas of the Commonwealth of the Northern Mariana Islands have been designated as adversely affected by this declared emergency:

The entire Commonwealth of the Northern Mariana Islands, including Saipan, Tinian, Rota, and the Northern Islands for emergency protective measures (Category B), limited to direct federal assistance, under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3648–EM]

Guam; Emergency and Related Determinations

This is a notice of the Presidential declaration of an emergency for the territory of Guam (FEMA–3648–EM), dated July 3, 2026, and related determinations. The declaration was issued July 3, 2026.

Notice is hereby given that, in a letter dated July 3, 2026, the President issued an emergency declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5207 (the Stafford Act), as follows:

I have determined that the emergency conditions in the territory of Guam resulting from Typhoon Bavi beginning on July 2, 2026, and continuing, are of sufficient severity and magnitude to warrant an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (''the Stafford Act''). Therefore, I declare that such an emergency exists in the territory of Guam.

You are authorized to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in the designated areas. Specifically, you are authorized to provide assistance for emergency protective measures (Category B), limited to direct Federal assistance, under the Public Assistance program.

Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs. In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal emergency assistance and administrative expenses.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, Department of Homeland Security, under Executive Order 12148, as amended, Teresa Y. Serata, of FEMA is appointed to act as the Federal Coordinating Officer for this declared emergency.

The following areas of the territory of Guam have been designated as adversely affected by this declared emergency:

The territory of Guam for emergency protective measures (Category B), limited to direct federal assistance, under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3648–EM]

Guam; Amendment No. 1 to Notice of an Emergency Declaration

This notice amends the notice of an emergency declaration for the territory of Guam (FEMA–3648–EM), dated July 3, 2026, and related determinations. This amendment was issued August 10, 2026.

Notice is hereby given that the incident period for this emergency is closed effective July 12, 2026.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3649–EM]

Texas; Emergency and Related Determinations

This is a notice of the Presidential declaration of an emergency for the State of Texas (FEMA–3649–EM), dated July 18, 2026, and related determinations. The declaration was issued July 18, 2026.

Notice is hereby given that, in a letter dated July 18, 2026, the President issued an emergency declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5207 (the Stafford Act), as follows:

I have determined that the emergency conditions in certain areas of the State of Texas resulting from flooding beginning on July 12, 2026, and continuing, are of sufficient severity and magnitude to warrant an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (''the Stafford Act''). Therefore, I declare that such an emergency exists in the State of Texas.

You are authorized to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in the designated areas. Specifically, you are authorized to provide assistance for emergency protective measures (Category B), limited to direct Federal assistance, under the Public Assistance program.

Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs. In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal emergency assistance and administrative expenses.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, Department of Homeland Security, under Executive Order 12148, as amended, Roland W. Jackson, of FEMA is appointed to act as the Federal Coordinating Officer for this declared emergency.

The following areas of the State of Texas have been designated as adversely affected by this declared emergency:

Atascosa, Bandera, Bexar, Blanco, Brewster, Comal, Crockett, Dimmit, Edwards, Frio, Gillespie, Kendall, Kerr, Kimble, Kinney, La Salle, Mason, Maverick, Medina, Menard, Real, Schleicher, Sutton, Terrell, Uvalde, Val Verde, Wilson, and Zavala Counties for emergency protective measures (Category B), limited to direct federal assistance under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3649–EM]

Texas; Amendment No. 1 to Notice of an Emergency Declaration

This notice amends the notice of an emergency declaration for the State of Texas (FEMA–3649–EM), dated July 18, 2026, and related determinations. This amendment was issued July 19, 2026.

The notice of an emergency declaration for the State of Texas is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared an emergency by the President in his declaration of July 18, 2026.

Duval, Jim Wells, Live Oak, Pecos, and Webb Counties for emergency protective measures (Category B), limited to direct federal assistance under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3649–EM]

Texas; Amendment No. 2 to Notice of an Emergency Declaration

This notice amends the notice of an emergency declaration for the State of Texas (FEMA–3649–EM), dated July 18, 2026, and related determinations. This amendment was issued August 19, 2026.

Notice is hereby given that the incident period for this emergency is closed effective August 4, 2026.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially

Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–3650–EM]

Washington; Emergency and Related Determinations

This is a notice of the Presidential declaration of an emergency for the State of Washington (FEMA–3650–EM), dated August 3, 2026, and related determinations. The declaration was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President issued an emergency declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5207 (the Stafford Act), as follows:

I have determined that the emergency conditions in certain areas of the State of Washington resulting from wildfires beginning on August 1, 2026, and continuing, are of sufficient severity and magnitude to warrant an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (''the Stafford Act''). Therefore, I declare that such an emergency exists in the State of Washington.

You are authorized to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in the designated areas. Specifically, you are authorized to provide assistance for emergency protective measures (Category B), limited to direct Federal assistance, under the Public Assistance program.

Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs. In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal emergency assistance and administrative expenses.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, Department of Homeland Security, under Executive Order 12148, as amended, John F. Harrison, of FEMA is appointed to act as the Federal Coordinating Officer for this declared emergency.

The following areas of the State of Washington have been designated as adversely affected by this declared emergency:

Chelan, Ferry, Okanogan, Spokane, Stevens, and Yakima Counties and the Confederated Tribes and Bands of the Yakama Nation, Confederated Tribes of the Colville Reservation, and Spokane Tribe of Indians for emergency protective measures (Category B), limited to direct federal assistance, under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4399–DR]

Florida; Amendment No. 15 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster for the State of Florida (FEMA–4399–DR), dated October 11, 2018, and related determinations. This amendment was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President amended the cost-sharing arrangements regarding Federal funds provided under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), in a letter to Robert J. Fenton, Jr., Senior Official Performing the Duties of the Administrator, Federal Emergency Management Agency, Department of Homeland Security, under Executive Order 12148, as follows:

I have determined that the damage in certain areas of the State of Florida resulting from Hurricane Michael during the period of October 7 to October 19, 2018, is of sufficient severity and magnitude that special cost sharing arrangements are warranted regarding Federal funds provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act'').

Therefore, I amend my declarations signed on October 11, 2018, October 14, 2018, March 9, 2019, and May 17, 2019, to authorize Federal funds for all categories of Public Assistance at 90 percent of total eligible costs, except assistance previously approved at 100 percent.

(The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4681–DR]

Havasupai Tribe; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster for the Havasupai Tribe (FEMA–4681–DR), dated December 30, 2022, and related determinations. This amendment was issued May 29, 2026.

Notice is hereby given that, in a letter dated May 29, 2026, the President amended the cost-sharing arrangements regarding Federal funds provided under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), in a letter to Robert J. Fenton, Jr., Senior Official Performing the Duties of the Administrator, Federal Emergency Management Agency, Department of Homeland Security, under Executive Order 12148, as follows:

I have determined that the damage to the lands associated with the Havasupai Tribe resulting from flooding during the period of October 1 to October 2, 2022, is of sufficient severity and magnitude that special cost-sharing arrangements are warranted regarding Federal funds provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act'').

Therefore, I amend the declaration signed by the President on December 30, 2022, to authorize Federal funds for all categories of Public Assistance at 90 percent of total eligible costs.

This adjustment to the cost-sharing applies only to Public Assistance costs and direct Federal assistance eligible for such adjustments under the law. The Stafford Act specifically prohibits a similar adjustment for funds provided for the Hazard Mitigation Grant Program (section 404). These funds will continue to be reimbursed at 75 percent of total eligible costs.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4830–DR]

Georgia; Amendment No. 15 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster for the State of Georgia (FEMA–4830–DR), dated September 30, 2024, and related determinations. This amendment was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President amended the cost-sharing arrangements regarding Federal funds provided under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), in a letter to Robert J. Fenton, Jr., Senior Official Performing the Duties of the Administrator, Federal Emergency Management Agency, Department of Homeland Security, under Executive Order 12148, as follows:

I have determined that the damage in certain areas of the State of Georgia resulting from Hurricane Helene during the period of September 24 to October 30, 2024, is of sufficient severity and magnitude that special cost sharing arrangements are warranted regarding Federal funds provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act'').

Therefore, I amend the declarations signed by the President on September 30, 2024, October 2, 2024, and December 6, 2024, to authorize Federal funds for all categories of Public Assistance at 90 percent of total eligible costs, except assistance previously approved at 100 percent.

This adjustment to State and local cost sharing applies only to Public Assistance costs and direct Federal assistance eligible for such adjustments under the law. The Stafford Act specifically prohibits a similar adjustment for funds provided for Other Needs Assistance (Section 408) and the Hazard Mitigation Grant Program (Section 404). These funds will continue to be reimbursed at 75 percent of total eligible costs.

(The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4832–DR]

Tennessee; Amendment No. 7 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Tennessee (FEMA–4832–DR), dated October 2, 2024, and related determinations. This change occurred on April 17, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Timothy S. Pheil, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Mary Hernandez-Marrero as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4840–DR]

Havasupai Tribe; Amendment No. 3 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster for the Havasupai Tribe (FEMA–4840–DR), dated October 25, 2024, and related determinations. This amendment was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President amended the cost-sharing arrangements regarding Federal funds provided under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), in a letter to Robert J. Fenton, Jr., Senior Official Performing the Duties of the Administrator, Federal Emergency Management Agency, Department of Homeland Security, under Executive Order 12148, as follows:

I have determined that the damage to the lands associated with the Havasupai Tribe resulting from flooding during the period of August 22 to August 23, 2024, is of sufficient severity and magnitude that special cost-sharing arrangements are warranted regarding Federal funds provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act'').

Therefore, I amend the declaration signed by the President on October 25, 2024, to authorize Federal funds for all categories of Public Assistance at 90 percent of total eligible costs.

This adjustment to the cost-sharing applies only to Public Assistance costs and direct Federal assistance eligible for such adjustments under the law. The Stafford Act specifically prohibits a similar adjustment for funds provided for Other Needs Assistance (section 408) and the Hazard Mitigation Grant Program (section 404). These funds will continue to be reimbursed at 75 percent of total eligible costs.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4860–DR]

Kentucky; Amendment No. 11 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of Kentucky (FEMA–4860–DR), dated February 24, 2025, and related determinations. This change occurred on April 18, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Leda M. Khoury, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of E. Craig Levy, Sr. as

Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4863–DR]

Virginia; Amendment No. 3 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of Virginia (FEMA–4863–DR), dated April 4, 2025, and related determinations. This change occurred on February 13, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Mark O'Hanlon, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Bryan Sizemore as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4864–DR]

Kentucky; Amendment No. 6 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of Kentucky (FEMA–4864–DR), dated April 24, 2025, and related determinations. This change occurred on April 18, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Leda M. Khoury, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of E. Craig Levy, Sr. as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4875–DR]

Kentucky; Amendment No. 4 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of Kentucky (FEMA–4875–DR), dated May 23, 2025, and related determinations. This change occurred on April 18, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Leda M. Khoury, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of E. Craig Levy, Sr. as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4878–DR]

Tennessee; Amendment No. 4 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Tennessee (FEMA–4878–DR), dated June 19, 2025, and related determinations. This change occurred on April 17, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Timothy S. Pheil, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Mary Hernandez-Marrero as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4890–DR]

Sisseton-Wahpeton Oyate; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster for the Sisseton-Wahpeton Oyate (FEMA–4890–DR), dated September 11, 2025, and related determinations. This amendment was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President amended the cost-sharing arrangements regarding Federal funds provided under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), in a letter to Robert J. Fenton, Jr., Senior Official Performing the Duties of the Administrator, Federal Emergency Management Agency, Department of Homeland Security, under Executive Order 12148, as follows:

I have determined that the damage to the lands associated with the Sisseton-Wahpeton Oyate resulting from a severe storm and flooding during the period of June 12 to June 16, 2025, is of sufficient severity and magnitude that special cost-sharing arrangements are warranted regarding Federal funds provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I amend my declaration of September 11, 2025, to authorize Federal funds for all categories of Public Assistance at 98 percent of total eligible costs.

This adjustment to the cost-sharing applies only to Public Assistance costs and direct Federal assistance eligible for such adjustments under the law. The Stafford Act specifically prohibits a similar adjustment for funds provided for Other Needs Assistance (section 408). These funds will continue to be reimbursed at 75 percent of total eligible costs.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4898–DR]

Tennessee; Amendment No. 3 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Tennessee (FEMA–4898–DR), dated February 6, 2026, and related determinations. This amendment was issued April 10, 2026.

The notice of a major disaster declaration for the State of Tennessee is hereby amended to include Individual Assistance for the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of February 6, 2026.

Benton, Cheatham, Chester, Clay, Davidson, Decatur, Dickson, Fayette, Hardeman, Hardin, Henderson, Hickman, Lewis, Macon, Madison, Maury, McNairy, Montgomery, Perry, Robertson, Shelby, Sumner, Trousdale, Wayne, Williamson, and Wilson Counties for Individual Assistance (already designated for Public Assistance).

Carroll, Dyer, and Rutherford Counties for Individual Assistance (already designated for emergency protective measures [Category B], including direct federal assistance under the Public Assistance program).

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4898–DR]

Tennessee; Amendment No. 4 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Tennessee (FEMA–4898–DR), dated February 6, 2026, and related determinations. This change occurred on April 17, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Timothy S. Pheil, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Mary Hernandez-Marrero as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4899–DR]

Mississippi; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Mississippi (FEMA–4899–DR), dated February 6, 2026, and related determinations. This amendment was issued March 17, 2026.

The notice of a major disaster declaration for the State of Mississippi is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of February 6, 2026.

Choctaw, Itawamba, Oktibbeha, and Wilkinson Counties for Public Assistance, including direct federal assistance.

Amite, Chickasaw, Clarke, Clay, Copiah, Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Jackson, Jasper, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Monroe, Neshoba, Newton, Noxubee, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Wayne, and Winston Counties for emergency protective measures [Category B], including direct federal assistance under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4899–DR]

Mississippi; Amendment No. 3 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Mississippi (FEMA–4899–DR), dated February 6, 2026, and related determinations. This amendment was issued April 10, 2026.

The notice of a major disaster declaration for the State of Mississippi is hereby amended to include Individual Assistance for the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of February 6, 2026.

Adams, Alcorn, Attala, Benton, Bolivar, Calhoun, Carroll, Claiborne, Grenada, Holmes, Humphreys, Issaquena, Jefferson, Lafayette, Lee, Leflore, Marshall, Montogomery, Panola, Pontotoc, Prentiss, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Union, Warren, Washington, Yalobusha, and Yazoo Counties and the Mississippi Band of Choctaw Indians for Individual Assistance (already designated for Public Assistance, including direct federal assistance).

Coahoma, DeSoto, and Tunica Counties for Individual Assistance (already designated for emergency protective measures [Category B], including direct federal assistance under the Public Assistance program).

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4899–DR]

Mississippi; Amendment No. 4 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Mississippi (FEMA–4899–DR), dated February 6, 2026, and related determinations. This change occurred on April 18, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, E. Craig Levy, Sr., of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Brett H. Howard as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4900–DR]

Louisiana; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Louisiana (FEMA–4900–DR), dated February 18, 2026, and related determinations. This amendment was issued March 16, 2026.

The notice of a major disaster declaration for the State of Louisiana is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of February 18, 2026.

Catahoula, Lincoln, Madison, Union, and Webster Parishes for Public Assistance.

Caldwell, Jackson, and Winn Parishes for debris removal and emergency protective measures [Categories A and B], including direct federal assistance under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4900–DR]

Louisiana; Amendment No. 3 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Louisiana (FEMA–4900–DR), dated February 18, 2026, and related determinations. This amendment was issued April 7, 2026.

The notice of a major disaster declaration for the State of Louisiana is hereby amended to include the following area among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of February 18, 2026.

Red River Parish for debris removal and emergency protective measures [Categories A and B], including direct federal assistance under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4901–DR]

Montana; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Montana (FEMA–4901–DR), dated April 7, 2026, and related determinations. The declaration was issued April 7, 2026.

Notice is hereby given that, in a letter dated April 7, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

> I have determined that the damage in certain areas of the State of Montana resulting from severe storms and flooding during the period of December 9 to December 11, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Montana.
>
> In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.
>
> You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.
>
> Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Edwin J. Martin, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Montana have been designated as adversely affected by this major disaster:

Lincoln County for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4902–DR]

Montana; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Montana (FEMA–4902–DR), dated April 7, 2026, and related determinations. The declaration was issued April 7, 2026.

Notice is hereby given that, in a letter dated April 7, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Montana resulting from a severe winter storm and straight-line winds during the period of December 17 to December 18, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Montana.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Edwin J. Martin, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Montana have been designated as adversely affected by this major disaster:

Big Horn, Blaine, Broadwater, Carbon, Dawson, Flathead, Garfield, Glacier, Golden Valley, Judith Basin, Lake, Lincoln, McCone, Mineral, Missoula, Park, Phillips, Pondera, Powder River, Powell, Ravalli, Rosebud, Sanders, Stillwater, Sweet Grass, Teton, Valley, and Wheatland Counties and the Blackfeet Nation, Confederated Salish and Kootenai Tribes, Fort Belknap Indian Community, Fort Peck Assiniboine and Sioux Tribes, and Northern Cheyenne Tribe for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4903–DR]

South Dakota; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of South Dakota (FEMA–4903–DR), dated April 7, 2026, and related determinations. The declaration was issued April 7, 2026.

Notice is hereby given that, in a letter dated April 7, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of South Dakota resulting from straight-line winds during the period of December 17 to December 18, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of South Dakota.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Kenneth C. Williams III, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of South Dakota have been designated as adversely affected by this major disaster:

Custer, Fall River, and Pennington Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4904–DR]

Alaska; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Alaska (FEMA–4904–DR), dated April 7, 2026, and related determinations. The declaration was issued April 7, 2026.

Notice is hereby given that, in a letter dated April 7, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Alaska resulting from a severe storm during the period of December 6 to December 9, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Alaska.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Lance E. Davis, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Alaska have been designated as adversely affected by this major disaster:

Matanuska-Susitna Borough for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4905–DR]

Idaho; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Idaho (FEMA–4905–DR), dated April 7, 2026, and related determinations. The declaration was issued April 7, 2026.

Notice is hereby given that, in a letter dated April 7, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Idaho resulting from straight-line winds during the period of December 16 to December 18, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Idaho.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Vincent J. Maykovich, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Idaho have been designated as adversely affected by this major disaster:

Benewah, Bonner, Boundary, Clearwater, Idaho, Kootenai, Latah, Lewis, Nez Perce, and Shoshone Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4907–DR]

Oregon; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Oregon (FEMA–4907–DR), dated April 7, 2026, and related determinations. This amendment was issued May 28, 2026.

The notice of a major disaster declaration for the State of Oregon is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of April 7, 2026.

Clatsop and Wasco Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters);

97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4909–DR]

Hawaii; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Hawaii (FEMA–4909–DR), dated April 7, 2026, and related determinations. This change occurred on April 15, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Hirokazu Toiya, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Andrew F. Grant as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4908–DR]

South Carolina; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of South Carolina (FEMA–4908–DR), dated April 7, 2026, and related determinations. The declaration was issued April 7, 2026.

Notice is hereby given that, in a letter dated April 7, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of South Carolina resulting from a severe winter storm during the period of January 21 to January 27, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of South Carolina.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Darryl L. Dragoo, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of South Carolina have been designated as adversely affected by this major disaster:

Greenville, Oconee, and Pickens Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance— Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4909–DR]

Hawaii; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Hawaii (FEMA–4909–DR), dated April 7, 2026, and related determinations. This change occurred on April 15, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Hirokazu Toiya, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Andrew F. Grant as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance— Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4909–DR]

Hawaii; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Hawaii (FEMA–4909–DR), dated April 7, 2026, and related determinations. This amendment was issued August 3, 2026.

The notice of a major disaster declaration for the State of Hawaii is hereby amended to include assistance for public parks and recreational facilities among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of April 7, 2026.

City and County of Honolulu, Hawaii, and Maui Counties for assistance for public parks and recreational facilities [Category G] (already designated for Individual Assistance and emergency work [Categories A and B] and permanent work [limited to Categories C–F] under the Public Assistance program).

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance— Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4910–DR]

Commonwealth of the Northern Mariana Islands; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Commonwealth of the Northern Mariana Islands (FEMA–4910–DR), dated April 23, 2026, and related determinations. The declaration was issued April 23, 2026.

Notice is hereby given that, in a letter dated April 23, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in the Commonwealth of the Northern Mariana Islands resulting from Super Typhoon Sinlaku during the period April 11 to April 18, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the Commonwealth of the Northern Mariana Islands.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance and assistance for debris removal and emergency protective measures (Categories A and B), including direct federal assistance under the Public Assistance program in the designated areas and any other forms of assistance under the Stafford Act that you deem appropriate subject to completion of Preliminary Damage Assessments.

Consistent with the requirement that Federal assistance is supplemental, any Federal funds provided under the Stafford Act for Public Assistance and Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs. For a period of 90 days, you are authorized to fund assistance for debris removal and emergency protective measures, including direct Federal assistance, at 100 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Andrew F. Grant, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the Commonwealth of the Northern Mariana Islands have been designated as adversely affected by this major disaster:

The entire Commonwealth of the Northern Mariana Islands, including Saipan, Tinian, Rota, and the Northern Islands for Individual Assistance.

The entire Commonwealth of the Northern Mariana Islands, including Saipan, Tinian, Rota, and the Northern Islands for debris removal and emergency protective measures (Categories A and B), including direct federal assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4910–DR]

Commonwealth of the Northern Mariana Islands; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of the Northern Mariana Islands (FEMA–4910–DR), dated April 23, 2026, and related determinations. This amendment was issued May 28, 2026.

The notice of a major disaster declaration for the Commonwealth of the Northern Mariana Islands is hereby amended to include permanent work under the Public Assistance program for those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of April 23, 2026.

The entire Commonwealth of the Northern Mariana Islands, including Saipan, Tinian, Rota, and the Northern Islands for permanent work [Categories C–G] (already designated for Individual Assistance and assistance for debris removal and emergency protective measures [Categories A and B], including direct federal assistance under the Public Assistance program).

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4910–DR]

Commonwealth of the Northern Mariana Islands; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of the Northern Mariana Islands (FEMA–4910–DR), dated April 23, 2026, and related determinations. This amendment was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President amended the cost-sharing arrangements regarding Federal funds provided under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), in a letter to Robert J. Fenton, Jr., Senior Official Performing the Duties of the Administrator, Federal Emergency Management Agency, Department of Homeland Security, under Executive Order 12148, as follows:

I have determined that the damage in certain areas of the Commonwealth of the Northern Mariana Islands resulting from Super Typhoon Sinlaku during the period April 11 to April 18, 2026, is of sufficient severity and magnitude that special cost sharing arrangements are warranted regarding Federal funds provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act'').

Therefore, I amend my declaration of April 23, 2026, to authorize Federal funds for debris removal and emergency protective measures, limited to direct Federal assistance, under the Public Assistance program at 100 percent of the total eligible costs for an additional 90-day period and Federal funds for the Other Needs Assistance portion of the Individual Assistance program and all categories of Public Assistance at 90 percent of total eligible costs, except assistance approved at 100 percent.

(The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4911–DR]

San Carlos Apache Tribe; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the San Carlos Apache Tribe (FEMA–4911–DR), dated May 29, 2026, and related determinations. The declaration was issued May 29, 2026.

Notice is hereby given that, in a letter dated May 29, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage to the lands associated with the San Carlos Apache Tribe resulting from severe storms and flooding during the period of October 10 to October 13, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists for the San Carlos Apache Tribe.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance and Public Assistance for the San Carlos Apache Tribe. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance and Other Needs Assistance under section

408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Andrew F. Grant, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas have been designated as adversely affected by this major disaster:

San Carlos Apache Tribe for Individual Assistance.

San Carlos Apache Tribe for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4911–DR]

San Carlos Apache Tribe; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the San Carlos Apache Tribe (FEMA–4911–DR), dated May 29, 2026, and related determinations. This change occurred on June 2, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Teresa Y. Serata, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Andrew F. Grant as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4912–DR]

Native Village of Kipnuk; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Native Village of Kipnuk (FEMA–4912–DR), dated May 29, 2026, and related determinations. The declaration was issued May 29, 2026.

Notice is hereby given that, in a letter dated May 29, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage to the lands associated with the Native Village of Kipnuk resulting from severe storms, flooding, and remnants of Typhoon Halong during the period of October 8 to October 13, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists for the Native Village of Kipnuk.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide permanent work (Categories C–G) under the Public Assistance program for the Native Village of Kipnuk. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Lance E. Davis, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas have been designated as adversely affected by this major disaster:

Native Village of Kipnuk for permanent work (Categories C–G) under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4913–DR]

Kentucky; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Commonwealth of Kentucky (FEMA–4913–DR), dated May 29, 2026, and related determinations. The declaration was issued May 29, 2026.

Notice is hereby given that, in a letter dated May 29, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the Commonwealth of Kentucky resulting from a severe winter storm during the period of January 23 to January 27, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the Commonwealth of Kentucky.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, E. Craig Levy, Sr., of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the Commonwealth of Kentucky have been designated as adversely affected by this major disaster:

Allen, Barren, Clay, Clinton, Cumberland, Jackson, Laurel, Lee, McCreary, Menifee, Metcalfe, Monroe, Owsley, Pulaski, Rockcastle, Russell, Wayne, and Whitley Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4913–DR]

Kentucky; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of Kentucky (FEMA–4913–DR), dated May 29, 2026, and related determinations. This change occurred on May 29, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Leda M. Khoury, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of E. Craig Levy, Sr. as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4913–DR]

Kentucky; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of Kentucky (FEMA–4913–DR), dated May 29, 2026, and related determinations. This amendment was issued June 11, 2026.

The notice of a major disaster declaration for the Commonwealth of Kentucky is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of May 29, 2026.

Adair and Casey Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4913–DR]

Kentucky; Amendment No. 3 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Commonwealth of Kentucky (FEMA–4913–DR), dated May 29, 2026, and related determinations. This amendment was issued July 6, 2026.

The notice of a major disaster declaration for the Commonwealth of Kentucky is hereby amended to include the following area among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of May 29, 2026.

Perry County for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters);

97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4914–DR]

Fort Peck Assiniboine and Sioux Tribes; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Fort Peck Assiniboine and Sioux Tribes (FEMA–4914–DR), dated May 29, 2026, and related determinations. The declaration was issued May 29, 2026.

Notice is hereby given that, in a letter dated May 29, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage to the lands associated with the Fort Peck Assiniboine and Sioux Tribes resulting from a severe winter storm and straight-line winds during the period of December 17 to December 18, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists for the Fort Peck Assiniboine and Sioux Tribes.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide the Individuals and Households Program under section 408 of the Stafford Act for the Fort Peck Assiniboine and Sioux Tribes. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Katherine B. Fox, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas have been designated as adversely affected by this major disaster:

Fort Peck Assiniboine and Sioux Tribes for the Individuals and Households Program under Section 408 of the Stafford Act.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4914–DR]

Fort Peck Assiniboine and Sioux Tribes; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the Fort Peck Assiniboine and Sioux Tribes (FEMA–4914–DR), dated May 29, 2026, and related determinations. This change occurred on June 1, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Kenneth C. Williams III, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Katherine B. Fox as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4915–DR]

Crow Tribe of Montana; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Crow Tribe of Montana (FEMA–4915–DR), dated May 29, 2026, and related determinations. The declaration was issued May 29, 2026.

Notice is hereby given that, in a letter dated May 29, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage to the lands associated with the Crow Tribe of Montana resulting from a severe winter storm and straight-line winds during the period of December 17 to December 19, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists for the Crow Tribe of Montana.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance for the Crow Tribe of Montana. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Edwin J. Martin, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas have been designated as adversely affected by this major disaster:

Crow Tribe of Montana for Individual Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4916–DR]

Delaware; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Delaware (FEMA–4916–DR), dated May 29, 2026, and related determinations. The declaration was issued May 29, 2026.

Notice is hereby given that, in a letter dated May 29, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Delaware resulting from a severe winter storm during the period of February 22 to February 23, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Delaware.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Abigail Eichorn, of FEMA is appointed to act as the Federal

Coordinating Officer for this major disaster.

The following areas of the State of Delaware have been designated as adversely affected by this major disaster:

Kent and Sussex Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4917–DR]

Idaho; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Idaho (FEMA–4917–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Idaho resulting from severe storms, straight-line winds, flooding, landslides, and mudslides during the period of March 11 to March 15, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Idaho.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Vincent J. Maykovich, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Idaho have been designated as adversely affected by this major disaster:

Benewah, Bonner, Clearwater, Kootenai, Latah, and Nez Perce Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4918–DR]

Pueblo of Acoma; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Pueblo of Acoma (FEMA–4918–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026 the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage to the lands associated with the Pueblo of Acoma resulting from severe storms and flooding during the period of September 28 to September 29, 2025, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists for the Pueblo of Acoma.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance for the Pueblo of Acoma. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, José M. Gil Montañez, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas have been designated as adversely affected by this major disaster:

Pueblo of Acoma for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4919–DR]

Mashpee Wampanoag Tribe; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Mashpee Wampanoag Tribe (FEMA–4919–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage to the lands associated with the Mashpee Wampanoag Tribe resulting from a severe winter storm and snowstorm during the period of February 22 to February 23, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists for the Mashpee Wampanoag Tribe.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance for the Mashpee Wampanoag Tribe. You are further authorized to provide snow assistance under the Public Assistance program for a limited period of time during or proximate to the incident period. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Jarrett W. Devine, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas have been designated as adversely affected by this major disaster:

Mashpee Wampanoag Tribe for Public Assistance.

Mashpee Wampanoag Tribe for snow assistance under the Public Assistance program for any continuous 48-hour period during or proximate to the incident period.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4920–DR]

Nebraska; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Nebraska (FEMA–4920–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in the State of Nebraska resulting from wildfires during the period of March 12 to April 2, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Nebraska.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Catherine R. Sanders, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Nebraska have been designated as adversely affected by this major disaster:

Arthur, Garden, Grant, Lincoln, and Morrill Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4920–DR]

Nebraska; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Nebraska (FEMA–4920–DR), dated June 30, 2026, and related determinations. This change occurred on July 6, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, David Miller, Jr., of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Catherine R. Sanders as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4920–DR]

Nebraska; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Nebraska (FEMA–4920–DR), dated June 30, 2026, and related determinations. This change occurred on August 10, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, John F. Boyle, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of David Miller, Jr. as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4921–DR]

Guam; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the territory of Guam (FEMA–4921–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in the territory of Guam resulting from Super Typhoon Sinlaku during the period of April 11 to April 18, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the territory of Guam.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Teresa Y. Serata, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the territory of Guam have been designated as adversely affected by this major disaster:

The territory of Guam for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4922–DR]

Mississippi; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Mississippi (FEMA–4922–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Mississippi resulting from severe storms, straight-line winds, tornadoes, and flooding during the period of May 6 to May 7, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Mississippi.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance and Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance and Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, E. Craig Levy, Sr., of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Mississippi have been designated as adversely affected by this major disaster:

Franklin, Lamar, Lawrence, Lincoln, and Wilkinson Counties for Individual Assistance.

Franklin, Lamar, Lawrence, and Lincoln Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4922–DR]

Mississippi; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Mississippi (FEMA–4922–DR), dated June 30, 2026, and related determinations. This amendment was issued August 20, 2026.

The notice of a major disaster declaration for the State of Mississippi is hereby amended to include the following area among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of June 30, 2026.

Wilkinson County for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4923–DR]

Wisconsin; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Wisconsin (FEMA–4923–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Wisconsin resulting from severe storms, tornadoes, and flooding during the period of April 13 to April 23, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Wisconsin.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance and Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance and Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Hannah Penn, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Wisconsin have been designated as adversely affected by this major disaster:

Bayfield, Brown, Buffalo, Jackson, Jefferson, Juneau, Kenosha, Manitowoc, Marathon, Milwaukee, Outagamie, Racine, Rock, Sauk, Vernon, Washington, Waukesha, Waupaca, and Winnebago Counties and the Oneida Nation for Individual Assistance.

Iowa, Jackson, Jefferson, Juneau, Kewaunee, Outagamie, Rock, Vernon, and Waupaca Counties and the Oneida Nation for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4923–DR]

Wisconsin; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Wisconsin (FEMA–4923–DR), dated June 30, 2026, and related determinations. This amendment was issued August 17, 2026.

The notice of a major disaster declaration for the State of Wisconsin is hereby amended to include the following area among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of June 30, 2026.

Racine County for Public Assistance (already designated for Individual Assistance).

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4924–DR]

Missouri; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Missouri (FEMA–4924–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Missouri resulting from severe storms, tornadoes, and flooding during the period of April 23 to April 28, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Missouri.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Catherine R. Sanders, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Missouri have been designated as adversely affected by this major disaster:

Carroll, Chariton, Greene, Holt, Howard, Monroe, Randolph, Ripley, Saline, and St. Francois Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4924–DR]

Missouri; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Missouri (FEMA–4924–DR), dated June 30, 2026, and related determinations. This change occurred on July 6, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Catharine O. Fan, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Catherine R. Sanders as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4925–DR]

Michigan; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Michigan (FEMA–4925–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Michigan resulting from severe storms, tornadoes, and flooding during the period of April 10 to April 21, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Michigan.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance and Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance and Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Brian F. Schiller, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Michigan have been designated as adversely affected by this major disaster:

Alcona, Allegan, Alpena, Antrim, Barry, Benzie, Charlevoix, Cheboygan, Crawford, Emmet, Grand Traverse, Gratiot, Iosco, Kalamazoo, Kalkaska, Manistee, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, Presque Isle, Roscommon, Saginaw, Washtenaw, and Wexford Counties for Individual Assistance.

Alcona, Alpena, Benzie, Charlevoix, Cheboygan, Crawford, Eaton, Emmet, Grand Traverse, Gratiot, Iron, Kalkaska, Lake, Manistee, Marquette, Mecosta, Menominee, Missaukee, Montmorency, Newaygo, Ogemaw, Osceola, Oscoda, Presque Isle, Tuscola, and Wexford Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4925–DR]

Michigan; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Michigan (FEMA–4925–DR), dated June 30, 2026, and related determinations. This amendment was issued August 17, 2026.

The notice of a major disaster declaration for the State of Michigan is hereby amended to include the following area among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of June 30, 2026.

Roscommon County for Public Assistance (already designated for Individual Assistance).

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4926–DR]

Kansas; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Kansas (FEMA–4926–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in the State of Kansas resulting from severe storms, straight-line winds, tornadoes, and flooding during the period of April 26 to April 27, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Kansas.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Andrew P. Meyer, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Kansas have been designated as adversely affected by this major disaster:

Cherokee, Morris, Osage, Saline, and Wabaunsee Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4926–DR]

Kansas; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Kansas (FEMA–4926–DR), dated June 30, 2026, and related determinations. This change occurred on July 6, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Willie G. Nunn, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Andrew P. Meyer as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4927–DR]

Louisiana; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Louisiana (FEMA–4927–DR), dated June 30, 2026, and related determinations. The declaration was issued June 30, 2026.

Notice is hereby given that, in a letter dated June 30, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Louisiana resulting from Tropical Storm Arthur during the period of June 17 to June 18, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Louisiana.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Tonia A. Pence, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Louisiana have been designated as adversely affected by this major disaster:

Avoyelles, St. Landry, St. Tammany, and Terrebonne Parishes for Individual Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

Federal Emergency Management Agency

[Internal Agency Docket No. FEMA–4927–DR]

Louisiana; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Louisiana (FEMA–4927–DR), dated June 30, 2026, and related determinations. This amendment was issued July 20, 2026.

The notice of a major disaster declaration for the State of Louisiana is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of June 30, 2026.

Lafourche and Pointe Coupee Parishes for Individual Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4927–DR]

Louisiana; Amendment No. 2 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster for the State of Louisiana (FEMA–4927–DR), dated June 30, 2026, and related determinations. This amendment was issued August 3, 2026.

Notice is hereby given that the incident period for this declared disaster is now June 17 to June 24, 2026.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4927–DR]

Louisiana; Amendment No. 3 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Louisiana (FEMA–4927–DR), dated June 30, 2026, and related determinations. This amendment was issued August 3, 2026.

The notice of a major disaster declaration for the State of Louisiana is hereby amended to include the Public Assistance program for the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of June 30, 2026.

Avoyelles, Pointe Coupee, and St. Landry Parishes for Public Assistance, including direct federal assistance (already designated for Individual Assistance).

St. Charles and Winn Parishes for Public Assistance, including direct federal assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4927–DR]

Louisiana; Amendment No. 4 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Louisiana (FEMA–4927–DR), dated June 30, 2026, and related determinations. This amendment was issued August 7, 2026.

The notice of a major disaster declaration for the State of Louisiana is hereby amended to include the following area among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of June 30, 2026.

East Feliciana Parish for Public Assistance, including direct federal assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4928–DR]

Nebraska; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Nebraska (FEMA–4928–DR), dated August 3, 2026, and related determinations. The declaration was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Nebraska resulting from severe storms, straight-line winds, tornadoes, and flooding during the period of May 15 to May 18, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Nebraska.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Andrew P. Meyer, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Nebraska have been designated as adversely affected by this major disaster:

Buffalo, Fillmore, Gage, Howard, Jefferson, Nemaha, Thayer, and Thurston Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4928–DR]

Nebraska; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of Nebraska (FEMA–4928–DR), dated August 3, 2026, and related determinations. This change occurred on August 10, 2026.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, John F. Boyle, of FEMA is appointed to act as the Federal Coordinating Officer for this disaster.

This action terminates the appointment of Andrew P. Meyer as Federal Coordinating Officer for this disaster.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4929–DR]

Missouri; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Missouri (FEMA–4929–DR), dated August 3, 2026, and related determinations. The declaration was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Missouri resulting from severe storms, straight-line winds, tornadoes, and flooding during the period of June 4 to June 18, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Missouri.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Catharine O. Fan, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Missouri have been designated as adversely affected by this major disaster:

Adair, Andrew, Callaway, Camden, Cape Girardeau, Dade, Daviess, Gasconade, Gentry, Grundy, Harrison, Hickory, Holt, Jasper, Knox, Lewis, Linn, Macon, Marion, Mercer, Miller, Moniteau, Morgan, Newton, Nodaway, Osage, Polk, Putnam, Scott, Shelby, Sullivan, Vernon, Webster, and Worth Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4930–DR]

Mississippi; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of Mississippi (FEMA–4930–DR), dated August 3, 2026, and related determinations. The declaration was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of Mississippi resulting from Tropical Storm Arthur during the period of June 18 to June 20, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of Mississippi.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance and Public Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance and Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended,

E. Craig Levy, Sr., of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of Mississippi have been designated as adversely affected by this major disaster:

Hancock, Harrison, Pearl River, and Stone Counties for Individual Assistance.

Covington, George, Greene, Hancock, Harrison, Pearl River, Stone, and Wayne Counties for Public Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4931–DR]

Commonwealth of the Northern Mariana Islands; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the Commonwealth of the Northern Mariana Islands (FEMA–4931–DR), dated August 3, 2026, and related determinations. The declaration was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the Commonwealth of the Northern Mariana Islands resulting from Super Typhoon Bavi during the period of

July 4 to July 12, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the Commonwealth of the Northern Mariana Islands.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance, Public Assistance, and emergency protective measures (Category B), including direct Federal assistance, under the Public Assistance program in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance and Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs. For a period of 90 days, you are authorized to fund direct Federal assistance at 100 percent of the total eligible costs for the island of Rota.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Andrew F. Grant, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the Commonwealth of the Northern Mariana Islands have been designated as adversely affected by this major disaster:

The island of Rota for Individual Assistance.

The island of Rota for Public Assistance, including direct federal assistance.

The islands of Saipan and Tinian for emergency protective measures (category B), including direct federal assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4932–DR]

West Virginia; Major Disaster and Related Determinations

This is a notice of the Presidential declaration of a major disaster for the State of West Virginia (FEMA–4932–DR), dated August 3, 2026, and related determinations. The declaration was issued August 3, 2026.

Notice is hereby given that, in a letter dated August 3, 2026, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''), as follows:

I have determined that the damage in certain areas of the State of West Virginia resulting from severe storms, straight-line winds, tornadoes, flooding, landslides, and mudslides during the period of July 21 to July 22, 2026, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* (the ''Stafford Act''). Therefore, I declare that such a major disaster exists in the State of West Virginia.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Other Needs Assistance under section 408 will be limited to 75 percent of the total eligible costs.

Further, you are authorized to make changes to this declaration for the approved assistance to the extent allowable under the Stafford Act.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

The Federal Emergency Management Agency (FEMA) hereby gives notice that pursuant to the authority vested in the Administrator, under Executive Order 12148, as amended, Mark K. O'Hanlon, of FEMA is appointed to act as the Federal Coordinating Officer for this major disaster.

The following areas of the State of West Virginia have been designated as adversely affected by this major disaster:

Lewis and Upshur Counties for Individual Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050, Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

[Internal Agency Docket No. FEMA–4932–DR]

West Virginia; Amendment No. 1 to Notice of a Major Disaster Declaration

This notice amends the notice of a major disaster declaration for the State of West Virginia (FEMA–4932–DR), dated August 3, 2026, and related determinations. This amendment was issued August 7, 2026.

The notice of a major disaster declaration for the State of West Virginia is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of August 3, 2026.

Pleasants and Ritchie Counties for Individual Assistance.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

(Authority: 42 U.S.C. 5121 *et seq.*)

Cameron Hamilton,

Administrator, Federal Emergency Management Agency.

[FR Doc. 2026–19857 Filed 9–28–26; 8:45 am]

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FEDERAL REGISTER

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Part III

Federal Reserve System

12 CFR Parts 208, 211, 217, 225, et al.

Implementing the Federal Reserve Board's Responsibilities Under the GENIUS Act; Proposed Rule

FEDERAL RESERVE SYSTEM

12 CFR Parts 208, 211, 217, 225, 247 and 263

[Docket No. R–1899]

RIN 7100–AH29

Implementing the Federal Reserve Board's Responsibilities Under the GENIUS Act

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) proposes to issue regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) with respect to Board-supervised permitted payment stablecoin issuers (PPSIs) and certain other entities that are subject to the Board's jurisdiction. In addition, the Board proposes to issue regulations to implement the prohibition on tying in section 4(a)(8) of the GENIUS Act, which is applicable generally to all PPSIs.

DATES: Comments must be received by November 30, 2026.

ADDRESSES: You may submit comments, identified by Docket No. R–1899 and RIN 7100–AH29, by any of the following methods:

- *Agency Website: https://www.federalreserve.gov/apps/proposals/.* Follow the instructions for submitting comments, including attachments. *Preferred Method.*
- *Mail:* Benjamin W. McDonough, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.
- *Hand Delivery/Courier:* Same as mailing address.
- *Other Means: publiccomments@frb.gov.* You must include the docket number in the subject line of the message.

Comments received are subject to public disclosure. In general, comments received will be made available on the Board's website at *https://www.federalreserve.gov/apps/proposals/* without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure. Public comments may also be viewed electronically or in person in Room M–4365A, 2001 C St. NW, Washington, DC 20551, between 9 a.m. and 5 p.m. during Federal business weekdays.

FOR FURTHER INFORMATION CONTACT: Juan Climent, Deputy Associate Director, (202) 460–2180, Jeff Ernst, Manager, (202) 369–9439, Christopher Anderson, Principal Economist, (202) 821–7114, Nadya Zeltzer, Lead Financial Institution Policy Analyst, (202) 452–3164, Christopher Powell, Lead Financial Institution Policy Analyst, (202) 507–2831, and Francis Kuo, Lead Financial Institution Policy Analyst (202) 339–7041, Division of Supervision and Regulation; Asad Kudiya, Associate General Counsel, (202) 475–6358, Kelley O'Mara, Assistant General Counsel, (202) 430–0911, Isabel Echarte, Senior Attorney, (202) 945–2412, Vivien Lee, Attorney, (240) 814–3594, and Jeremy Lin, Attorney, (240) 374–7669, Legal Division. For users of TTY–TRS, please call 711 from any telephone, anywhere in the United States or (202) 263–4869.

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Background

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) (GENIUS Act or the Act) was enacted on July 18, 2025. The Act establishes a regulatory framework for issuers of ''payment stablecoins.'' Under section 2(22) of the Act (12 U.S.C. 5901(22)), ''payment stablecoin'' means ''a digital asset—(i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the issuer of which—(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (II) represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value[.]'' The term does not include a digital asset that is (i) a national currency; [1] (ii) a deposit (as defined in 12 U.S.C. 1813), including a deposit recorded using distributed ledger technology; or (iii) a security, as defined in 15 U.S.C. 77b, 78c, or 80a–2.[2]

The GENIUS Act generally prohibits any person other than a permitted payment stablecoin issuer (PPSI) from

[1] National currency has the same meaning as in section 2(19) of the GENIUS Act (12 U.S.C. 5901(19)).

[2] The Act provides that, for the avoidance of doubt, no bond, note, evidence of indebtedness, or investment contract that was issued by a PPSI shall qualify as a security solely by virtue of its satisfying the conditions described in section 2(22)(A) of the Act, consistent with section 17 of the Act. 12 U.S.C. 5901(22)(B)(iii).

issuing a payment stablecoin in the United States.[3] It further prohibits digital asset service providers[4] from offering or selling a payment stablecoin to a person in the United States unless the issuer is a PPSI or a foreign payment stablecoin issuer that meets certain requirements.[5] The Act sets forth various regulatory and licensing requirements for PPSIs and foreign payment stablecoin issuers. In many instances, the Act states that the specific requirements applicable to these entities (*e.g.,* those related to capital, reserve asset diversification, risk management), shall be set forth by regulations issued by the relevant primary Federal payment stablecoin regulator, in coordination with other relevant agencies, as appropriate.[6] This notice of proposed rulemaking (proposed rule) represents one piece of the GENIUS Act's implementing regulations.[7] The Board of Governors of the Federal Reserve System (Board) is concurrently issuing a notice of proposed rulemaking seeking comment on its applications procedures applicable to insured State member banks seeking approval for a subsidiary to issue payment stablecoins.

The Board has regulatory, supervisory, or enforcement authority over certain PPSIs, including subsidiaries of State member banks, and State-qualified payment stablecoin issuers subject to the Board's regulatory, supervisory, or enforcement authority under section 4 or 7 of the GENIUS Act (12 U.S.C. 5903 and 5906). The Board also has authority to issue regulations to implement the prohibition on tying in section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)), which would apply to all PPSIs regardless of their primary Federal or State regulator. The proposed rule generally sets forth, and seeks comment on, proposed regulations to implement the GENIUS Act that would apply to Board-supervised PPSIs, other PPSIs, and other Board-supervised entities.

The GENIUS Act's effective date is the earlier of 18 months after the enactment date (July 18, 2025) or 120 days after the primary Federal payment stablecoin regulators issue any final regulations implementing the Act. The Board anticipates that these implementing regulations will be updated, as necessary, in the years following the effective date of the GENIUS Act as the business practices of PPSIs continue to evolve and develop. In addition, other regulations beyond those addressed in this rulemaking may need to be updated in light of the passage of the GENIUS Act. For example, the Board is considering whether certain regulations that impose different requirements at different asset thresholds should be amended to exclude stablecoin reserves from the asset calculation.

A. Request for Comments

The Board requests feedback on all aspects of the proposed rule and has set out specific questions for commenters to consider in each section of this **SUPPLEMENTARY INFORMATION**. Commenters should clearly identify the question number assigned by the Board when providing responses in comment letters.

The Board notes that many aspects of the proposed rule are similar to the notices of proposed rulemaking that the OCC,[8] FDIC,[9] and NCUA[10] released to implement their responsibilities under the GENIUS Act. For the convenience of commenters, the Board has generally tagged questions throughout the **SUPPLEMENTARY INFORMATION** that are similar to those posed by the OCC, including by identifying the numbering for the relevant similar questions in the OCC's notice of proposed rulemaking. Commenters are also generally invited to provide feedback on differences between the proposed rule and the OCC's, FDIC's, or NCUA's approaches, where the regulatory frameworks would differ if implemented as proposed.

B. Self-Executing Provisions

The GENIUS Act includes a number of self-executing provisions that are not addressed in this rulemaking.

- Section 4(a)(6)(B) of the GENIUS Act (12 U.S.C. 5903(a)(6)(B)) provides that a PPSI can only issue payment stablecoins if the issuer has the technological capability to comply, and will comply, with the terms of any lawful order.
- Section 4(g) of the GENIUS Act (12 U.S.C. 5903(g)) provides that a Federal savings association established under the Home Owners' Loan Act (HOLA) (12 U.S.C. 1461 *et seq.*) that holds a reserve that satisfies the requirements of section 4(a)(1) of the GENIUS Act shall not be required to satisfy the qualified thrift lender test under section 10(m) of HOLA (12 U.S.C. 1467a(m))[11] with respect to such reserve assets.
- Section 5(h) of the GENIUS Act (12 U.S.C. 5904(h)) expressly preempts ''any State requirement for a charter, license, or other authorization to do business with respect to a'' subsidiary of a State member bank that is a Board-supervised PPSI. As a result, these entities are only required to obtain authorization to do business from the Board, which reduces the unnecessary complexity that would result from requiring these entities to also obtain a charter, license, or other authorization from one or more States.
- Section 7(f)(4) of the GENIUS Act (12 U.S.C. 5906(f)(4)) provides that nothing in the GENIUS Act preempts State consumer protection laws, including with respect to Board-supervised PPSIs.
- Section 16(d) of the GENIUS Act (12 U.S.C. 5915(d)) provides that a State-chartered depository institution with a PPSI subsidiary ''may engage in the business of money transmission or provide custodial services through the [PPSI] in any State if such State-chartered depository institution is . . . required by the laws or regulations of the home state to establish and maintain'' adequate capital and

[3] *See* 12 U.S.C. 5902(a). *See also* 12 U.S.C. 5916 (excepting foreign payment stablecoin issuers that meet certain requirements from the prohibitions in section 3 of the Act).

[4] ''Digital asset service provider'' means a person that, for compensation or profit, engages in the business in the United States (including on behalf of customers or users in the United States) of: (i) exchanging digital assets for monetary value; (ii) exchanging digital assets for other digital assets; (iii) transferring digital assets to a third party; (iv) acting as a digital asset custodian; or (v) participating in financial services relating to digital asset issuance. *See* 12 U.S.C. 5901(7). The term ''digital asset service provider'' does not include (a) a distributed ledger protocol; (b) an immutable and self-custodial software interface; or (c) a person solely by virtue of their (1) developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces; (2) developing, operating, or engaging in the business of validating transactions or operating a distributed ledger; or (3) participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions. *Id.*

[5] The prohibition against digital asset service providers offering or selling payment stablecoins that are not issued by PPSIs begins on July 18, 2028. *See* 12 U.S.C. 5902(b)(1). The prohibition against digital asset service providers offering or selling payment stablecoins that are issued by foreign payment stablecoin issuers unless they meet certain requirements goes into effect as of the effective date of the GENIUS Act. *See* 12 U.S.C. 5902(b)(2). The prohibitions that apply to a digital asset service provider would apply to a PPSI to the extent that the PPSI is a digital asset service provider.

[6] *See, e.g.,* 12 U.S.C. 5903(a)(4), (h); 5913.

[7] *See, e.g.,* 90 FR 59409 (December 19, 2025) (Federal Deposit Insurance Corporation (FDIC)); 91 FR 6531 (February 12, 2026) (National Credit Union Administration (NCUA)); 91 FR 10202 (March 2, 2026) (Office of the Comptroller of the Currency (OCC)); 91 FR 16844 (April 3, 2026) (U.S. Department of the Treasury (Treasury)); 91 FR 18582 (April 10, 2026) (Office of Foreign Asset Control (OFAC) and Financial Crimes Enforcement Network (FinCEN)); 91 FR 18534 (April 10, 2026) (FDIC); 91 FR 28956 (May 18, 2026) (NCUA); 91 FR 37234 (June 22, 2026) (FinCEN, OCC, Board, FDIC, and NCUA); 91 FR 37840 (June 24, 2026) (OCC); 91 FR 53368 (August 18, 2026) (Treasury).

[8] 91 FR 10202 (March 2, 2026) (OCC).

[9] 91 FR 18534 (April 10, 2026) (FDIC).

[10] 91 FR 28956 (May 18, 2026) (NCUA).

[11] A Federal savings association's status as a qualified thrift lender may be relevant to its parent savings and loan holding company's status under section 10 of HOLA, which is administered by the Board. *See* 12 U.S.C. 1467a.

liquidity, and such capital and liquidity are ''regularly reassessed by the home State banking supervisor to take into account any changes in the financial condition and risk profile of the institution, including any uninsured deposits maintained by such institution.'' Under the GENIUS Act, an insured State member bank may apply to the Board to seek permission to form a PPSI subsidiary. Because insured State member banks are State-chartered depository institutions, this provision would apply to the extent the laws or regulations of the State member bank's home state meet the criteria with respect to capital and liquidity.

Because these GENIUS Act provisions are self-executing, the Board is not proposing regulatory text to implement them. However, the Board invites public comment on all aspects of this framework, including whether the self-executing provisions of the Act should be codified in the Board's regulations for convenience.

II. Description of the Proposed Rule

A. Subpart A—Purpose, Scope, Definitions, and Severability

Subpart A of the proposed rules provides the purpose and scope and defines terms used throughout the proposed rule.

1. Authority, Purpose, and Scope (Proposed § 247.1)

Proposed § 247.1 sets forth the authority, purpose, and scope of the Board's proposed stablecoin-related regulations. Paragraph (a) cites the GENIUS Act (12 U.S.C. 5901 *et seq.*) as the authority for the proposed rule and describes the purpose of the proposed rule as implementing the Board's regulatory responsibilities under the Act.

Paragraph (b) would state the scope and affected entities of each subpart of the proposed rule as follows: (1) subpart B implements certain provisions in section 4 of the GENIUS Act (12 U.S.C. 5903), which requires the Board to issue regulations applicable to Board-supervised PPSIs; (2) subpart C implements section 10 of the GENIUS Act (12 U.S.C. 5909), which imposes requirements on Board-supervised persons seeking to provide custodial or safekeeping services for payment stablecoin reserves, payment stablecoins used as collateral, or the private keys used to issue payment stablecoins; (3) subpart D implements section 5 of the GENIUS Act (12 U.S.C. 5904), which requires the Board to establish applications procedures applicable to insured State member banks seeking approval for a subsidiary to issue payment stablecoins;[12] (4) subpart E implements section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)), which imposes a tying prohibition on all PPSIs, and applies that tying prohibition in a manner consistent with section 4(a)(12)(B)(i)(III) of the Act (12 U.S.C. 5903(a)(12)(B)(i)(III)) to certain companies unanimously approved by the Stablecoin Certification Review Committee under section 4(a)(12) of the Act (12 U.S.C. 5903(a)(12)); and (5) subpart F implements rules pertaining to State-qualified payment stablecoin issuers—specifically, the Board's backup-enforcement authority during unusual and exigent circumstances under section 7(e) of the GENIUS Act (12 U.S.C. 5906(e)) and the transition and waiver process for uninsured State-chartered depository institutions under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)). These subparts are described in greater detail below.

2. Definitions (proposed § 247.2)

Proposed § 247.2 contains the following definitions of terms used throughout proposed part 247, many of which are included in or based on the definitions in the GENIUS Act (12 U.S.C. 5901 *et seq.*).[13] Certain of these definitions are also proposed in substantially the same form in the Board's concurrent notice of proposed rulemaking regarding applications procedures for Board-supervised insured depository institutions seeking approval for a subsidiary to issue payment stablecoins.

Affiliate. The Board is proposing to define the term ''affiliate'' consistent with the definition in the Bank Holding Company Act (BHC Act), 12 U.S.C. 1841(k), and the Board's Regulation Y, 12 CFR 225.2(a), but modified to use the defined term ''person'' in place of the term ''company.'' Under the proposed rule, the term ''affiliate'' would mean a person that controls, is controlled by, or is under common control with another person. The Board believes the proposed definition of affiliate would include the appropriate individuals and entities that could be involved in payment stablecoin issuance.

Bank Secrecy Act. The Board is proposing to define the term ''Bank Secrecy Act'' consistent with the definition provided in the GENIUS Act (12 U.S.C. 5901(2)), with certain technical edits. Under the proposed rule, the term ''Bank Secrecy Act'' would mean: (1) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b); (2) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and (3) subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*). The proposed rule would add the phrase ''and notes thereto'' as a clarification.

Board. Under the proposed rule, ''Board'' would mean the Board of Governors of the Federal Reserve System. This accords with the definition of Board provided in the GENIUS Act (12 U.S.C. 5901(3)).

Board of directors. Under the proposed rule, ''board of directors'' would mean an entity's board of directors or the group of individuals that serve the nearest equivalent function of acting as the governing body of the entity. The proposed definition captures the persons responsible for certain requirements under proposed part 247, including for entities that do not have a board of directors as that term is commonly understood. This definition is similar to the definition of this term in 12 CFR 225.31(e)(1).

Board-supervised PPSI. Under the proposed rule, ''Board-supervised PPSI'' would mean a PPSI supervised and regulated by the Board pursuant to the GENIUS Act (12 U.S.C. 5901 *et seq.*). This term includes (i) subsidiaries of insured State member banks that have been approved by the Board to issue payment stablecoins and (ii) State-qualified PPSIs that are uninsured State-chartered depository institutions that have transitioned to the Board's regulatory framework under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)) and proposed § 247.51. This term does not include PPSIs for which the Board has only enforcement authority in unusual and exigent circumstances under section 7(e)(1) of the Act (12 U.S.C. 5906(e)(1)) and proposed § 247.50, or PPSIs subject only to the Board's regulations implementing the tying prohibition in section 4(a)(8) of the Act (12 U.S.C. 5903(a)(8)) and subpart E of the proposed rule.

Control. The Board is defining ''control'' such that a person would control another person if: (1) the person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person; (2) the person controls in any manner the election of a majority of the directors or trustees of the other person; or (3) the

[12] The Board is concurrently proposing regulations to implement applications procedures for insured State member banks seeking approval for a subsidiary to issue payment stablecoins.

[13] The definitions in proposed § 247.2 describe only terms used in proposed part 247. These definitions do not interpret terms for purposes of any other statute or regulation and are not issued pursuant to section 3(d) of the GENIUS Act (12 U.S.C. 5902(d)).

Board determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person. Like the definition of ''affiliate,'' the proposed definition of ''control'' is similar to the definition in the BHC Act.

This approach is consistent with the statutory definitions in the GENIUS Act. The GENIUS Act and § 247.2 of the proposed rule define the term ''subsidiary'' by reference to the definition of ''subsidiary'' in the Federal Deposit Insurance Act, which states that a subsidiary includes any company which is owned or controlled directly or indirectly by another company.[14] In the Federal Deposit Insurance Act, the term ''control'' is defined by reference to the BHC Act.[15] The Board's Regulation Y sets out the Board's presumptions of control and noncontrol under the controlling influence prong of the BHC Act definition of ''control.''[16] The Board would interpret the term ''control'' in a manner that is consistent with the definition in the Board's Regulation Y, 12 CFR 225.2(e).

Covered shareholder. The Board is proposing to define the term ''covered shareholder'' to mean a person (i) who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold the power to vote 25 percent or more of any class of voting securities of an entity; (ii) who controls in any manner the election of a majority of the entity's board of directors; or (iii) that the Board determines has the power, directly or indirectly, to exercise a controlling influence over the management or policies of an entity. A person is presumed to exercise a controlling influence over the management or policies of an entity if such person, directly or indirectly or acting in concert with one or more persons, together with members of their immediate family, will own, control, or hold the power to vote 10 percent or more of any class of voting securities of an entity. This definition is relevant to the insider and affiliate transaction risk management standards. This definition is derived from the definition of ''controlling shareholder'' in the Board's Regulation Y, 12 CFR 225.2(n)(1), but includes certain additional changes and a rebuttable presumption to align with the definition of ''principal shareholder'' in Regulation O (12 CFR part 215).

Customer. The Board is proposing to define the term ''customer'' to mean a person that purchases (through any consideration) the products or services of another person. This term appears in a variety of different contexts in the proposed rule, so the Board has proposed a broad definition for the term. The definition for purposes of the proposed rule is not intended to affect any customer identification program or customer due diligence rules, any definition of ''United States customer'' under the Act, or any requirement on foreign payment stablecoin issuers under section 18(a)(3) of the Act.

Deposit. The Board is proposing to define the term ''deposit'' to have the same meaning as deposit in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(*l*)).

Deposit liability. The Board is proposing to define the term ''deposit liability'' to mean the liability issued by an insured depository institution (including an insured credit union) to a depositor (or member) in respect of any amount standing to the credit of a deposit account (or share account), which is a liability to a depositor (or member) from the perspective of the insured depository institution.

Depository institution. The Board is proposing to define the term ''depository institution'' to mean (1) any depository institution, as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)) or (2) any credit union. The Board is proposing this definition to improve clarity because, although the GENIUS Act uses the term ''depository institution,'' it is not defined in section 2 of the Act (12 U.S.C. 5901). Section 11(g) of the Act (12 U.S.C. 5911(g)) does, however, refer to the Federal Deposit Insurance Act's definition.[17] The Board believes that incorporating this definition will promote clarity and consistency. Under the Federal Deposit Insurance Act, the term ''depository institution'' means any bank or savings association, which are both defined terms under that statute, and would be incorporated herein to determine whether an institution is a depository institution for purposes of proposed part 247. The Board is proposing to include a reference to credit unions consistent with the approach that the GENIUS Act took with respect to the definition of ''insured depository institution,'' defined below, and which explicitly includes insured credit unions.

Digital asset. The Board is proposing to define the term ''digital asset'' as provided in section 2(6) of the GENIUS Act (12 U.S.C. 5901(6)). Under the proposed rule, the term ''digital asset'' would mean any digital representation of value that is recorded on a cryptographically secured distributed ledger.

Director. The Board is proposing to define the term ''director'' for purposes of this proposed part to mean an individual who serves on the board of directors of an entity, except an advisory director who (1) is not elected by the shareholders of the entity, (2) does not have the authority to vote on matters before the board of directors or any committee of the board of directors, and (3) provides solely general policy advice to the board of directors or any committee. This definition largely aligns with that in 12 CFR 215.2(d). As described above, to address the various organizational forms used by entities, including those that do not have a traditional board of directors, the Board is proposing to define the term ''board of directors'' in this proposed part to include a group of individuals that serve the nearest equivalent function of acting as the governing body of the entity.

Distributed ledger. The Board is proposing to define the term ''distributed ledger'' as provided in section 2(8) of the GENIUS Act (12 U.S.C. 5901(8)), with certain technical edits. The proposed rule would define the term ''distributed ledger'' to mean technology in which (1) data is shared across a network that creates a public digital ledger of verified transactions or information among network participants, and (2) cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions. The proposed definition reformats the definition in the GENIUS Act by using numbering to distinguish between the two components of the definition. The formatting changes are technical and do not have a substantive effect on the definition.

Eligible deposit claim. The Board is proposing to define the term ''eligible deposit claim'' to mean:

(1) the insured or uninsured claim of a PPSI against an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution) other than an insured credit union in respect of any amount standing to the credit of a deposit account and payable on demand, which is an asset from the

[14] *See* 12 U.S.C. 5901(32) (''The term 'subsidiary' has the meaning given that term in [12 U.S.C. 1813].''); *see also* 12 U.S.C. 1813(w)(4).

[15] 12 U.S.C. 1813(w)(5).

[16] *See* 12 CFR part 225, subpart D.

[17] The proposed definition of ''depository institution'' for purposes of part 247 would not affect the meaning of the term under section 11(g) of the GENIUS Act (12 U.S.C. 5911(g)).

perspective of the depositor, including a Board-supervised PPSI; and

(2) the insured claim of a PPSI against an insured credit union in respect of any amount standing to the credit of a share account, which is an asset from the perspective of the accountholder, including a Board-supervised PPSI.

Fair value. The Board is proposing to include a definition of the term ''fair value'' in the rule. As proposed, the term ''fair value'' would mean the fair value as determined under GAAP.[18] Fair value is used in proposed § 247.11 in describing proposed reserve requirements.

FDIC. The Board is proposing to define FDIC to mean the Federal Deposit Insurance Corporation. This accords with the definition of ''Corporation'' in section 2(5) of the GENIUS Act (12 U.S.C. 5901(5)). The Board has opted not to use the term ''Corporation'' to describe the FDIC because that term is used more broadly in the definition of person, discussed below.

GAAP. The Board is proposing to include a definition of the term GAAP in the rule. The proposed rule would define the term ''GAAP'' to mean the generally accepted accounting principles as used in the United States. GAAP is used in the definition of fair value and proposed subpart B. The proposed definition of ''GAAP'' is the same as that in 12 CFR part 217.

GDP growth adjustment. The Board is proposing to define the term ''GDP growth adjustment'' to mean the most recent annual scalar published by the Board equal to the greater of (1) the ratio of (i) the average of nominal U.S. gross domestic product (GDP) in the three calendar years prior to the publication of the scalar, as reflected by the most current estimates published by the Bureau of Economic Analysis on or before September 30th of the year of the publication of the scalar, or a comparable value; to (ii) the average of nominal U.S. GDP in the three calendar years prior to the effective date of a final rule, as reflected by the most current estimates published by the Bureau of Economic Analysis; or (2) the GDP growth adjustment published by the Board the prior calendar year.

Immediate family. The Board is proposing to define the term ''immediate family'' to mean the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) residing in the individual's home. This term is relevant to the risk management standards concerning insider and affiliate transactions and is consistent with the definition in Regulation O (12 CFR part 215).

Insider. The Board is proposing to define the term ''insider'' to mean a covered shareholder, an executive officer, a director, or a related interest of or the immediate family member of any of these persons. This term is relevant to the risk management standards concerning insider and affiliate transactions and is adapted from the definition in Regulation O (12 CFR part 215). It has been adapted to make direct reference to the immediate family of a covered shareholder, executive officer, or director to mitigate the risk of an insider engaging in inappropriate transactions to benefit immediate family members.

Institution-affiliated party. The Board is proposing to define ''institution-affiliated party'' as provided in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)). Thus, with respect to a PPSI, the term ''institution-affiliated party'' means any director, officer, employee, or controlling stockholder of the PPSI. This definition is relevant to the Board's enforcement actions pursuant to the GENIUS Act, including but not limited to the Board's back-up enforcement authority over State-qualified PPSIs in unusual and exigent circumstances, as proposed in § 247.50.

Insured depository institution. The Board is proposing to define the term ''insured depository institution'' consistent with the definition of the term in section 2(15) of the GENIUS Act (12 U.S.C. 5901(15)), with certain technical edits that combine the definition of ''insured depository institution'' with the definition of ''insured credit union'' in section 2(14) of the GENIUS Act (12 U.S.C. 5901(14)). As proposed, the term ''insured depository institution'' would mean an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) and an insured credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

Insured State member bank. The Board is proposing to define the term ''insured State member bank'' to mean a State member bank, the deposits of which are insured by the FDIC.

Monetary value. The Board is proposing to define the term ''monetary value'' as provided in section 2(17) of the GENIUS Act (12 U.S.C. 5901(17)). The proposal would define ''monetary value'' to mean a national currency or deposit (which, as discussed above, would have the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(*l*))) denominated in a national currency.

Money. Section 2(18) of the GENIUS Act (12 U.S.C. 5901(18)), defines ''money'' to mean a medium of exchange currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries. This definition is relevant to the definition of national currency (discussed below) and certain reserve assets described in section 4(a)(1)(A)(i) and (iv) of the Act (12 U.S.C. 5903(a)(1)(A)(i) and (iv)). Section 4(a)(1)(A)(i) of the Act (12 U.S.C. 5903(a)(1)(A)(i)) refers to money standing to the credit of an account with a Federal Reserve Bank. Section 4(a)(1)(A)(iv) of the Act (12 U.S.C. 5903(a)(1)(A)(iv)) refers to money received under a repurchase agreement that meets certain requirements. Although the statutory definition of money clearly includes monetary value, it may be unclear at any point in time whether other mediums of exchange have been authorized or adopted by a domestic or foreign government. Moreover, whether a medium of exchange meets this definition may change based on actions of foreign governments or intergovernmental organizations. While it may be relatively clear whether an asset is money standing to the credit of an account with a Federal Reserve Bank, there could be ambiguity as to whether a particular asset is money received under a repurchase agreement. Therefore, to promote clarity and uniformity for purposes of determining whether certain assets would qualify as money under proposed part 247, the Board proposes that it would provide prior confirmation publicly that a medium of exchange (other than those defined as monetary value) meets the definition of ''money'' under the GENIUS Act with respect to Board-supervised PPSIs. Specifically, the Board proposes to define money for purposes of part 247 to mean monetary value and any other medium of exchange that the Board has determined is currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries. The Board expects that it would issue such public determinations, to the extent appropriate, on its own volition or at the request of an interested party.

Nonpublic personal information. The Board is proposing to define the term

[18] *See* discussion of the definition of ''GAAP,'' *infra.*

''nonpublic personal information'' to mean information (i) provided by a customer to a Board-supervised PPSI to obtain a financial product or service, (ii) about a customer resulting from any transaction involving a financial product or service between the Board-supervised PPSI and a customer, or (iii) otherwise obtained by the Board-supervised PPSI in connection with providing a financial product or service to a customer. The proposed definition does not include publicly available information, unless such publicly available information, when combined with other information, would reveal the identity of a customer or would enable access to the customer's account.

OCC. The Board is proposing to substitute the term ''OCC'' for the term ''Comptroller'' as defined in section 2(4) of the GENIUS Act (12 U.S.C. 5901(4)). Under the proposed rule, the term ''OCC'' would be defined to mean the Office of the Comptroller of the Currency.

Officer. The Board is proposing to define ''officer'' to mean the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term would include any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation. The term ''officer'' also includes any other person identified by the Board or appropriate Federal Reserve Bank, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the entity. This definition is generally consistent with the definition of senior executive officer in 12 CFR 225.71(c).

Outstanding issuance value. The Board is proposing to define the term ''outstanding issuance value'' to mean the total consolidated par value of all of a PPSI's outstanding payment stablecoins. This would include the combined total par value of different brands of payment stablecoins issued by the PPSI (*e.g.,* under a white label arrangement) to the extent that such an arrangement complies with proposed 12 CFR part 247. The proposed definition includes the defined term ''payment stablecoin'' and should be read consistent with that definition, discussed below. For purposes of calculating the outstanding issuance value, the Board believes that a digital asset that is, or is designed to be, used as a means of payment or settlement but for which there is not yet an obligation to convert, redeem, or repurchase for a fixed amount of monetary value should not be included in the calculation. A digital asset minted (*i.e.,* created on a blockchain) by a PPSI to be a payment stablecoin would not be included in the calculation of outstanding issuance value until the obligation to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value is incurred. Similarly, once a PPSI permanently removes a payment stablecoin from circulation (*e.g.,* burns the payment stablecoin) the digital asset would cease to be included in the calculation of outstanding issuance value. Payment stablecoins for which holder access has been restricted pursuant to applicable law, regulation, or court order remain payment stablecoins because the PPSI's obligation to convert, redeem, or repurchase for a fixed amount of monetary value continues and the associated reserves are maintained in segregated accounts pending resolution of the restriction. Likewise, if a PPSI repurchased a payment stablecoin but did not burn the payment stablecoin, the stablecoin in the PPSI's inventory would not be part of the PPSI's outstanding issuance value (but would become part of the outstanding issuance value if the PPSI subsequently put the payment stablecoin back into circulation). Therefore, the proposed definition of ''outstanding issuance value'' only includes payment stablecoins for which the PPSI is obligated to convert, redeem, or repurchase for a fixed amount of monetary value (generally the issued payment stablecoins in circulation).

The Board also considered whether the proposed ''outstanding issuance value'' definition should include only those payment stablecoins issued by a PPSI, or also the payment stablecoins issued by the PPSI's non-consolidated affiliates.[19] The Board determined that it was appropriate to limit the proposed definition to include only the payment stablecoins issued by a PPSI (and consolidated subsidiaries). The Board believes that the proposed definition would scope in the appropriate PPSIs to the relevant provisions regarding reserve assets,[20] the frequency of examinations,[21] required audits,[22] transition to the Federal regulatory framework,[23] and minimum capital requirements[24] without being overly expansive and that it best aligns with the language in the statute. Notwithstanding the proposed definition of ''outstanding issuance value,'' non-consolidated affiliates of a PPSI that issue payment stablecoins would separately need to comply with the requirements of the Act.

Payment stablecoin. The Board is proposing to define the term ''payment stablecoin'' consistent with the definition of the term in section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)). Under the proposal, the term ''payment stablecoin'' would mean a digital asset (i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the issuer of which (A) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (B) represents that such issuer will maintain, or creates the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value.[25] For a digital asset to be a payment stablecoin under proposed part 247, the PPSI must be obligated to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value.

The proposed definition also provides that a ''payment stablecoin'' does not include a digital asset that is a (i) national currency; (ii) deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology; or (iii) security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2), except that, for the avoidance of doubt, ''no bond, note, evidence of indebtedness, or investment contract that was issued by a [PPSI] shall qualify as a security solely [because the issuer satisfies] the conditions in [paragraph (1) of the proposed ''payment stablecoin'' definition], consistent with section 17 of the Act.''

Permitted payment stablecoin issuer or *PPSI.* The Board is proposing to define the term ''permitted payment stablecoin issuer'' or ''PPSI'' as having the meaning set forth in section 2 of the GENIUS Act (12 U.S.C. 5901(23)). This term is used to refer to all PPSIs, not only those supervised by the Board. This broader set of PPSIs is particularly relevant to subpart E, which applies to

[19] As noted above, the definition of ''outstanding issuance value'' includes the consolidated value of issued payment stablecoins.

[20] *See* proposed § 247.11.

[21] *See* proposed § 247.14.

[22] *See id.*

[23] *See* proposed § 247.51(b)

[24] *See* proposed §§ 247.15–18.

[25] The Board interprets the statutory language in 12 U.S.C. 5901(22) to mean that the PPSI would be obligated to meet redemption requests at par.

all PPSIs, but is also relevant to subpart C of part 247 and amendments to the Board's Regulation Q (12 CFR part 217) and Regulation Y (12 CFR part 225), discussed in sections II.F and II.G.3 of this **SUPPLEMENTARY INFORMATION**, respectively. Defining this term by cross reference to the GENIUS Act would ensure ongoing alignment between the regulatory and statutory definitions.

Person. The Board is proposing to define the term ''person'' as the term is defined in section 2(24) of the GENIUS Act (12 U.S.C. 5901(24)). As proposed, the term ''person'' would mean an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

Primary Federal payment stablecoin regulator. The Board is proposing to define the term ''primary Federal payment stablecoin regulator'' as that term is defined in section 2(25) of the GENIUS Act (12 U.S.C. 5901(25)).

Principal shareholder. The Board is proposing to define the term ''principal shareholder'' to mean a person (i) who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold the power to vote 10 percent or more of any class of voting securities of an entity; or (ii) any person that the Board determines has the power, directly or indirectly, to exercise a controlling influence over the management or policies of an entity. This definition is used in the applications provisions in subpart D of the proposed rule, which the Board is concurrently proposing. This definition is substantially similar to the definition in the Interagency Biographical and Financial Report—FR 2081c instructions and the Board's Regulation Y (12 CFR 225.2(n)(2)).

Private key. The Board is proposing to define the term ''private key'' to mean the unique alphanumeric sequence that allows an individual to transfer a particular unit of a digital asset using a distributed ledger. This definition is intended to include shards of a private key.[26]

Publicly available information. The Board is proposing to define the term ''publicly available information'' to mean any information that a person has a reasonable basis to believe is lawfully made available to the general public from: (1) Federal, State, or local government records; (2) widely distributed media; (3) disclosures to the general public that are required to be made by Federal, State, or local law; or (4) a distributed ledger.[27]

Registered public accounting firm. The Board is proposing to mirror the definition of ''registered public accounting firm'' as provided in section 2(26) of the GENIUS Act (12 U.S.C. 5901(26)). Under the proposal, the term ''registered public accounting firm'' would mean a registered public accounting firm set forth in section 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(12)).

Related interest. The term ''related interest'' is defined in cross-reference to 12 CFR 215.2(n). At present, that term means (1) a company that is controlled by that person; or (2) a political or campaign committee that is controlled by that person or the funds or services of which will benefit that person. This term is relevant to the risk management standards for insider and affiliate transactions.

Reserve asset. The Board is proposing to define the term ''reserve asset'' to mean an asset maintained by a PPSI of a type enumerated in proposed § 247.11(b). A PPSI may maintain reserve assets as a custodian.

Stablecoin Certification Review Committee. The Board is proposing to define the term ''Stablecoin Certification Review Committee'' as that term is defined in section 2(27) of the GENIUS Act (12 U.S.C. 5901(27)).

State. The Board is proposing to define the term ''State'' as provided in section 2(28) of the GENIUS Act (12 U.S.C. 5901(28)).[28]

State-chartered depository institution. The Board is proposing to define the term ''State-chartered depository institution'' as provided in section 2(29) of the GENIUS Act (12 U.S.C. 5901(29)). Specifically, the proposed rule would define the term ''State-chartered depository institution'' as having the meaning as set forth for ''State depository institution'' in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(5)). This term is particularly relevant with respect to the Board's jurisdiction over State-chartered depository institutions that are PPSIs under sections 2(25)(C) and 4(d) of the Act (12 U.S.C 5901(25)(C) and 5903(d)).

State member bank. The Board is proposing to define the term ''State member bank'' to mean a State-chartered bank, as the term ''bank'' is defined in 12 U.S.C. 221, that has been approved for membership in the Federal Reserve System. This term is similar to the definition of ''State member bank'' as set forth in section 3(d) of the Federal Deposit Insurance Act (12 U.S.C. 1813(d)(2)).

State payment stablecoin regulator. The Board is proposing to define the term ''State payment stablecoin regulator'' as provided in section 2(30) of the GENIUS Act (12 U.S.C. 5901(30)). As such, the Board is proposing to define ''State payment stablecoin regulator'' to mean a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins.

State-qualified payment stablecoin issuer or *State-qualified PPSI.* The Board is proposing to define the term ''State-qualified payment stablecoin issuer'' or ''State-qualified PPSI'' consistent with the definition of that term in section 2(31) of the GENIUS Act (12 U.S.C. 5901(31)).

Subsidiary. The Board is proposing to define the term ''subsidiary'' as provided in section 2(32) of the GENIUS Act (12 U.S.C. 5901(32)). Specifically, the proposed rule would define the term ''subsidiary'' as having the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(4)). Because the term in section 3 of that Federal Deposit Insurance Act relies on the definitions of ''control'' in section 2 of the BHC Act, the Board also proposes to incorporate that definition in proposed part 247, as discussed above.

Trading volume. The Board is proposing to define the term ''trading volume'' to mean the aggregate number of payment stablecoins issued by a PPSI that were purchased or sold on exchanges during a specified period of time.

Voting securities. The Board is proposing to define the term ''voting securities'' by adopting by reference the definition provided in 12 CFR 225.2.

Question 1: Are the definitions in the proposed rule appropriately scoped? How should they be improved? [similar to OCC Question 1]

Question 2: Should the Board define ''acting in concert'' to clarify the term ''principal shareholder'' and ''covered shareholder''? For example, the Board could define the term ''acting in concert'' to mean (i) knowing participation in a joint activity or

[26] Sharding refers to dividing a private key into distinct pieces for enhanced security.

[27] As noted above, the term ''distributed ledger'' is limited to publicly available and accessible ledgers.

[28] United States territories are also referenced in the proposed definition of ''foreign payment stablecoin issuers.'' The GENIUS Act and this proposed part address the potential overlap created by inclusion of territories in both definitions by defining ''foreign payment stablecoin issuers'' to exclude ''permitted payment stablecoin issuers.'' Therefore, if a payment stablecoin issuer is a ''permitted payment stablecoin issuer'' because it is a ''State-qualified payment stablecoin issuer'' that is legally established under the laws of a territory of the United States then by definition it cannot be a ''foreign payment stablecoin issuer.''

parallel action towards a common goal of acquiring control of an entity whether or not pursuant to an express agreement; or (ii) when persons are parties to any agreement, contract, understanding, relationship, agreement, or other arrangement, whether written or otherwise, regarding the acquisition, voting, or transfer of control of voting securities of an entity, other than through a revocable proxy as described in 12 CFR 225.42(a)(5). If the Board should define the term, should the Board incorporate any of the presumptions for acting in concert detailed in 12 CFR 225.41(d) and 238.31(d)? [similar to OCC Question 2]

Question 3: The Board's Regulation Y provides a regulatory framework for implementing the statutory definition of ''control.'' What, if any, clarifications to Board's control framework would be appropriate to address issues specific to PPSIs and, in particular, insured State member banks that seek approval for a subsidiary to issue payment stablecoins? [similar to OCC Question 3]

Question 4: The term ''customer'' is broadly defined to mean a person that purchases (through any consideration) the products or services of another person. Is the scope of this definition too broad? With respect to customers of Board-supervised PPSIs, should the definition expressly include only persons with direct interactions with a Board-supervised PPSI? Alternatively, should the definition include all downstream payment stablecoin holders (i.e., not just customers with direct interactions with the Board-supervised PPSI)? Please address any significant impact or burden the proposed definition or contemplated alternative definitions may have or add given other requirements in the proposed rule, such as the nonpublic personal information risk management standards in proposed § 247.13(b)(5). Because the term is used in several different contexts throughout the proposed rule, should the definition of ''customer'' be refined with respect to certain requirements? [similar to OCC Question 4]

Question 5: Section 2 of the GENIUS Act (12 U.S.C. 5901) does not define ''depository institution.'' However section 2(15) of the Act defines ''insured depository institution'' to include insured credit unions (12 U.S.C. 5901(15)), and section 2(29) of the Act defines ''State-chartered depository institutions'' to exclude credit unions (12 U.S.C. 5901(29)). Is the definition of ''depository institution'' in the proposed rule, which would include credit unions, sufficiently clear? Are there particular types of institutions for which it would be unclear whether the type of institution is a depository institution and which agency is the primary Federal payment stablecoin regulator for the type of institution? What additional clarifications would be helpful? For purposes of the Board's authority under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)) (proposed to be implemented in proposed § 247.51), should the Board consider such provisions to apply to only State-chartered depository institutions that meet the definition of ''State-chartered depository institution'' under the GENIUS Act and proposed part 247? Alternatively, should the Board consider such provisions to apply to any State-chartered institution that is a ''depository institution'' under the proposed definition in part 247, which would capture State-chartered credit unions that are not federally insured? [similar to OCC Question 5]

Question 6: Is the scope of the term ''digital asset'' sufficiently clear? If not, how should it be clarified? [similar to OCC Question 6]

Question 7: The proposed rule does not define the term ''digital asset service provider.'' Is the scope of the term ''digital asset service provider'' under the statute sufficiently clear? If not, how should it be clarified? Are there specific activities that should be expressly excluded from digital asset service provider activities, consistent with the statutory definition? Should additional guidance on the exclusions from the definition of ''digital asset service provider'' or the meaning of ''engaging in the business'' of providing digital asset service provider activities be clarified? If so, how should the Board further clarify these terms? Should the Board clarify that only the provision of financial services that directly relate to digital asset issuance would result in an entity becoming a digital asset service provider? [similar to OCC Question 7]

Question 8: Is the term ''director'' sufficiently clear? Is it clear which types of persons may be excepted from the definition as ''advisory directors?'' How should the Board further clarify the term? [similar to OCC Question 8]

Question 9: Is the term ''distributed ledger'' sufficiently clear? Should the term ''public digital ledger'' be further clarified? What additional clarifications would be helpful? Should certain permissioned or semi-permissioned digital ledgers be considered ''public?'' If so, how should the definition of ''public'' delineate between different types of permissioned or semi-permissioned blockchains? [similar to OCC Question 9]

Question 10: Is scope of the term ''immediate family'' sufficiently clear? If not, how should it be clarified? What are the advantages or disadvantages of referring to children (including adults) ''having their domicile in'' the individual's home in addition to or instead of referring to, as currently proposed, such persons ''residing in'' the individual's home? What are the advantages or disadvantages of removing this phrase entirely, and including in the term an individual's adult children, regardless of their residence or domicile?

Question 11: Is the proposed definition of ''institution-affiliated party,'' which restates the definition in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)), sufficiently clear? Should the Board provide additional clarification regarding the definition for purposes of its enforcement authorities?

Question 12: Is the definition of ''money'' appropriately scoped? Should the Board use the exact language of the statute, instead of using the proposed definition? What indicators should the Board consider when assessing whether instruments that are not ''monetary value,'' as defined in proposed part 247, are ''money?'' [similar to OCC Question 11]

Question 13: Is the term ''nonpublic personal information'' appropriately scoped? How could the term be further refined or clarified? Should the term be defined to be more consistent with the definition of ''nonpublic personal information'' in the Gramm-Leach-Bliley Act (15 U.S.C. 6809(4)(A))? Should the term ''nonpublic personal information'' be broadened to include any information provided by a customer to a Board-supervised PPSI? [similar to OCC Question 12]

Question 14: The term ''outstanding issuance value'' refers to the total consolidated par value of all of a PPSI's outstanding payment stablecoins. Should the definition also include the par value of non-consolidated affiliates? If so, what changes should be made to the reserve asset requirements to ensure the one-to-one requirement is met across all affiliated entities? [similar to OCC Question 13]

Question 15: Is the term ''payment stablecoin'' sufficiently clear? If not, how should the definition be amended to provide additional clarity as to whether a particular stablecoin is a ''payment stablecoin'' under the Act? Please describe the types of stablecoins that the Board should clarify do not meet the definition of a ''payment stablecoin'' under the Act and therefore would be outside the scope of the Act's coverage. Should there be additional clarity around what it means that a payment stablecoin is a digital asset *"that is, or is designed to be, used as a means of payment or settlement?" For example, are there certain settlement scenarios that the Board should clarify are not "designed to be, used as a means of payment or settlement?" [similar to OCC Question 14]*

Question 16: Is the exclusion of a digital asset that "is a deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology" from the definition of "payment stablecoin" sufficiently clear? Should the Board clarify which tokenized products this exclusion may apply to? [similar to OCC Question 15]

Question 17: Section 2 of the GENIUS Act (12 U.S.C. 5901) does not exclude insured shares from the definition of "payment stablecoin." Should insured shares be excluded in the implementing regulations? [similar to OCC Question 16]

Question 18: Are the terms "Board-supervised PPSI" and "PPSI" sufficiently clear, including the distinction between the terms? How should either definition be amended to provide additional clarity regarding the application of proposed part 247? [similar to OCC Question 17]

Question 19: Is the term "person" sufficiently clear? Should the Board further clarify the definition, including with respect to the meaning of "association" or other components of the definition? [similar to OCC Question 18]

Question 20: Is the term "private key" sufficiently clear? How could the term be further clarified? Should the Board define the term to mean the unique alphanumeric sequence that allows an individual to prove ownership of an account on a distributed ledger, including for the purpose of transferring a particular unit of a digital asset? [similar to OCC Question 19]

Question 21: Should the definition of "principal shareholder," "covered shareholder," or any other definitions explicitly incorporate governance instruments other than securities providing voting rights with respect to the activities of the issuer? In particular, are there governance instruments that may not qualify as securities that the Board should incorporate or instruments common to partnerships that the Board should consider incorporating? [similar to OCC Question 20]

Question 22: Is the term "senior management" as used in proposed part 247 sufficiently clear? Should the Board define the term, for example, to include all or a select subset of officers? [similar to OCC Question 21]

Question 23: The GENIUS Act does not define "payment stablecoin holder." Should the Board define the term? If so, should the Board define the term to mean the person that beneficially owns the payment stablecoin? Should the Board instead define the term based on possession via digital wallets or control of cryptographic keys? What considerations relating to custody should the Board bear in mind if it chooses to define the term? What interactions with other requirements in the proposed rule should the Board consider if it chooses to define the term? [similar to OCC Question 22]

Question 24: Should the Board refine the definition of trading volume? Should the term be limited to trades that occur on exchanges? Should it include transactions that occur outside of an exchange? Should the Board define "exchange" for purposes of this definition? If so, should the Board define it to mean a person engaged in the business of making a market in digital assets (including payment stablecoins)? Should any definition include decentralized exchanges? What impediments are there to PPSIs collecting data concerning trading volume? [similar to OCC Question 23]

Question 25: Should the Board define "United States customer" to mean a customer that resides in the United States, as proposed, or use a different definition? For example, should the definition be limited to United States citizens, regardless of where they reside? Should it be revised to include both citizens and residents of the United States? Should the definition be limited to permanent residents of the United States? Should the Board consider other regulatory definitions, like the definitions of "U.S. person" under the SEC's Regulation S (17 CFR 230.902(k)) or CFTC's cross-border rules (17 CFR 23.23(a)(23))? [similar to OCC Question 24]

3. Severability (Proposed § 247.3)

Proposed § 247.3 would provide that the provisions of this proposed part 247 are separate and severable from one another. If any provision is stayed or determined to be invalid, it is the Board's intention that the remaining provisions shall continue in effect. If a provision of the rule were found to be invalid, the Board anticipates that it would evaluate whether any re-proposal of the rule is appropriate. The Board is proposing to include the severability clause to ensure that, in the event any particular provision of the proposed rule is held to be invalid, the remainder of the rule would continue in effect, providing clarity for market participants on how to comply with the Board's regulations implementing the GENIUS Act pending any re-proposal.

The Board generally intends all of its rulemakings to be severable to the extent portions of the rule are determined to be invalid regardless of the presence of a severability clause. The Board is proposing to include an explicit severability clause to this rulemaking given the novelty and scope of the GENIUS Act and the importance of ensuring as much certainty as possible for the regulatory framework for payment stablecoins.

B. Subpart B—Rules Applicable to Board-Supervised Permitted Payment Stablecoin Issuers

1. Permissible and Prohibited Activities (proposed § 247.10)

a. Permissible Activities

Permitted Activities. Section 4(a)(7) of the GENIUS Act (12 U.S.C. 5903(a)(7)) sets forth the list of activities in which a PPSI may engage. Additionally, section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)) outlines certain additional activities and investments in which entities regulated by the Board, including Board-supervised PPSIs, may engage.

Consistent with the statute, the Board is proposing to mirror the permitted activities from section 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) in proposed § 247.10(a)(1) through (4), which include: (1) issuing payment stablecoins; (2) redeeming payment stablecoins; (3) managing reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with applicable State and Federal law;[29] and (4) providing custodial or safekeeping services for payment stablecoins, required reserves, or private keys of stablecoins consistent with the GENIUS Act, as implemented in proposed subpart C. The permitted activities would not include lending or issuing

[29] For the avoidance of doubt, it is permissible for Board-supervised PPSIs (i) to retain an asset manager in connection with the activities specified in proposed § 247.10(a)(3), and (ii) to place funds in exchange for eligible deposit claims against an insured depository institution, as that term is defined in proposed § 247.2. These activities are inherent in the activities described in section 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) and proposed § 247.10(a)(3). *See also* 12 U.S.C. 5903(a)(7)(A)(v) and proposed § 247.10(a)(7). Such activity is also explicitly recognized in section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)).

payment stablecoins as the proceeds of a loan.

In addition to the activities outlined in section 4(a)(7) of the GENIUS Act (12 U.S.C. 5903(a)(7)), for the sake of clarity, proposed § 247.10(a)(5) provides that Board-supervised PPSIs may assess fees that are associated with purchasing or redeeming payment stablecoins. This power is inherent in the activities described above and is explicitly recognized in section 4(a)(1)(B)(ii) of the Act (12 U.S.C. 5903(a)(1)(B)(ii)).

The Board also proposes to include the permitted activities identified in section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), namely ''acting as principal or agent with respect to any payment stablecoin and pay[ing] fees to facilitate customer transactions'' in payment stablecoins.[30] The Board notes that the scope of section 16(b) of the Act (12 U.S.C. 5915(b)) is limited by the clause that provides that entities regulated by the primary Federal payment stablecoin regulators are ''authorized to engage in the payment stablecoin activities and investments contemplated by this Act . . . .'' Accordingly, for Board-supervised PPSIs, ''acting as principal or agent with respect to any payment stablecoin'' is permissible within the limited set of authorities otherwise prescribed by the GENIUS Act rather than, for example, any activity that may be conducted as principal or agent (*i.e.,* any activity involving a payment stablecoin), such as lending or issuing payment stablecoins as the proceeds of a loan. Therefore, proposed § 247.10(a)(6)(i) would implement this statutory provision by stating that Board-supervised PPSIs may, in connection with payment stablecoin activities and investments contemplated by the GENIUS Act, act as principal or agent with respect to any payment stablecoin. Under this provision, Board-supervised PPSIs may hold and transact in payment stablecoins as principal or agent in connection with permissible activities. Payment stablecoins are not, however, a permitted reserve asset in proposed § 247.11.[31] To the extent an entity, including a Board-supervised PPSI, is a ''digital asset service provider,'' as defined in section 2(7) of the GENIUS Act (12 U.S.C. 5901(7)), such entity must also comply with the prohibitions outlined in section 3(b) of the GENIUS Act (12 U.S.C. 5902(b)), and any regulations issued thereunder by the Department of the Treasury. For avoidance of doubt, acting as a custodian is permissible as an agency activity.

Consistent with section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), proposed § 247.10(a)(6)(ii) would allow Board-supervised PPSIs to pay fees to facilitate customer transactions (*e.g.,* network or ''gas'' fees). The Board recognizes that if a Board-supervised PPSI is paying fees on certain distributed ledgers, the Board-supervised PPSI may have to hold non-payment stablecoin digital assets to facilitate the payment of these fees.[32] If a Board-supervised PPSI's payment stablecoin operates on a blockchain that assesses such fees, then the Board-supervised PPSI may (i) pay fees to facilitate customer transactions, and (ii) hold as principal non-payment stablecoin digital assets necessary to pay such fees, provided that such principal holdings shall not exceed quantities that are reasonably expected to meet near-term demand for the payment of fees.

Further, and consistent with section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), proposed § 247.10(a)(6)(iii) would clarify the authority of Board-supervised PPSIs to hold non-payment stablecoin digital assets as principal necessary for testing a distributed ledger.[33] Proposed § 247.10(a)(6)(iii) would provide that Board-supervised PPSIs may, in connection with payment stablecoin activities and investments contemplated by the GENIUS Act, (i) pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms and (ii) hold as principal non-payment stablecoin digital assets necessary to pay such fees, provided that such principal holdings shall not exceed quantities reasonably expected to be necessary for near-term testing of a distributed ledger-based platform. Consistent with the Act, such digital assets are not permitted reserve assets in proposed § 247.11.

Additionally, proposed § 247.10(a)(7) provides that a Board-supervised PPSI may undertake any other activities that directly support any of the activities in proposed § 247.10(a)(1) through (4), which is explicitly provided for in section 4(a)(7)(A)(v) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)(v)). To the extent that Board-supervised PPSIs are unclear about whether an activity qualifies as activity that directly supports the activities in proposed § 247.10(a)(1) through (a)(4), the Board encourages issuers to ask the Board directly whether an activity is permissible.

Rule of Construction. Section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)) contains a ''rule of construction'' stating that ''nothing in'' section 4(a) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) ''shall limit a [PPSI] from engaging in payment stablecoin activities or digital asset service provider activities specified by [the GENIUS Act], and activities incidental thereto, that are authorized by the primary Federal payment stablecoin regulator or the State payment stablecoin regulator, as applicable, consistent with all other Federal and State laws, provided that the claims of payment stablecoin holders rank senior to any potential claims of non-stablecoin creditors with respect to the reserve assets, consistent with section 11 [of the GENIUS Act].''

Section 4(a)(7)(B) of the Act (12 U.S.C. 5903(a)(7)(B)) states that regulators may only approve additional activities to the extent ''consistent with all other Federal and State laws,'' without amending such laws. For the avoidance of doubt, the Board interprets the phrase ''consistent with all other Federal or State laws'' in section 4(a)(7)(B) of the GENIUS Act to limit PPSIs to engaging under this authority only in those payment stablecoin, digital asset service provider, or incidental activities that are otherwise permitted under the Federal and State laws applicable to the PPSI, including on the basis of its charter or

[30] Section 16(b) of the Act provides, ''Entities regulated by the primary Federal payment stablecoin regulators are authorized to engage in the payment stablecoin activities and investments contemplated by this Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions.'' 12 U.S.C. 5915(b). The activities authorized under section 16(b) include, for example, acting as an agent for a customer with respect to the redemption of a payment stablecoin issued by a third party. The activities authorized under section 16(b), as described in this section II.1.a of the **SUPPLEMENTARY INFORMATION**, are also permissible for other entities regulated by the Board, including State member banks, uninsured State branches and State agencies of foreign banks, Edge and agreement corporations, and depository institution holding companies, as discussed in greater detail in section II.G of this **SUPPLEMENTARY INFORMATION**.

[31] *See* 12 U.S.C. 5903(a)(1) (setting forth permissible reserve assets).

[32] *Cf.* OCC Interpretive Letter 1186 (November 18, 2025).

[33] The holding of digital assets as principal to the extent necessary to conduct testing of digital asset-related platforms is a permissible activity for national banks, *see* OCC Interpretive Letter 1186 (November 18, 2025), and therefore also for State member banks, provided it is permitted under applicable State law. 12 U.S.C. 330, 1831a. For the avoidance of doubt, the Board believes that Board-supervised PPSIs also may hold non-payment stablecoin digital assets as principal as an activity under the proposed § 247.10(a)(7), as an activity which directly supports any of the activities in proposed § 247.10(a)(1) through (4). Such an activity may be necessary to ensure that the Board-supervised PPSI may operate safely and effectively on a distributed ledger.

affiliations.[34] In contrast to section 4(a)(7)(A) of the Act (12 U.S.C. 5903(a)(7)(A)), which affirmatively lists permissible activities, section 4(a)(7)(B) (12 U.S.C. 5903(a)(7)(B)) begins with ''nothing in subparagraph (A) shall limit . . . ,'' which indicates that section 4(a)(7)(B) is being utilized to clarify or prevent misinterpretation, rather than to grant new authority to conduct activities.

The Board interprets the reference to ''payment stablecoin activities . . . specified by this Act'' in section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)) to refer only to the activities listed in the preceding paragraph, section 4(a)(7)(A) of the Act (12 U.S.C. 5903(a)(7)(A)). The Board interprets ''digital asset service provider activities specified by this Act'' to refer only to the activities listed in the definition of digital asset service provider in section 2(7)(A) of the Act (12 U.S.C. 5901(7)(A)). Under section 4(a)(7)(B) of the Act (12 U.S.C. 5903(a)(7)(B)), permissibly authorized activities may also include activities that are ''incidental'' to payment stablecoin and digital asset service provider activities. Under the GENIUS Act, PPSIs may not engage in activities that are ''incidental'' to any activities not listed in sections 2(7)(A) and 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5901(7)(A), 5903(a)(7)(A)). For the avoidance of doubt, a Board-supervised PPSI may not engage in activities incidental to those described in section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)) or proposed § 247.10(a)(5) through (6).

Accordingly, pursuant to proposed § 247.10(b), a Board-supervised PPSI may conduct an activity that is outside the activities listed in proposed § 247.10(a) only if (i) the proposed activity is (A) incidental to the activities specified in proposed § 247.10(a)(1) through (4) and § 247.10(a)(7), or (B) is a digital asset service provider activity specified in section 2(7)(A) of the Act (12 U.S.C. 5901(7)(A)) or activities incidental thereto; (ii) the activity is permissible under applicable State and Federal laws; (iii) the activity is expressly authorized by the Board; and (iv) the claims of payment stablecoin holders rank senior to any potential claims of non-stablecoin creditors with respect to the reserve assets, consistent with section 11 of the GENIUS Act.[35] As a result of prong (ii), a Board-supervised PPSI that is a subsidiary of a insured State member bank would only be authorized by the Board to conduct activities under section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)) if the activity is permissible for a subsidiary of an insured State member bank under (i) applicable State law and (ii) applicable Federal law, including under section 24 of the Federal Deposit Insurance Act (12 U.S.C. 1831a).

In general, the Board expects that Board-supervised PPSIs will not incur material liabilities other than payment stablecoin liabilities or maintain significant assets other than those listed in proposed § 247.11(b) without the Board's express, written permission. While Board-supervised PPSIs are permitted to own other assets pursuant to proposed § 247.10(a)(6)(iv), and potentially also under proposed § 247.10(a)(7) and (b), the Board generally expects these assets to be limited in quantity relative to assets permitted under proposed § 247.11(b). Under proposed subpart D of part 247, the Board will review the business plan of a proposed Board-supervised PPSI, including its projected assets and liabilities, prior to deciding on an application from an insured State member bank for its subsidiary to issue payment stablecoins. The Board expects to include a condition in any such approval that the Board-supervised PPSI may not, without the prior written approval of the Board, cause or permit any change in the general character of its business following its approval under proposed subpart D of part 247. A change in the general character of a Board-supervised PPSI could include, for example, incurring any material liabilities other than payment stablecoin liabilities, or significant assets other than those listed in proposed § 247.11(b) that were not approved as part of the initial business plan.

Question 26: Are there activities not contemplated in the proposed § 247.10 that Board-supervised PPSIs must be able to engage in for purposes of the GENIUS Act? If so, please describe them and any appropriate limits for these additional activities. [similar to OCC Question 25]

Question 27: The **SUPPLEMENTARY INFORMATION** *clarifies that it is permissible for Board-supervised PPSIs to retain an asset manager in connection with the activities specified in § 247.10(a)(3). What additional clarification, if any, would be necessary or beneficial regarding the permissibility of such an arrangement? [similar to OCC Question 26]*

Question 28: Are there other limits or conditions the Board should consider with respect to Board-supervised PPSIs acting as principal or agent with respect to any payment stablecoin? Should the Board specify the activities contemplated under the GENIUS Act for which a Board-supervised PPSI may act as principal or agent in payment stablecoins under section 16(b) of the Act (12 U.S.C. 5915(b))? [similar to OCC Question 27]

Question 29: Do Board-supervised PPSIs need to hold digital assets other than payment stablecoins for other purposes beyond paying fees or testing a distributed ledger? If so, under what circumstances would a Board-supervised PPSI need to hold such assets? [similar to OCC Question 28]

Question 30: The proposed rule provides that a Board-supervised PPSI may not hold non-payment stablecoin digital assets in a quantity that exceeds what is reasonably expected to be necessary to meet near term demand for the payment of fees or near-term testing of a distributed ledger-based platform. What are the benefits and drawbacks of codifying this limitation? Should the Board calibrate the limitation differently, including by capping it to a percentage of assets or a certain value threshold? [similar to OCC Questions 29 and 33]

Question 31: Should there be any limit on what methods of payment a Board-supervised PPSI can accept when assessing fees, including fees associated with the purchasing or redeeming of stablecoins? Should the final rule include provisions addressing a Board-supervised PPSI's potential assessment of fees in digital assets other than payment stablecoins and how long Board-supervised PPSIs can hold onto such digital assets? Are there specific forms of payment outside of fiat and payment stablecoin that a Board-supervised PPSI will need to accept and that the Board should provide additional clarity on? [similar to OCC Question 30]

Question 32: Proposed § 247.10(b) provides the Board's interpretation of the rule of construction in section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)). Should the Board include an approval process for such activities? Should the Board interpret the phrase ''digital asset service provider activities specified by this Act'' to include the

[34] As a result of this interpretation, PPSIs that are part of a bank holding company or a savings and loan holding company will, regardless of their primary Federal or State payment stablecoin regulator, generally be limited to conducting only those activities permitted under the BHC Act or HOLA, as applicable.

[35] In evaluating whether to authorize activities under proposed § 247.10(b), the Board may consider, for example, the extent to which claims of creditors that are not stablecoin holders are subordinated to stablecoin holders' claims on stablecoin reserve assets and other assets of the Board-supervised PPSI.

activities in section 2(7)(B) of the Act? What are the benefits and drawbacks of such an interpretation? [similar to OCC Question 31]

Question 33: Should the Board clarify proposed § 247.10(a)(7) by providing further examples of activities that directly support the activities in proposed § 247.10(a)(1) through (4)? Are there specific examples of activities that directly support the activities listed in proposed § 247.10(a)(1) through (4) that should be clarified? Should the Board distinguish between what it means for an activity to directly support the activities in proposed § 247.10(a)(1) through (4), and therefore, satisfy the test in proposed § 247.10(a)(7), as opposed to what it means for an activity to be incidental to payment stablecoin activities provided in Section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B))? [similar to OCC Question 32]

Question 34: Should the Board explicitly provide that managing foreign exchange risk is a permissible activity for any Board-supervised PPSI that issues payment stablecoins that are denominated in a national currency other than the U.S. dollar? If so, should the Board include limitations on the activity (e.g., that the Board-supervised PPSI may not over-hedge its position and may not use foreign exchange risk management as a pretext to engage in speculation)? If the Board permits this activity, what requirements should the Board impose to mitigate risks? For example, should there be a capital add-on for foreign exchange risk? [similar to OCC Question 34]

Question 35: Should the Board explicitly prohibit Board-supervised PPSIs from incurring material liabilities other than stablecoin liabilities, or maintaining significant assets other than assets permitted under proposed § 247.11(b)? Under what circumstances might a Board-supervised PPSI incur material liabilities other than stablecoin liabilities? Under what circumstances might a Board-supervised PPSI maintain significant assets other than assets permitted under proposed § 247.11(b)? Should the Board require any Board-supervised PPSI with material liabilities other than stablecoin liabilities, or significant assets other than assets permitted under proposed § 247.11(b) to keep all of its reserve assets in a wholly owned subsidiary with no liabilities of its own, the assets of which secure stablecoin liabilities of the Board-supervised PPSI, as discussed in section II.B.2.a of this **SUPPLEMENTARY INFORMATION***?*

b. Prohibited Activities

The GENIUS Act also prohibits PPSIs from engaging in certain activities under the prohibition on rehypothecation in section 4(a)(2) (12 U.S.C. 5903(a)(2)), the prohibition on the use of deceptive names in section 4(a)(9) (12 U.S.C. 5903(a)(9)), the prohibition against misrepresenting insured status in section 4(e) (12 U.S.C. 5903(e)), and the prohibition on paying remuneration in section 4(a)(11) (12 U.S.C. 5903(a)(11)).

Prohibition on the Use of Deceptive Names. In proposed § 247.10(c)(1), the Board mirrors the prohibition on the use of a deceptive name in section 4(a)(9) of the GENIUS Act (12 U.S.C. 5903(a)(9)). This provision prohibits a Board-supervised PPSI from using any combination of terms relating to the U.S. Government, including ''United States,'' ''United States Government,'' and ''USG,'' in the name of the payment stablecoin. This prohibition does not apply to abbreviations relating directly to the currency to which the payment stablecoin is pegged, such as ''USD.''

Prohibition on Deceptive Marketing of Payment Stablecoins. Consistent with section 4(a)(9) of the GENIUS Act (12 U.S.C. 5903(a)(9)), proposed § 247.10(c)(2) would prohibit Board-supervised PPSIs from marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be legal tender as described in 31 U.S.C. 5103, issued by the United States, or guaranteed or approved by the Government of the United States, including the FDIC or NCUA. The Board recognizes that Board-supervised PPSIs may want to market themselves as PPSIs regulated under the GENIUS Act. Neither section 4(a)(9) of the Act nor proposed § 247.10(c)(2) would prohibit Board-supervised PPSIs marketing themselves in this manner in connection with marketing their payment stablecoins or stressing that their stablecoin liabilities are 100 percent or more backed by reserve assets permitted by the GENIUS Act including very short-term U.S. Government securities, if true. However, Board-supervised PPSIs must ensure that they do not run afoul of the prohibitions outlined in proposed § 247.10(c)(1) and (2), including the prohibition against marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be guaranteed, issued, or approved by the United States, including the FDIC or NCUA.[36]

Prohibition on Deceptive Representations. Consistent with section 4(e) of the GENIUS Act (12 U.S.C. 5903(e)), proposed § 247.10(c)(3) would provide that a Board-supervised PPSI must not directly or through implication represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the U.S. Government, or subject to Federal deposit insurance or Federal share insurance. As stated above, Board-supervised PPSIs are, however, permitted to represent that their payment stablecoins are 100 percent or more backed by permissible reserve assets including very short-term U.S. Government securities, if true.

With respect to all of the prohibitions discussed in proposed § 247.10(c)(1)–(3), the Board notes that misrepresentations by a Board-supervised PPSI cannot be cured by a general disclaimer and that representations and disclosures should be clear to payment stablecoin holders and customers.

Prohibition on Remuneration. Consistent with section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)), proposed § 247.10(c)(4) provides that Board-supervised PPSIs must not pay the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin. The Board understands that Board-supervised PPSIs could attempt to make prohibited payments of interest or yield to payment stablecoins holders through arrangements with third parties. Moreover, there likely will be a large and changing variety of arrangements with third parties in which PPSIs could achieve the payment of yield to payment stablecoin holders. It would not be possible to identify in detail all, or even most, of the potential arrangements between Board-supervised PPSIs and third parties that the Board may prohibit under section 4(a)(11) of the GENIUS Act and the Board's rulemaking authority under section 4(h) of the GENIUS Act (12 U.S.C. 5903(h)),[37] particularly as such arrangements may evolve over time. On the other hand, a rule with only a

[36] While proposed § 247.10(c) only expressly addresses the prohibitions set out in sections 4(a)(9) and 4(e)(2) of the GENIUS Act, to the extent a Board-supervised PPSI markets any products other than payment stablecoins, it shall also be subject to the prohibition in section 4(e)(3) of the GENIUS Act, which provides that it shall be unlawful to market a product in the United States as a payment stablecoin unless it is issued pursuant to the GENIUS Act.

[37] Section 4(h) of the GENIUS Act (12 U.S.C. 5903(h)) provides that the Board and other stablecoin regulators may issue regulations to ''carry out the requirements of this section, including to establish conditions, and to *prevent evasion thereof*'' (emphasis added).

general prohibition on the payment of yield could create uncertainty within the payment stablecoin market.

To balance these interests, the Board is proposing to follow the approach proposed by the OCC in its notice of proposed rulemaking on implementing its responsibilities under the GENIUS Act [38] and include a presumption in proposed § 247.10(c)(4)(i) that certain types of arrangements with certain types of persons would be presumed to be prohibited payments of yield or interest by the issuer. Specifically, the Board would presume that a Board-supervised PPSI is paying interest or yield (whether in cash, tokens, or other consideration) to the holder of a payment stablecoin solely in connection with the holding, use, or retention of such payment stablecoin if: (A) the Board-supervised PPSI has a contract, agreement, or other arrangement with an affiliate of the Board-supervised PPSI or a related third party to pay interest or yield to the affiliate or related third party; and (B) the affiliate [39] or related third party (or affiliate of such related third party) has a contract, agreement, or other arrangement to pay interest or yield (whether in cash, tokens, or other consideration) to a holder of any payment stablecoin issued by the Board-supervised PPSI solely in connection with the holding, use, or retention of such payment stablecoin. To the extent that the person, or an affiliate of the person with whom the Board-supervised PPSI has a contract, agreement, or other arrangement to pay interest or yield is a related third party of the Board-supervised PPSI because the Board-supervised PPSI issues payment stablecoins on the related third party's behalf or under the related third party's branding, the arrangement between the related third party and the holder of the payment stablecoin would consider the holder of the payment stablecoin to be the holder of the payment stablecoin issued by the Board-supervised PPSI on the related third party's behalf or under the related third party's branding. That is to say, with respect to a white-label relationship, the presumption would be triggered only to the extent the payment stablecoin holder is a holder of the related third party's white-labeled stablecoin (as opposed to other payment stablecoins issued by the Board-supervised PPSI).

Related third parties would be defined to include a person offering to pay interest or yield to payment stablecoin holders as a service (*i.e.,* on behalf of the Board-supervised PPSI) and any person that the Board-supervised PPSI issues payment stablecoins on behalf or under the branding of (*i.e.,* persons that have entered white-label relationship with the issuer). The Board believes that the close nexus to the Board-supervised PPSI's payments and payments to the payment stablecoin holder as well as the close contractual or control relationship between the Board-supervised PPSI and the other party would make it highly likely that the Board-supervised PPSI's payments of yield or interest would be made to the holder through an intermediary or an attempt the evade the GENIUS Act's prohibition on interest and yield payments.

Nonetheless, the Board would allow the Board-supervised PPSI to rebut the presumption given the Board-supervised PPSI provides sufficient evidence to the contrary. Specifically, a Board-supervised PPSI may rebut the presumption by submitting written materials that, in the Board's judgment, demonstrate that the contract, agreement, or other arrangement is not prohibited under proposed § 247.10(c)(4) and is not an attempt to evade the prohibition.

Other arrangements that are not captured by the presumption may also violate the statutory prohibition or constitute an evasion thereof. The Board would assess those arrangements on a case-by-case basis but does not believe that it is necessary to include other arrangements within the rebuttable presumption at this time. The prohibition is not intended to prevent a merchant from independently offering a discount to a payment stablecoin holder for using payment stablecoins. The prohibition is also not intended to prevent a Board-supervised PPSI from sharing in the profits derived from the payment stablecoin with a non-affiliate partner in a white-label arrangement.

Prohibition on rehypothecation. In proposed § 247.10(c)(5), the Board proposes to include the language from section 4(a)(2) of the GENIUS Act (12 U.S.C. 5903(a)(2)) that prohibits Board-supervised PPSIs from pledging, rehypothecating, or reusing any reserve assets required under section 4(a)(1) of the Act (12 U.S.C. 5903(a)(1)), except for the purposes listed in section 4(a)(2) of the Act (12 U.S.C. 5903(a)(2)). Thus, consistent with the statute, a Board-supervised PPSI may not pledge, rehypothecate or reuse any assets held as reserves under proposed § 247.11(a)(1), either directly or indirectly (*e.g.,* through a third-party custodian of the reserve assets), except for the purpose of: (i) satisfying margin obligations in connection with investments in permitted reserves under proposed § 247.11(b)(4) or (5); (ii) satisfying obligations associated with the use, receipt, or provision of standard custodial services; [40] or (iii) creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills may be sold as purchased securities in repurchase agreements with a maturity of 93 days or less, provided that either: (A) the repurchase agreements are cleared by a clearing agency registered with the SEC; or (B) the Board-supervised PPSI receives prior approval from the Board.

By including the phrase ''directly or indirectly'' in the prohibition, it is clear that Congress intended that a PPSI would be prohibited from consenting to a custodian holding the reserves on behalf of a PPSI to pledge, rehypothecate or reuse any of the reserve assets, other than with respect to the limited exceptions discussed in proposed § 247.10(c)(5). To the extent that a PPSI consented to a custodian holding the payment stablecoin reserves on behalf of the PPSI to bypass this prohibition, it would undermine the relatively safe nature of the reserve assets and the confidence that payment stablecoin holders have that the payment stablecoin will hold its peg.

For the avoidance of doubt, the Board believes that the general prohibition on rehypothecation in section 4(a)(2) of the Act (12 U.S.C. 5903(a)(2)) does not apply to reserve assets that are specifically permitted under section 4(a)(1)(A)(iv)–(v) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(iv)–(v)). Therefore, proposed § 247.10(c)(5) does not in any way constrain Board-supervised PPSIs from including as reserve assets (i) money received from repurchase transactions described in proposed § 247.11(b)(4), or (ii) reverse repurchase agreements described in proposed § 247.11(b)(5).

Prohibition on evasive activity. Section 4(h)(1) of the GENIUS Act (12 U.S.C. 5903(h)(1)) provides that the Board may issue regulations ''to carry out the requirements of this section . . . and to prevent evasion thereof.'' In proposed § 247.10(c)(6), consistent with this statutory authority, the Board proposes language that provides that a Board-supervised PPSI must not engage in any activity that the Board determines is an evasion of the requirements of section 4 of the GENIUS

[38] 91 FR 10202, 10212 (March 2, 2026).

[39] A person would not be included within this second prong solely because the person is an affiliate of an affiliate of the Board-supervised PPSI.

[40] The Board interprets this exception, codified in 12 U.S.C. 5903(a)(2)(B), as being related solely to the purposes specified in 12 U.S.C. 5909(c)(2)(B).

Act (12 U.S.C. 5903) or its implementing regulations.

Other prohibitions under consideration. The Board has considered and is requesting comment on whether to prohibit a Board-supervised PPSI from issuing more than one brand or series of payment stablecoin. The Board recognizes that there are advantages and disadvantages associated with permitting a Board-supervised PPSI to issue multiple brands of payment stablecoins that may be co-branded with a named partner in a white label arrangement. These arrangements can allow parties to leverage the experience and expertise of a PPSI and facilitate a broader range of stablecoins in the market. However, they may also foster uncertainty about reserve assets and encourage contagion and run risk among brands of payment stablecoins, including but not limited to brands issued by one issuer. One possibility that the Board has considered and is requesting comment on is to restrict each Board-supervised PPSI to issuing only one brand of payment stablecoin but to streamline the process for approving applications from insured State member banks seeking approval for an additional subsidiary to issue payment stablecoins, if it has previously received approval from the Board for a different subsidiary to issue payment stablecoins. Under this approach, multiple Board-supervised PPSIs could share certain services and back-office functions with each other and might operate under a common risk management framework, but each issuer would be legally separate. This approach would allow an entity to leverage its experience and expertise but may provide more certainty with respect to the rights of payment stablecoin holders in the event that a Board-supervised PPSI becomes insolvent.

Another alternative, as discussed in further in section II.B.2.a of this **SUPPLEMENTARY INFORMATION**, would be to require each Board-supervised PPSI that issues more than one brand of payment stablecoin to hold the reserve assets backing each payment stablecoin in separate, wholly owned subsidiaries, with the assets of each subsidiary securing the issuance of the corresponding payment stablecoin. Under this approach, each subsidiary would be prohibited from incurring any liability of its own, thereby helping to ensure that the reserve assets held in the subsidiary are effective security for the corresponding payment stablecoin liabilities. The Board seeks comment on this approach.

Question 36: Could the prohibition against paying remuneration solely in connection with the holding or use of a payment stablecoin be clarified? If so, how? Would it be helpful to include a de minimis exception to the prohibition to provide certainty with respect to arrangements that are not designed to violate the prohibition and that do not have a meaningful economic impact? If so, is there any specific guidance the Board should provide on what de minimis means? [similar to OCC Question 35]

Question 37: Does the presumption with respect to the prohibition against paying remuneration solely in connection with the holding, use, or retention of a payment stablecoin appropriately address concerns relating to evasion? Is the presumption with respect to the prohibition against paying remuneration solely in connection with the holding, use, or retention of a payment stablecoin appropriately scoped? Is the presumption sufficiently clear? How could the presumption be clarified? Should the Board clarify the standard of review under which it would consider written materials to rebut the presumption related to remuneration and specify whether the Board's determination is appealable? Should the Board propose any safe harbor for arrangements that the Board believes do not violate the statutory prohibition? [similar to OCC Question 36]

Question 38: Should the prohibition on remuneration in proposed § 247.10(c)(4) be broader to prevent Board-supervised PPSIs from directly or indirectly paying remuneration to payment stablecoin holders (rather than presuming that certain arrangements with affiliates or related third parties violate the prohibition)? Are there examples of potentially evasive behavior that the Board should expressly include in a prohibition? If the Board were to expand the prohibition, are there activities that should be expressly carved out of such an expansion? [similar to OCC Question 37]

Question 39: Should the prohibition on interest and yield in proposed § 247.10(c)(4) clarify the terms "pay," "interest," "yield," "solely," or any other terms? If so, what clarifications would be helpful? Would specific examples of arrangements where the consideration offered would not be considered "interest" or "yield" be helpful? [similar to OCC Question 38]

Question 40: What would the economic impact of a narrow prohibition on paying remuneration solely in connection with the holding, use or retention of a payment stablecoin be relative to a broader prohibition (i.e., one that includes relationships with affiliates or third parties)? What impact would either prohibition have on bank deposits? [similar to OCC Question 39]

Question 41: Is the scope of the prohibition against pledging, rehypothecating, or reusing reserve assets sufficiently clear? The proposed rule states that the Board does not believe this general prohibition on rehypothecation applies to reserve assets that are specifically permitted under sections 4(a)(1)(A)(iv) and (v) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(iv) and (v)). Should the Board take further steps to provide additional clarity on this point? Should the Board instead follow the approach proposed by the OCC in section 15.10(c)(5) of its GENIUS Act notice of proposed rulemaking? [41] *Are there specific types of transactions, relationships, or structures for which it would be helpful to clarify whether the prohibition applies? For example, should the Board clarify whether the prohibition would prevent establishing a collateral trustee that would hold a security interest in reserve assets for the benefit of payment stablecoin holders? What arguments weigh for and against finding that the prohibition would prohibit these arrangements? If a Board-supervised PPSI sets up a collateral trustee arrangement where the issuer grants a security interest in the reserve assets, does this arrangement sufficiently protect the reserve assets in the event of insolvency or bankruptcy? Should a Board-supervised PPSI be required to make particular disclosures if it uses such an arrangement? What should those disclosures include? [similar to OCC Question 40]*

Question 42: Should the Board specify what "creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins" means under proposed § 247.10(c)(5)(iii)? Should the Board pre-approve Board-supervised PPSIs to engage in term repurchase agreements during periods of market stress pursuant to proposed § 247.10(c)(5)(iii) such that Board-supervised PPSIs can signal to counterparties that they have access to an additional source of liquidity? Alternatively, should the Board allow for broad and open-ended approvals of the sale of reserves as purchased securities in repurchase agreements or should approvals be limited to specific types of transactions? What factors should the Board consider prior to granting approval of the sale of reserves as purchased securities in repurchase agreements under proposed § 247.10(c)(5)(iii)(B)? [similar to OCC Question 41]

[41] *See* 91 FR 10202 (March 2, 2026).

Question 43: Should Board-supervised PPSIs be required to provide disclosures stating that payment stablecoins are not legal tender, issued by the United States, or guaranteed or approved by the United States? If so, should the Board impose any requirements on the manner in which disclosures are made? For example, should the Board require that disclosures be made on the Board-supervised PPSI's website, at point of direct sale by the issuer, alongside other types of disclosures, or in some other manner? [similar to OCC Question 42]

Question 44: Is any further clarity needed regarding the prohibition on the use of deceptive names, marketing, and representations in proposed § 247.10(c)(1) through (3)? For example, should the Board specify what kind of images or branding are likely to violate the prohibition? Should the Board require Board-supervised PPSIs to affirmatively state that payment stablecoins are not legal tender, issued by the United States, or guaranteed or approved by the Government of the United States? Should the Board explicitly require Board-supervised PPSIs to disclose that payment stablecoins are not covered by deposit insurance or share insurance even if they are partially backed by insured eligible deposit claims? The proposal indicates that a Board-supervised PPSI may make representations that its stablecoins are 100 percent or more backed by reserve assets permitted by the GENIUS Act including very short-term U.S. Government securities, if true. Should the Board provide clarifications regarding other permissible statements? [similar to OCC Question 43]

Question 45: Should the Board explicitly prohibit Board-supervised PPSIs from issuing more than one type of stablecoin, for example different brands or series of stablecoins? If the Board permits Board-supervised PPSIs to issue more than one type of stablecoin, should it require the Board-supervised PPSI to keep all of its reserve assets in a wholly owned subsidiary with no liabilities of its own, the assets of which secure a particular type of stablecoin liabilities of the Board-supervised PPSI, as discussed in section II.B.2.a of this **SUPPLEMENTARY INFORMATION***?*

2. Reserve Assets (Proposed § 247.11)

a. Reserve Requirement (Proposed § 247.11(a))

Under section 4(a)(4)(A)(ii) of the Act (12 U.S.C. 5903(a)(4)(A)(ii)), the Board is responsible for ''issu[ing] regulations implementing . . . the liquidity standard under section 4(a)(1) of the Act'' with respect to Board-supervised PPSIs. Section 4(a)(1)(A) of the Act (12 U.S.C. 5903(a)(1)(A)) provides that a PPSI must ''maintain identifiable reserves backing the outstanding payment stablecoins of the [PPSI] on an at least'' one-to-one basis and specifies the eight permissible reserve asset types. A Board-supervised PPSI would not be in compliance with this requirement if it did not maintain reserve assets sufficient to back outstanding payment stablecoins of the Board-supervised PPSI on a one-to-one basis. A Board-supervised PPSI may maintain reserve assets through a custodian, including an affiliate acting as a custodian, provided that the custodian is eligible to provide such services under, and is in compliance with, section 10 of the GENIUS Act (12 U.S.C. 5909) and its implementing regulations.

Proposed § 247.11(a)(1) would require that Board-supervised PPSIs maintain reserve assets that: (i) are identifiable; (ii) are segregated from, are not commingled with other assets owned or held by the Board-supervised PPSI, and are not available to satisfy the claims of any creditor (other than through the redemption of payment stablecoins) unless and until all payment stablecoins have been redeemed at par; (iii) at all times have a total fair value that equals or exceeds the outstanding issuance value of the Board-supervised PPSI; and (iv) are held (A) in custody by a person that is eligible to provide such services under, and is in compliance with, section 10 of the Act (12 U.S.C. 5909), including any applicable implementing regulations; (B) as an eligible deposit claim; (C) as money standing to the credit of an account at a Federal Reserve Bank; or (D) by the Board-supervised PPSI. With respect to prong (D), as discussed in more detail below, the Board is proposing to allow Board-supervised PPSIs to hold reserve assets directly or indirectly through a wholly owned subsidiary of the Board-supervised PPSI that has no liabilities of its own, the assets of which are pledged to secure the Board-supervised PPSI's obligations on its payment stablecoins.

In order to maintain reserve assets that are ''identifiable'' and comply with proposed § 247.11(a)(1)(i), Board-supervised PPSIs must maintain appropriate records to ensure documented ownership and legal entitlement to individual reserve assets. Similarly, any ownership arrangements, including ownership via custodians, must comply with applicable laws and regulations. The Board generally anticipates that reserve assets will be recorded on the Board-supervised PPSI's balance sheet under GAAP and be included in the quarterly reports required under proposed § 247.14(i) and on Consolidated Reports of Condition and Income (Call Report) Schedule RC, Balance Sheet, for a parent State member bank, as applicable. A Board-supervised PPSI must maintain the appropriate operational capabilities, internal controls, policies, and safeguards to ensure that its payment stablecoins are at all times backed by reserves on an at least one-to-one basis.

Proposed paragraph § 247.11(a)(ii) sets out a requirement that a Board-supervised PPSI must maintain reserve assets that are segregated from, are not commingled with other assets owned or held by the Board-supervised PPSI, and are not available to satisfy the claims of any creditor (other than through the redemption of payment stablecoins) unless and until all payment stablecoins have been redeemed at par. This requirement helps ensure that reserve assets are only used to back outstanding payment stablecoins of a Board-supervised PPSI and to satisfy redemption requests.

Proposed § 247.11(a)(1)(iii) sets out a requirement that a Board-supervised PPSI must, at all times, maintain reserve assets that have a total fair value that equals or exceeds the outstanding issuance value of the Board-supervised PPSI (one-to-one requirement). To comply with this requirement, a Board-supervised PPSI must ensure that the fair value of all reserve assets equals or exceeds the outstanding issuance value at all times.[42] Valuing reserve assets at fair value, rather than another measure, such as amortized cost, will help ensure that the reserve assets maintained by the Board-supervised PPSI reflect current prices and will be monetizable at a value sufficient to meet any redemption requests at par value. Notably, the outstanding issuance value is based on the total consolidated par value of all of a Board-supervised PPSI's payment stablecoins rather than on the fair value of the outstanding issued payment stablecoin. Thus, if the fair value of the payment stablecoin decreased (*i.e.,* if the payment stablecoin de-pegged in the secondary market), the Board-supervised PPSI would nevertheless be obligated to retain a stock of reserve assets, the fair value of which equals or exceeds the par value of outstanding payment stablecoins. This approach is intended to ensure that the Board-supervised PPSI is able to credibly meet

[42] The proposed rule defines ''fair value'' as ''fair value determined under GAAP.'' GAAP determines ''fair value'' of United States coins and currency to be their par value. Accordingly, United States coins and currency will be valued at par.

redemption requests, including in adverse circumstances. To take a contrary approach (*e.g.,* basing the outstanding issuance value on the fair value of payment stablecoins) could increase the risk that Board-supervised PPSIs would be unable to redeem all of their payment stablecoins at all times at par on demand, which may in turn exacerbate run risk for a Board-supervised PPSI.

Proposed § 247.11(a)(1)(iv) provides that reserve assets must be held (A) in custody by a person that is eligible to provide such services under, and is in compliance with, section 10 of the Act (12 U.S.C. 5909), including any applicable implementing regulations; (B) as an eligible deposit claim; (C) as money standing to the credit of an account at a Federal Reserve Bank; [43] or (D) by the Board-supervised PPSI. The Board generally expects that Board-supervised PPSIs will hold reserve assets with an eligible custodian only after they have entered into a custody agreement establishing the custodian's duties and responsibilities in providing safekeeping and ancillary services to the Board-supervised PPSI.

With respect to prong (D) of proposed § 247.11(a)(1)(iv), the Board is proposing and seeking comment on an approach that would permit a Board-supervised PPSI to hold reserve assets directly or indirectly through a wholly owned subsidiary of the Board-supervised PPSI that has no liabilities and is fully capitalized by the Board-supervised PPSI (*i.e.,* a special purpose vehicle). Under such a structure, the Board-supervised PPSI would remain the issuer of payment stablecoins, and such payment stablecoins would be reflected as liabilities on the balance sheet of such Board-supervised PPSI. However, the payment stablecoin liabilities of the Board-supervised PPSI would, pursuant to appropriate legal agreements, be secured by the assets of the Board-supervised PPSI's wholly owned subsidiary. This type of structure may be attractive for a Board-supervised PPSI that issues more than one kind of payment stablecoin, as the reserve assets backing each kind of payment stablecoin could be clearly segregated in different subsidiaries and therefore be easily identifiable with a particular type of payment stablecoin. While the Board expects Board-supervised PPSIs will generally not incur material liabilities other than payment stablecoin liabilities, or maintain significant assets other than those listed in proposed § 247.11(b), this structure may be attractive for a Board-supervised PPSI that receives the Board's permission to do so. The use of a subsidiary to hold reserve assets in no way alters the obligation of a Board-supervised PPSI to comply with all provisions of the GENIUS Act and its implementing regulations, including those relating to reserve assets and capital. The Board invites comment on the legal and operational benefits and drawbacks of this approach.

To demonstrate compliance with the proposed one-to-one requirement, proposed § 247.11(a)(2) would require a Board-supervised PPSI to record the fair value of reserve assets required under proposed § 247.11(a)(1) at a minimum of once each calendar day at 5:00 p.m. in the time zone of the Board-supervised PPSI's supervising Federal Reserve Bank. This requirement represents the minimum frequency for demonstrating compliance with the one-to-one requirement, but does not modify the requirement to meet the one-to-one requirement at all times. Depending on the circumstances, more frequent assessments of the reserve assets' fair value may be necessary to demonstrate that the one-to-one requirement is being met at all times. For example, if the fair value of the reserve assets is only marginally above the outstanding issuance value, a Board-supervised PPSI may need to re-assess the fair value of reserve assets multiple times per day. A Board-supervised PPSI should generally have systems that enable it to conduct such monitoring. This approach provides some flexibility for Board-supervised PPSIs to develop their own approach for demonstrating compliance with the one-to-one requirement. A minimum demonstration of compliance at 5:00 p.m. each day would prevent Board-supervised PPSIs from choosing the time of day that might be most beneficial to their demonstration.

Proposed § 247.11(a)(3) would require that a Board-supervised PPSI demonstrate the operational capability to access and monetize the identifiable reserve assets, commensurate with the Board-supervised PPSI's risk profile and business model. The Board-supervised PPSI must be able to monetize the reserve assets, potentially quickly and at short notice, in order to meet redemption requests. The inability to quickly monetize reserve assets would undermine the ability of a Board-supervised PPSI to maintain the stable value of its payment stablecoins.

To comply with proposed § 247.11(a)(3), a Board-supervised PPSI must be able to demonstrate the ability to monetize all types of reserve assets that it maintains. In the case of reverse repurchase agreements, monetization may happen automatically when the agreement matures and the counterparty repurchases the collateral. Other types of reserve assets may require additional demonstration of monetization capacity. Depending on the Board-supervised PPSI's size, risk profile, business model, activities, and operations, the Board-supervised PPSI may be able to demonstrate monetization in different ways. For example, smaller Board-supervised PPSIs may meet this requirement by demonstrating established relationships with brokers to sell reserve assets. In some cases, additional measures, such as preparations to execute repurchase agreements on short notice, may be appropriate. Such arrangements may be necessary if a Board-supervised PPSI maintains a large position in U.S. Treasury securities that could be difficult to monetize in its entirety without causing adverse market movements, which should be rare since the maximum term of such securities would be 93 days (as required by the GENIUS Act), or if a Board-supervised PPSI maintains concentrated positions in other types of reserve assets. The availability of multiple monetization channels helps ensure that a Board-supervised PPSI is not required to monetize assets at reduced or ''fire sale'' prices.

Proposed § 247.11(a)(4) would include requirements for when Board-supervised PPSIs could withdraw excess reserve assets when the total fair value of all reserve assets exceeds outstanding issuance value. Board-supervised PPSIs would be permitted to withdraw excess reserve assets only once per month upon the publication of the composition report required by section 4(a)(3) of the GENIUS Act (12 U.S.C. 5903(a)(3)) and provided for in proposed § 247.11(d). Specifically, Board-supervised PPSIs would be able to withdraw any reserve assets in excess of the amount needed for the total fair value of reserve assets to equal the outstanding issuance value, calculated and reported as of the last day of the

[43] Certain industry participants have raised questions regarding the extent to which funds held in a parent insured depository institution's Federal Reserve Bank account can qualify as its PPSI subsidiary's reserve assets in the form of money standing to the credit of a Federal Reserve Bank. For the avoidance of doubt, balances held by a parent insured depository institution at a Federal Reserve Bank are liabilities of the Federal Reserve Bank solely to the parent insured depository institution acting in a principal capacity and not to any subsidiary thereof. As explained in the Board's recent request for comment on the proposal to establish a special-purpose payment account, the Federal Reserve Banks do not recognize third-party interests, including those of a subsidiary for which an insured depository institution may be acting in a trustee, fiduciary, or similar capacity, in Federal Reserve Bank accounts. *See* 91 FR 30627, 30641, 30646 (May 26, 2026).

previous month, after the information in the month-end report is examined and certified pursuant to proposed § 247.11(e). Permitting a Board-supervised PPSI to withdraw surplus reserve assets only after examination and certification will promote public confidence about the integrity of the handling of reserve assets. Permitting withdrawal of excess reserve assets at other intervals could undermine public confidence in the sufficiency of a Board-supervised PPSI's reserve assets. If Board-supervised PPSIs were able to withdraw excess reserve assets at any time, based only upon their own internal calculations, that could undermine public confidence in the value of reserve assets between public reports and even create concerns about misconduct; for example, it could give rise to a concern that a Board-supervised PPSI might make a bad faith or unvalidated determination that an excess existed in order to justify a withdrawal. Proposed § 247.11(a)(4) would also require that, while withdrawals would be based on calculations at the end of the previous month, a Board-supervised PPSI could only make withdrawals if the remaining reserve assets had a current total fair value at least equal to the current outstanding issuance value, calculated as of the day of withdrawal.

Question 46: The Board seeks comment on all aspects of the proposed monetization requirement in proposed § 247.11(a)(3). What would be the advantages and disadvantages of requiring Board-supervised PPSIs to conduct actual sales or repurchase agreements in reserve assets to demonstrate their monetization capabilities? Given the highly liquid markets for reserve assets allowed by the GENIUS Act, how useful is the monetization requirement? Under what circumstances, if any, would Board-supervised PPSIs be unable to monetize reserve assets (e.g., Treasury bills) to meet redemptions within a time frame of two days? How frequently could those circumstances occur?

Question 47: The Board seeks comment on the use of "fair value" for valuing reserve assets. Given the types of assets that qualify as reserve assets, would another valuation measure such as "fair market value" be more appropriate and help ensure that the reserve assets reflect current market prices? What would be the advantages or disadvantages of using another valuation measure such as fair market value?

Question 48: The Board seeks comment on the requirement in proposed § 247.11(a)(2) *that Board-supervised PPSIs record the fair value of reserve assets at a minimum once each calendar day at 5:00 p.m. in the time zone of the Board-supervised PPSI's supervising Federal Reserve Bank. Is this requirement sufficient to ensure compliance with the one-to-one requirement at all times? As an alternative, the Board considered requiring real-time monitoring of the fair value of reserve assets. Would real-time monitoring be feasible? What would be the advantages or the disadvantages associated with such a requirement? What alternative approaches to ensuring that Board-supervised PPSIs are meeting the one-to-one requirement at all times can the Board adopt? What would be the advantages or disadvantages of such approaches?*

Question 49: Should the Board allow Board-supervised PPSIs to use wholly owned subsidiaries to hold reserve assets and secure stablecoin liabilities, provided that each such subsidiary would have no liabilities of its own (a special purpose vehicle or "SPV")? What are the legal and operational implications of this approach? What are the benefits and drawbacks the SPV structure? What legal mechanisms might be employed to ensure the assets of the SPV serve as security for the payment stablecoin liabilities of the Board-supervised PPSI and effectively subordinate other creditors of the Board-supervised PPSI with respect to reserve assets backing the payment stablecoins?

Question 50: The proposed rule would require a Board-supervised PPSI to maintain reserve assets, the fair value of which must equal or exceed the outstanding issuance value at all times. Should the Board impose a different standard, such as requiring the fair value of reserve assets to equal or exceed the outstanding issuance value at the end of each day or at the end of each business day? [similar to OCC question 56]

Question 51: Should the final rule include additional risk management or other requirements beyond those proposed to protect reserve assets against fraud or misuse? Proposed § 247.11(a)(4) provides that a Board-supervised PPSI may withdraw any reserve assets in excess of the amount needed for the total fair value of reserve assets to equal the outstanding issuance value, calculated and reported as of the last day of the previous month, after the publication and certification of the monthly composition report. Should the final rule include additional guardrails to ensure that customer funds provided to a Board-supervised PPSI for purposes of acquiring payment stablecoins are secure against fraud or other threats? For example, the proposed rule could clarify that customer funds become reserve assets as soon as they are provided to the Board-supervised PPSI for purposes of acquiring payment stablecoins—and are therefore subject to the protections afforded to reserve assets. Additionally, proposed § 247.11(a)(1)(i) requires that reserve assets be "identifiable." Should the final rule also clarify that the requirement that reserve assets be "identifiable" includes the requirement that any income, interest, or other proceeds generated by reserve assets remain "identified" as reserve assets until a Board-supervised PPSI claims any excess pursuant to the process required by proposed § 247.11(a)(4)? For example, if a Board-supervised PPSI invests $100 of reserve assets in a 90-day Treasury bill that yields $101 upon maturity, should the entirety of the $101 proceeds remain "identified" as a reserve asset? Or should the requirements in proposed § 247.11(a)(4) for claiming excess reserve assets only apply to principal, not income? In this example, the Board-supervised PPSI would be required to identify $100 of the proceeds as a reserve asset while it would not be required to identify the $1 in interest as a reserve asset. Should proposed § 247.13 (risk management) include additional requirements around making sure reserve assets are "identifiable"? For example, proposed § 247.13 could include a requirement that Board-supervised PPSIs must maintain appropriate controls and systems necessary to ensure that reserve assets can be traced and identified at all times.

Question 52: Should the final rule include other requirements related to securing reserve assets? Proposed § 247.11(a)(1)(iv) would require that a Board-supervised PPSI maintain reserve assets that are held in custody by certain persons or by the Board-supervised PPSI. Should the final rule include additional requirements for such persons or Board-supervised PPSIs holding or managing reserve assets, for example, requiring that Board-supervised PPSIs verify that persons holding reserve assets have appropriate capabilities, safeguards, systems to secure reserve assets, including against fraud? Should proposed § 247.11 include other protections to secure reserve assets, for example, a limitation on Board-supervised PPSIs charging fees for the management or trading of its own reserve assets—or an outright prohibition against such fees? Should *proposed § 247.11 include requirements around disclosure of fees, for example, that fees must be disclosed prominently to new and existing payment stablecoin holders, or prohibitions against fees that are excessive or out of line with prevailing market terms?*

b. Permissible Reserve Assets (Proposed § 247.11(b))

Under proposed § 247.11(b), reserve assets must only comprise: (1) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank; (2) eligible deposit claims subject to any limitation established by the FDIC and NCUA, as applicable, pursuant to section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)) to address safety and soundness risks of such insured depository institution; [44] (3) Treasury bills, Treasury notes, or Treasury bonds with a remaining maturity of 93 days or less; [45] (4) money received under repurchase agreements, with the Board-supervised PPSI acting as a seller of securities and with a no longer than overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less; [46] (5) reverse repurchase agreements, with the Board-supervised PPSI acting as a purchaser of securities and with a no longer than overnight maturity, that are collateralized by Treasury bills, Treasury notes, or Treasury bonds on a no longer than overnight basis,[47] subject to overcollateralization in line with standard market terms, that are: (i) tri-party; (ii) centrally cleared through a clearing agency registered with the SEC; or (iii) bilateral with a counterparty that the issuer has determined to be adequately creditworthy even in the event of severe market stress; (6) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in proposed § 247.11(b)(1) through (5); [48] (7) any other similarly liquid Federal Government-issued asset approved by the Board, in consultation with the State payment stablecoin regulator, if applicable, of the PPSI; or (8) any reserve described in proposed § 247.11(b)(1) through (3), (6), or (7), in tokenized form, provided that such tokenized asset (i) confers legal rights that are identical to those of the non-tokenized form of the same asset, and (ii) is in compliance with all applicable laws and regulations.

In determining whether a potential reserve asset qualifies as ''any other similarly liquid Federal Government-issued asset,'' under proposed § 247.11(b)(7) the Board will consider, among other relevant factors, whether: (i) the asset has liquidity characteristics, including during times of stress, comparable to the other reserve assets allowed under proposed § 247.11(b); (ii) Board-supervised PPSIs will be operationally capable of monetizing the asset to meet redemption requests, including sudden and high-volume requests; (iii) the asset poses levels of risk comparable to the assets allowed under proposed § 247.11(b), including interest rate risk and counterparty credit risk; and (iv) whether the asset introduces additional risks that may be difficult for Board-supervised PPSIs to manage. Only assets that are actually *issued* by the Federal government (*i.e.,* the U.S. Department of the Treasury and other agencies of the federal government), and are not merely guaranteed by the Federal government, may qualify as a potential ''similarly liquid Federal Government-issued asset.''

An asset exists in ''tokenized form'' under proposed § 247.11(b)(8) when the asset's ownership rights are represented on a blockchain or some other form of distributed ledger technology. Thus, a tokenized asset only qualifies as a permissible reserve asset under proposed § 247.11(b)(8) if the tokenized asset confers legal rights that are identical to those of the non-tokenized form of the permissible asset.[49] A tokenized asset that does not meet this standard could have a lower value than the non-tokenized permissible asset, which could, depending on the difference in value, undermine the Board-supervised PPSI's compliance with the one-to-one requirement.

Because market practices around tokenization are not firmly established, it may be difficult to determine whether a tokenized asset confers legal rights that are materially the same as those conferred by a non-tokenized permissible reserve asset. The Board encourages any Board-supervised PPSI that seeks clarity on whether a specific tokenized asset qualifies as a permissible reserve asset under proposed § 247.11(b)(8) to seek an opinion from competent counsel or the Board as to whether the asset qualifies. To the extent feasible, the Board is considering publishing a list of, or otherwise making public, a nonexclusive list of tokenized reserve assets that satisfy this standard.

Question 53: Section 4(a)(1)(A)(vi) of the Act (12 U.S.C. 5903(a)(1)(A)(vi)) includes ''securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in clauses (i) through (v)'' as eligible reserve assets for payment stablecoins issued by PPSIs. However, many or all Government money market funds are investment companies registered under section 8(a) of the Investment Company Act of 1940. Should the provision relating to securities issued by investment companies registered under section 8(a) of the Investment Company Act, or other registered Government money market funds, be clarified? Does section 4(a)(1)(A)(vi) of the Act (12 U.S.C. 5903(a)(1)(A)(vi)) permit securities issued by investment companies registered under section 8(a) of the Investment Company Act of 1940 that are not Government money market funds to be reserve assets for payment stablecoins issued by PPSIs? Are there

[44] For the avoidance of doubt, an uninsured U.S. branch or agency of a foreign bank is not an ''insured depository institution'' for purposes of the GENIUS Act, but insured U.S. branches and agencies of foreign banks would be.

[45] The GENIUS Act permits the inclusion of Treasury bills, notes, or bonds ''(I) with a remaining maturity of 93 days or less; or (II) issued with a maturity of 93 days or less.'' The proposed rule would combine these categories since the former category includes the latter, at least for purposes of complying with the requirements of proposed § 247.11. Board-supervised PPSIs may choose to categorize these assets separately for other reasons, for example accounting or risk management purposes. For clarification, the 93-day maturity limit is measured from the settlement date to the stated final maturity.

[46] The proposed rule would clarify that a repurchase agreement or reverse repurchase agreement with an intraday maturity could qualify as a permitted reserve asset. Section 4(a)(1)(A)(iv) and (v) of the Act (12 U.S.C. 5903(a)(1)(A)(iv) and (v)) specifically refers to repurchase agreements and reverse repurchase agreements with an overnight maturity. The Board believes that this provision is intended to permit repurchase agreements and reverse repurchase agreements with a maturity no longer than overnight. Thus, the proposed rule would explicitly permit the use of intraday repurchase agreements and reverse repurchase agreements.

[47] For clarity, deposits and cash may serve as additional permitted collateral in the repurchase and reverse repurchase agreements described in this provision.

[48] A money market fund that invests in any other assets, including in Treasury securities with a remaining maturity longer than 93 days, would not be eligible to be held as a reserve asset.

[49] This approach is consistent with the Interagency FAQ on tokenized securities. *See* Board of Governors of the Federal Reserve System, ''Capital Treatment of Tokenized Securities Frequently Asked Questions'' (updated March 5, 2026), available at *https://www.federalreserve.gov/supervisionreg/capital-treatment-of-tokenized-securities-faqs.htm.*

any registered Government money market funds that are not investment companies registered under section 8(a) of the Investment Company Act? Does section 4(a)(1)(A)(vi) of the Act permit securities issued by registered Government money market funds that are not registered under section 8(a) of the Investment Company Act to be reserve assets for payment stablecoins issued by Board-supervised PPSIs? [similar to OCC question 44]

Question 54: Should there be further clarifications on the provisions relating to repurchase agreements and reverse repurchase agreements? For example, should the Board include limitations with respect to the use of eligible deposit claims as collateral? If so, what limitations? [similar to OCC question 45]

Question 55: Is the term ''eligible deposit claims'' sufficiently clear? If not, how should the Board clarify the term (i.e., what types of accounts should expressly be included within the term)? Should the Board expand the definition of ''eligible deposit claims'' to include uninsured claims of a PPSI against an insured credit union in respect of any amount standing to the credit of a share account, which is an asset from the perspective of the accountholder, including a Board-supervised PPSI (consistent with the NCUA's GENIUS Act notice of proposed rulemaking)? [similar to OCC question 48]

Question 56: Is the proposed rule sufficiently clear regarding what constitutes a ''reserve in tokenized form?'' What modifications to this definition or the rule's related terminology would enhance clarity? [similar to OCC question 49]

Question 57: Should the Board provide additional detail on what securities could be in scope for ''any other similarly liquid Federal Government-issued asset'' under § 247.11(b)(7)? For example, should Treasury securities with a remaining maturity of two years or less be permitted under § 247.11(b)(7)? What would be the implications for liquidity or interest rate risk of allowing these types of securities to be held as reserve assets? If the Board were to permit two-year Treasury securities to be used as reserve assets, should the Board impose any additional requirements, such as requiring the weighted average maturity of Treasury securities held as reserves to be no more than 93 days (or some shorter timeframe) or requiring additional reserve asset diversification requirements (e.g., minimum amount of reserve assets held as eligible deposit claims or minimum number of depository institutions holding the Board-supervised PPSI's reserve assets) for Board-supervised PPSIs that hold Treasury securities with a remaining maturity between 94 days and two years? [similar to OCC question 51]

Question 58: Should the final rule clarify that Treasury Floating Rate Notes (FRNs) and Treasury Inflation-Protected Securities may be included as permissible reserve assets, assuming they otherwise meet the requirements of the proposed rule, including maturity requirements? Is there any reason these securities should be excluded? Should Treasury Separate Trading of Registered Interest and Principal of Securities be included? Are there other instruments that should be considered as included within the GENIUS Act's phrase ''Treasury bills, notes, or bonds'' (12 U.S.C. 5903(a)(1)(A)(iii))? If these securities are included, should there be additional requirements—for example, both weighted average life and weighted average maturity limits to accommodate interest rate resets in FRNs? [similar to OCC question 52]

Question 59: The proposed rule would, consistent with the GENIUS Act, allow as reserve assets funds held as eligible deposit claims, which are defined in part as claims of a Board-supervised PPSI against an insured depository institution (including any foreign branches or agents, including correspondent banks). Should the proposed rule add definitions for these terms to make them clearer or impose restrictions on the use of foreign branches or agents and correspondent banks? For example, should the proposed rule require that payment stablecoins denominated in United States dollars only be backed by eligible deposit claims against a U.S.-based insured depository institution (i.e., reserve assets could not include eligible deposit claims against insured depository institutions outside the United States)? Should the Board include any additional requirements with respect to reserve assets held abroad, such as applying a haircut to the reserve assets, imposing a capital charge, or including additional policies and procedures to manage the risks associated with holding reserve assets abroad? [similar to OCC question 54]

Question 60: Should the Board develop a formal process to consider and approve Federal Government-issued assets under proposed § 247.11(b)(7)? Should the Board allow Board-supervised PPSIs or other parties to request that the Board consider a specific type of Federal Government-issued asset? Should any determinations on additional Federal Government-issued assets approved under this authority be made public? [similar to OCC question 55]

Question 61: Should the final rule include special measures to ensure that reverse repurchase agreements are ''overcollateralized in line with standard market terms?'' Proposed § 247.11(b)(5) would permit the inclusion, as reserve assets, of reverse repurchase agreements ''subject to overcollateralization in line with standard market terms.'' As one possibility, the final rule could include no special measures, and the examination and supervision process could be used to evaluate if a particular Board-supervised PPSI fails to overcollateralize their reverse repurchase agreements in line with standard market terms. As another possibility, the final rule could include more express requirements—for example, that overcollateralization haircuts cannot be less than 0.5 percent. [similar to OCC question 80]

c. Reserve Asset Diversification and Concentration (Proposed § 247.11(c)–(d))

Section 4(a)(4)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iii)) requires the Board to ''issue regulations implementing . . . reserve asset diversification, including deposit concentration at banking institutions, and interest rate risk management standards applicable to [Board-supervised PPSIs] that—(I) are tailored to the business model and risk profile of [Board-supervised PPSIs] and (II) do not exceed standards that are sufficient to ensure the ongoing operations of [Board-supervised PPSIs].'' The Board is proposing to take a principles-based approach to reserve asset diversification regulations. The Board generally believes that Board-supervised PPSIs should maintain reserve assets consisting predominantly of U.S. Treasury securities. The proposal would require a Board-supervised PPSI to maintain reserve assets that are sufficiently diverse to ensure that it can comply with the one-to-one requirement at all times, including under stress. Among other actions, a Board-supervised PPSI must mitigate concentration risks that could arise from: (i) uninsured eligible deposit claims against one or a small number of insured depository institutions, including any foreign branches or agents (including correspondent banks) of an insured depository institution; and (ii) reverse repurchase transaction exposures to one or a small number of counterparties and their affiliates, excluding designated financial market utilities.

A Board-supervised PPSI that maintains a portion of its reserve assets as uninsured eligible deposit claims faces risk of default from the insured depository institution(s) that issued the deposit liabilities. A Board-supervised PPSI similarly faces risk from reverse repurchase agreement counterparties defaulting on their repurchase obligations. Diversifying these counterparties, consistent with proposed § 247.11(c), can help reduce the impact of any individual counterparty's stress or failure on the value of the Board-supervised PPSI's reserve assets and support the Board-supervised PPSI's ability to meet the one-to-one requirement. Under the proposal, the diversification requirements would not apply to designated financial market utilities, given the central role they play in the clearing of reverse repurchase agreements involving Treasury securities and recent efforts to promote the clearing of such transactions.

The Board also recognizes that a Board-supervised PPSI may temporarily increase the concentration in uninsured eligible deposit claims against a particular insured depository institution in connection with the (i) liquidation of other reserve assets to satisfy actual redemption requests; or (ii) receipt of funds in connection with issuance requests. The Board acknowledges that the risk from such concentrations would be minimal because of the temporary nature of the holdings, and a Board-supervised PPSI may temporarily increase its credit exposure to a particular insured depository institution or its concentration in uninsured eligible deposit claims for these purposes.

While various prescriptive reserve asset diversification requirements were considered, the Board is not proposing such prescriptive requirements at this time given the potential for diverse risk and activities profiles across Board-supervised PPSIs. However, the Board requests comment on whether prescriptive requirements would be more appropriate and, if so, how such a requirement should be calibrated.

For example, while there are similarities between stablecoin issuers and money market funds, the proposal would not establish a requirement based on daily or weekly asset maturities similar to those established for money market funds under 17 CFR 270.2a–7. Permissible reserve assets under the Act are transacted in highly liquid markets, which can support intraday or next-day settlement. For example, Board-supervised PPSIs may monetize Treasury securities with overnight repurchase agreements, allow overnight reverse repurchase agreements to mature, or obtain cash the same day by selling Treasury securities. Treasury bills have maintained their highly liquid status during previous episodes of stress.[50] Thus, the reserve asset limitations imposed by the GENIUS Act are already sufficient to provide assurance that Board-supervised PPSIs will be able to meet their redemption obligations within the two day time frame as required under the proposal, as discussed more in section II.B.3 of this **SUPPLEMENTARY INFORMATION**. For similar reasons, the Board is not proposing to require that a minimum amount of reserve assets be held as eligible deposit claims.

Question 62: The **SUPPLEMENTARY INFORMATION** *indicates that the Board generally believes that Board-supervised PPSIs should maintain reserve assets consisting predominantly of U.S. Treasury securities. What are the advantages and disadvantages of the Board retaining this language when finalizing Regulation UU?*

Question 63: What would be the advantages and disadvantages if the final rule were to require a buffer or impose haircuts on certain reserve assets to ensure that reserve asset values do not fall below outstanding issuance values? What would be the appropriate buffers or haircuts, and how could such buffers or haircuts be determined (e.g., price volatility in stress or price changes given movements in interest rates). Section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)) requires PPSIs to maintain identifiable reserves ''on an at least [one-to-one] basis.'' What measures should the final rule include to ensure that Board-supervised PPSIs are able to maintain this minimum? Without a buffer or other measures, the fair value of a Board-supervised PPSI's reserve assets could fall below the required minimum if there are, for example, sudden increases in interest rates. What other requirements, such as an explicit requirement to diversify reserves to manage interest rate risk, should the Board consider to help ensure a Board-supervised PPSI's reserve assets do not fall below the one-to-one requirement? For example, the proposed rule could require Board-supervised PPSIs to maintain a buffer of one percent of assets or hold an amount of reserve assets sufficient to stay above the outstanding issuance value in light of risks facing the Board-supervised PPSI, including interest rate risk and risks associated with the capability to access and monetize reserve assets. Are there other considerations the Board should take into account if it chooses to calibrate such a buffer? As an alternative to requiring such a buffer, what type of guidance could the Board provide on the level of buffer that would generally be appropriate as a matter of prudent risk management? [similar to OCC question 46]

Question 64: What type of limits or haircuts on permissible reserve assets denominated in a national currency other than the U.S. dollar, if any, should the Board consider in the final rule? If the Board imposed such limits or haircuts, what factors should the Board consider in calibrating the limits or haircuts, such as the management of foreign exchange risk? What would be an appropriate level of any such limit or haircut to ensure reserve asset values do not fall below outstanding issuance values?

Question 65: What would be the potential costs and benefits of requiring Board-supervised PPSIs to maintain a minimum percentage of reserve assets at unaffiliated third-parties, including with respect to operational risk?

Question 66: How should the final rule's requirements for reserve assets reflect potential interactions with the larger market for Treasury securities? For example, what requirements should the Board consider in order to prevent any disruptive or negative effects that the management or liquidation of Treasury reserve assets might have on markets? [similar to OCC question 53]

Question 67: What would be the advantages and disadvantages of prescribing quantitative limits or minimums on specific types of reserve assets instead of or in addition to the proposal's principles-based approach to reserve asset diversification? For example, the Board could (i) limit the amount of uninsured eligible deposit claims against an insured depository institution to no more than five percent of the Board-supervised PPSI's total amount of reserve assets, (ii) limit the Board-supervised PPSI's reserve assets held in the form of uninsured eligible deposit claims issued by a single insured depository institution to no more than 10 percent of the insured deposit institution's deposit liabilities, (iii) impose a weighted-average maturity limit on a Board-supervised PPSI's reserve assets to no more than 30 days, or (iv) impose a combination of such limits. Would quantitative limits or minimums, either as mandatory requirements for all Board-supervised PPSIs or as a safe harbor for a

[50] *See* Scott Davis, ''Treasuries' allure as safe haven noted in short maturities, not in long bonds,'' Dallas Fed Economics (June 27, 2023), *available at https://www.dallasfed.org/research/economics/2023/0627.*

principles-based approach, be more appropriate and, if so, how should these limits or minimums be calibrated? What types of operational challenges would these limits or minimums introduce or present? What proportion of reserve assets, if any, should a Board-supervised PPSI maintain as eligible deposit claims in order to facilitate reserve asset management? Should smaller Board-supervised PPSIs be subject to different reserve asset diversification standards and, if so, what considerations should the Board account for?

Question 68: What would be the advantages and disadvantages of a requirement limiting a Board-supervised PPSI's exposures to a single financial institution? For example, the Board could require a PPSI to maintain no more than 40 percent of its reserve assets at any one "eligible financial institution" (as that term is defined by the OCC in its GENIUS Act notice of proposed rulemaking), whether as eligible deposit claims against any one insured depository institution, securities held in custody at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures. Alternatively, such a limit could apply to certain types of eligible financial institutions or other counterparties, or with respect to a specific requirement only. What would be the advantages and disadvantages of this specific limit?

Question 69: What would be the advantages and disadvantages of requiring that a Board-supervised PPSI's reserve assets have a maximum weighted average maturity (e.g., no more than 20 or 30 days) to help the Board-supervised PPSI manage interest rate risks? If requiring a maximum weighted average maturity would be advantageous, what should be the maximum weighted average maturity for reserve assets, and why? How should the Board differentiate, if at all, between the maximum weighted average maturity applicable for larger Board-supervised PPSIs and smaller Board-supervised PPSIs (e.g., should smaller Board-supervised PPSIs be subject to a 45-day weighted average maturity requirement on their reserve assets, and why)? How should larger and smaller Board-supervised PPSIs be defined for this purpose?

Question 70: The Board is proposing a principles-based requirement that requires Board-supervised PPSIs to diversify reserve assets in a manner that ensures that it can comply with the one-to-one requirement at all times, including under stress. What are the advantages and disadvantages of such a principles-based approach? Are there types of risks (e.g., credit, liquidity, interest rate, price, and concentration risks) or other considerations that PPSIs should be required to measure or manage under this approach?

Question 71: What would be the advantages and disadvantages of requiring that a Board-supervised PPSI that holds reserve assets described in proposed § 247.11(b)(6) apply the diversification requirements in proposed § 247.11(c) to the underlying assets of such funds on a look-through basis?

Question 72: What would be the advantages and disadvantages of considering requirements to diversify the maturity profile of reserve assets? For example, should Board-supervised PPSIs be required to maintain a minimum amount of their reserve assets in cash or equivalents or assets that can be converted more readily into short-term liquidity within a daily or weekly timeframe, akin to the requirements for money market funds in SEC Rule 2a–7 or short-term investment funds in 12 CFR 9.18(b)(4)(iii), and, if so, why? [similar to OCC question 62]

Question 73: What would be the advantages and disadvantages of considering a minimum requirement to maintain reserve assets as eligible deposit claims or money standing to the credit of an account with a Federal Reserve Bank, or as those aforementioned assets or amounts receivable and due unconditionally within five business days on pending sales of reserve assets or other maturing transactions? At what level should such thresholds be set (e.g., 5 percent, 10 percent, 20 percent, 25 percent, or 30 percent)?

Question 74: What would be the advantages and disadvantages of considering measures to encourage reserve assets to be held in the form of insured eligible deposit claims against insured depository institutions? While it may be difficult for larger Board-supervised PPSIs to hold a material proportion of reserve assets as insured eligible deposit claims against insured depository institutions because of deposit insurance limits and the finite number of insured depository institutions in the United States, what would be the advantages and disadvantages of requiring larger Board-supervised PPSIs to hold some minimum amount of reserves, such as 0.5 percent of reserves, as insured eligible deposit claims against insured depository institutions, capped at a level such as $500 million, in order to provide extra protection for stablecoin holders? What could be the size threshold for applying this provision to a Board-supervised PPSI? Under such an approach, how should the Board consider differentiating requirements for larger and smaller Board-supervised PPSIs, and how should the Board consider an appropriate level for the cap on the requirement? [similar to OCC question 63]

Question 75: Board-supervised PPSIs could use deposit placement services to hold a higher proportion of reserves as insured eligible deposit claims against insured depository institutions, as long as Board-supervised PPSIs are able to maintain the operational ability to access and monetize the eligible deposit claims, consistent with proposed § 247.11(a). Please describe any risks associated with using such services or other intermediaries, and how Board-supervised PPSIs could best mitigate these risks. [similar to OCC question 66]

Question 76: Consistent with the GENIUS Act, the proposed rule would allow physical currency, including coins, to serve as reserve assets. Nevertheless, given the limitations on transferring physical currency, particularly difficulties that may arise in deploying physical currency quickly to meet sudden demands for redemptions, what would be the advantages and disadvantages of imposing limits on how much physical currency can serve as reserve assets? For example, the final rule could require that physical currency constitute no more than five percent or 10 percent of a Board-supervised PPSI's reserve assets. What special requirements, if any, should the Board require to make sure that physical currency is safeguarded (for example, against theft or fire)? Should the special requirements include periodic verification or inspection requirements for physical currency used as reserve assets? [similar to OCC question 75]

Question 77: What would be the advantages and disadvantages of including special limits on Treasury bonds and notes that may be more thinly traded and therefore more likely to sell at a discount? The GENIUS Act would allow PPSIs to hold as reserve assets Treasury notes and bonds so long as they have a maturity of 93 days or less (12 U.S.C. 5903(a)(1)(A)(iii)). Older and off-the-run Treasury securities may be more difficult to sell and may only be marketable at a discount.[51] *What limit, if any, should the final rule*

[51] *See* Dimitri Vayanos & Jiang Wang, "Market Liquidity—Theory and Empirical Evidence," National Bureau of Economic Research Working Paper 18251 (July 2012), *https://www.nber.org/system/files/working_papers/w18251/w18251.pdf.*

impose on the portion of reserve assets that Treasury bonds and notes can comprise—for example, 20 percent of total reserve assets? [similar to OCC question 77]

Question 78: What would be the advantages and disadvantages of diversification requirements that would limit over-reliance on short-term repurchase transactions (e.g., limits on the aggregate amount of short-term repurchase transactions as a percentage of a Board-supervised PPSI's total reserve assets)? How should such requirements be calibrated?

Question 79: What would be the advantages and disadvantages of considering requirements for Board-supervised PPSIs to conduct stress tests, including stress tests to manage liquidity and interest rate risks? The GENIUS Act permits the inclusion of bilateral reverse repurchase agreements as reserve assets "with [counterparties] that the issuer has determined to be adequately creditworthy even in the event of severe market stress" (12 U.S.C. 5903(a)(1)(A)(v)(III)). How should Board-supervised PPSIs evaluate the impact of "severe market stress"? Should diversification requirements be based on or account for the outcome of any stress tests? For example, Board-supervised PPSIs could be required to maintain a minimum amount of readily available reserve assets (for example, eligible deposit claims that are payable on demand and reserve balances) based on the results of liquidity stress tests. In particular, Board-supervised PPSIs could be required to maintain—or could elect to maintain as part of a potential safe harbor to a principles-based approach that could be adopted in the final rule—an amount of readily available reserve assets at least sufficient to meet outflow levels predicted by an internal liquidity stress test. [similar to OCC question 81]

Question 80: What would be the advantages and disadvantages of requiring Board-supervised PPSIs to adopt written plans or policies and procedures related to liquidity planning? For example, how should Board-supervised PPSIs be required to adopt their own concentration restrictions, including limits on concentrations in eligible deposit claims against insured depository institutions, that are tailored to their own business model, operations, and risk profile? Similarly, what would be the advantages or disadvantages of requiring Board-supervised PPSIs to adopt liquidity management plans, which would include provisions to assign responsibility for liquidity risk management and address contingency funding needs? [similar to OCC question 82]

Question 81: For Board-supervised PPSIs that are subsidiaries of insured State member banks, what would be the advantages and disadvantages of prescribing special requirements to ensure that reserve assets are appropriately maintained and controlled within the larger corporate structure, and what should such requirements entail? Alternatively, what would be the advantages and disadvantages of requiring that a Board-supervised PPSI have dedicated liquidity management personnel who have independent control over the liquidity management functions of the Board-supervised PPSI (and its reserve assets)? [similar to OCC question 84]

Question 82: What would be the advantages and disadvantages of requiring Board-supervised PPSIs to monitor the financial condition of insured depository institutions holding reserve assets? How should the financial condition of an insured depository institution holding a Board-supervised PPSI's reserve assets be considered in whether the Board-supervised PPSIs have met their obligations related to concentration in eligible deposit claims? [similar to OCC question 97]

d. Reports and Certifications (Proposed § 247.11(d)–(e))

Proposed § 247.11(d) would require a Board-supervised PPSI to publish on its website by noon on the last day of each month the monthly composition of the Board-supervised PPSI's reserves held pursuant to the GENIUS Act as of noon of the last day of the previous month, using a format substantially similar to the template provided in table 1 to proposed § 247.11(d). The report must contain the total number of outstanding payment stablecoins issued by the Board-supervised PPSI and the amount (fair value) and composition of the reserves, including the average tenor and geographic location of custody of each category of reserve instruments. The information in the report, including the fair value of reserve assets, should be as-of the end of the previous month. This implements the requirement in section 4(a)(1)(C) of the GENIUS Act (12 U.S.C. 5903(a)(1)(C)). To satisfy the geographic location requirement, the Board expects that it will generally be sufficient for Board-supervised PPSIs to disclose the jurisdiction where reserve assets are held in custody or otherwise located.

Proposed § 247.11(e) implements the applicable requirements of section 4(a)(3) of the GENIUS Act (12 U.S.C. 5903(a)(3)). This provision would require Board-supervised PPSIs to, each month, have the report required under proposed § 247.11(d) examined by a registered public accounting firm prior to publication. Proposed § 247.11(e)(1) would require that the examination of the previous month-end report occur by noon on the last day of each month and would require the registered public accounting firm's examination report to be published on the Board-supervised PPSI's website at the same time as the month-end report required under proposed § 247.11(d). Consistent with the Act, proposed § 247.11(e)(2) would require the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of the Board-supervised PPSI to submit a certification as to the accuracy of each monthly report to the Board. Under section 4(a)(3)(C) of the Act (12 U.S.C. 5903(a)(3)(C)), any person who submits this required certification knowing that such certification is false shall be subject to the same criminal penalties as those set forth under 18 U.S.C. 1350(c).

Question 83: For purposes of incorporating "average tenor and geographic location of custody of each category of reserve instruments" in the composition report required under proposed § 247.11(d), what, if any, specific content and structure should the Board require? For example, should the report include information about concentration in eligible deposit claims and CUSIPS of securities? Should the required content include the composition of the reserve assets by type of assets and maturities and by counterparty issuer? For purposes of stating the geographic location of custody, should it suffice to state the country of custody? Or should more granular information be required? Should the Board require that the composition report conform to the specified template? Are there specific methods for calculating tenor that the rule should require or explicitly permit? For example, should the rule define average tenor as the weighted average maturity or life of the asset? Should the monthly composition report require the Board-supervised PPSI to distinguish between insured and uninsured eligible deposit claims? [similar to OCC question 88]

Question 84: Are there any additional steps that the Board should take to encourage transparency while minimizing burden with respect to the reserve asset composition report? [similar to OCC question 89]

Question 85: What modifications to the reporting requirements, including the reserve asset composition report, would be appropriate for arrangements *where one Board-supervised PPSI issues multiple stablecoins under different brands (e.g., white label arrangements), if that arrangement is permitted in the final rule? Are there any additional disclosures that the Board-supervised PPSI should provide in order to ensure that the report is not misleading? [similar to OCC question 90]*

Question 86: Should the report be required to list and name any insured depository institutions holding reserve assets? Should the report be required to list and name any custodians holding reserve assets? Should the final rule include additional measures to ensure that reserve assets are appropriately traceable and linked to their corresponding stablecoin so as to avoid any difficulties in resolving claims to reserve assets? [similar to OCC question 91]

Question 87: For purposes of the composition report and reserves in tokenized form, should the Board-supervised PPSI be required to disclose the location of custody of both the reserve instrument in tokenized form on a ledger and any real-world asset that the reserve in tokenized form represents? What related reporting requirements would be appropriate? [similar to OCC question 92]

Question 88: Should the values and information in the monthly report be required to be as of a particular date or time? Alternatively, should Board-supervised PPSIs publish on their websites a report showing the real-time values of the items required in the monthly composition report? Having the most recent information will make the more report more useful, and the Board invites comment on how much real-time reporting is feasible and whether it may only be feasible for certain items. Should the monthly report be required to include both month-end figures (for the previous month) and some information that can be presented in real-time (for example, the value of reserves or outstanding issuance value)? Are there potential challenges in providing assurance over real-time information presented in a monthly report? [similar to OCC question 93]

Question 89: Should the Board require Board-supervised PPSIs to publish the monthly certification on their websites, in addition to publishing the monthly reserve asset composition report? Should the Board specify the content and form of the certification? [similar to OCC question 94]

Question 90: Should the monthly composition report be published at some point before the examination by a registered public accounting firm? For example, a Board-supervised PPSI could publish the report five days after the end of the previous month and have the report examined 30 days after the end of the previous month and disclose any discrepancies uncovered by the examination. Would the benefits of more timely availability of these reports outweigh the potential costs associated with the risk of subsequent changes as a result of the examination that would be completed at a later date? [similar to OCC question 95]

Question 91: Is the requirement in proposed § 247.11(e) to have information disclosed in the previous month-end report examined by a registered public accounting firm sufficiently clear? If not, what additional clarity should the Board provide with respect to the examination by a registered public accounting firm? Should the examination be performed at the ''reasonable assurance'' level or at some other standard? What additional standards, if any, should the Board apply to ensure that the examination is accurate and appropriate? Should the engagement letter between the Board-supervised PPSI and the registered public accounting firm require the registered public accounting firm to attest to whether the Board-supervised PPSI is in compliance with the reserve asset requirements in proposed § 247.11 (or a subset thereof), based on the information available to the registered public accounting firm? What criteria should be used for the examination? Would assurances from the management of the Board-supervised PPSI regarding the information in the issuer's weekly or monthly report be sufficient? If not, what other criteria should be included? [similar to OCC question 96]

e. Consequences and Remedial Measures for Noncompliance (Proposed § 247.11(f)–(g))

Proposed §§ 247.11(f)–(g) provide the consequences and remedial measures that apply if a Board-supervised PPSI does not comply with the requirements of proposed § 247.11. Proposed § 247.11(f) applies to violations of the one-to-one requirement in proposed § 247.11(a)(1)(iii), whereas proposed § 247.11(g) applies to violations of § 247.11(a)–(c) generally.

Proposed § 247.11(f)(1) would require a Board-supervised PPSI that fails to satisfy the one-to-one requirement in proposed § 247.11(a)(1)(iii) to, within 24 hours of such failure, submit: (i) notification to the Board through its supervising Federal Reserve Bank of such failure; and (ii) a plan describing how the Board-supervised PPSI will return to compliance with the one-to-one requirement. Proposed § 247.11(f)(1)(ii)(A) clarifies that the Board reserves discretion to require the Board-supervised PPSI to modify the plan submitted under proposed § 247.11(f)(1)(ii) as appropriate in light of circumstances surrounding the shortfall.

Proposed § 247.11(f)(2)(i) would require the Board-supervised PPSI to begin liquidating reserve assets and redeeming outstanding stablecoins consistent with proposed § 247.12 by no later than 5:00 p.m. in the time zone of the Board-supervised PPSI's supervising Federal Reserve Bank on the business day following the deadline for submission of a plan under § 247.11(f)(1), unless either (A) it has returned to compliance with the one-to-one requirement in the interim; or (B) the Board directs the Board-supervised PPSI to proceed with the plan submitted under proposed § 247.11(f)(1)(ii) or, if in the case of the Board's modification of such a plan, the modified plan. Under proposed § 247.11(f)(2)(ii), the Board-supervised PPSI must not charge customers a fee to redeem their payment stablecoins at any time during liquidation. Similarly, under proposed § 247.11(f)(2)(iii), the Board-supervised PPSI must not issue new payment stablecoins at any time during liquidation.[52]

The proposed approach aims to protect payment stablecoin holders and promote market confidence in payment stablecoins. The GENIUS Act requires PPSIs to process all redemptions at par. While redemption at par is important for payment stablecoins' use as a means of payment, it can lead to run dynamics when outstanding payment stablecoins are not fully backed by reserve assets. In such situations, for every redemption the PPSI processes, the payment stablecoin would fall further away from full backing. As a result, the risk that the remaining payment stablecoin holders will suffer a loss and the magnitude of the loss they stand to incur grows.[53] This dynamic may incentivize payment stablecoin holders to rush to redeem at any indication that the one-to-one

[52] For the avoidance of doubt, the prohibition in proposed § 247.11(f)(2)(iii) does not prevent a Board-supervised PPSI from transferring payment stablecoins across blockchains, to the extent such transfer is necessary to facilitate the liquidation process.

[53] For example, a PPSI that issues a payment stablecoin with outstanding issuance of $100 million and a $5 million shortfall in reserve assets can theoretically redeem all stablecoin holders at $0.95 for each payment stablecoin. However, if that PPSI processes $35 million in redemptions at par, and the shortfall remains $5 million, the PPSI could only redeem all stablecoin holders at $0.92 for each payment stablecoin.

requirement has been breached, which, in turn, could lead to the Board-supervised PPSI's failure.

The transparency of the public blockchains on which payment stablecoins will likely circulate has the potential to make them more or less vulnerable to runs. Public blockchains allow the market to observe redemptions as they occur. If some subset of payment stablecoin holders request redemptions after learning that the payment stablecoin is no longer fully backed, the remaining payment stablecoin holders could observe those redemptions in real time, which could then trigger a new round of redemptions. A surge in trading volume on the secondary market could also provide an observable signal that a payment stablecoin is coming under stress, with similar consequences.[54]

At the same time, the secondary market for payment stablecoins could also ameliorate these dynamics to some degree: If payment stablecoin holders who become concerned about the payment stablecoin's backing choose to sell on the secondary market rather than redeem directly with the PPSI, there will be no need for the PPSI to liquidate reserve assets to redeem at par, and no direct adverse impact on the remaining holders.

Nevertheless, the Board believes the potential for stablecoin holders' losses because of insufficient reserve assets, particularly once the one-to-one requirement has been breached, is a legitimate concern. Proposed § 247.11(f) would address these concerns by requiring a Board-supervised PPSI that has fallen out of compliance with the one-to-one requirement to notify the Federal Reserve and liquidate its reserves promptly unless it has a credible plan to promptly return to full backing. This requirement to redeem outstanding payment stablecoins, based on the value of the reserve assets, will also help ensure that payment stablecoin holders will bear any losses from a reserve deficit on a pro-rata basis, and avoid disproportionate losses to those holders who did not rush to redeem. Additionally, the Board's proposed approach may also help prevent run dynamics from developing in the first place. The Board's commitment to intervene if the fair value of the reserves fall irretrievably below the aggregate par value of outstanding payment stablecoins may give the market confidence that any payment stablecoin that continues to operate remains fully backed.

Additionally, proposed § 247.11(f)(2)(iii), which prohibits a Board-supervised PPSI from issuing new payment stablecoins once the liquidation process has commenced, is necessary to protect prospective payment stablecoin holders. At this stage, any newly-issued payment stablecoin would immediately be subject to the redemption requirement, so the payment stablecoin would have no utility to its holder.

The Board considered requiring Board-supervised PPSIs in breach of the one-to-one requirement to suspend issuing new payment stablecoins immediately after the breach occurs, rather than when the liquidation process has commenced. However, the Board ultimately determined that such a requirement would be imprudent. The Board's proposal creates a brief window during which Board-supervised PPSIs would be able to restore full backing of their payment stablecoins, so they can return to normal operation. Requiring PPSIs to suspend new issuance during this period could effectively deprive them of that opportunity, since the market would observe the lack of minting on the public blockchain. Moreover, the relatively compressed time-period between a Board-supervised PPSI's breach of the one-to-one requirement and required liquidation effectively limits new redemptions in such circumstances to less than 48 hours, and in many cases, much less than that. Further, suspending new issuances would, at best, provide incomplete protection, since it would not prevent customers from purchasing the payment stablecoin on the secondary market. For all these reasons, the Board declined to require Board-supervised PPSIs with a shortfall in reserve assets to suspend issuing new payment stablecoins.

Finally, proposed § 247.11(g) provides that if at any point the Board determines that a Board-supervised PPSI has not demonstrated that it meets any of the reserve asset requirements in proposed § 247.11(a)–(c), the Board may require the issuer to submit a plan describing how the Board-supervised PPSI will attain compliance and the timeline for the plan. If the Board determines, either before or after the submission of a plan, that a Board-supervised PPSI faces a significant risk of being unable to attain compliance with the reserve requirements in proposed § 247.11(a)–(c) within a reasonable period, the Board may order the Board-supervised PPSI to initiate redemption of all outstanding payment stablecoins. Proposed § 247.11(g) also states that the Board's authority to require a compliance plan or order redemption does not limit the Board's authority to pursue other measures, including enforcement actions, if appropriate. This approach would provide the Board with more supervisory discretion than the process in proposed § 247.11(f) for breaches of the one-to-one requirement. The more flexible approach to enforcement of the reserve asset requirements in proposed § 247.11(a)–(c) is appropriate, given that a breach of such requirements poses less immediate risk of loss to payment stablecoin holders.

Question 92: What would be the advantages or disadvantages of allowing a Board-supervised PPSI that experiences a shortfall in required reserve assets to issue new payment stablecoins? What limits (e.g., such as no increase in total outstanding issuance), if any, should be placed on the amount such a Board-supervised PPSI can issue and what would be the advantages or disadvantages of placing such a limit? Should the Board prohibit a Board-supervised PPSI from issuing new stablecoins upon breaching the one-to-one requirement, instead of once it commences the liquidation process?

Question 93: Are there additional considerations that the Board should take into account with respect to proposed § 247.11(f)? What operational difficulties would a Board-supervised PPSI encounter in notifying the Board of a shortfall in required reserve assets and submitting a remediation plan within 24 hours of such failure or in liquidating reserve assets and redeeming outstanding stablecoins at 5:00 p.m. in the time zone of the supervising Federal Reserve Bank the following business day after the deadline for submitting the remediation plan? What would be the advantages or disadvantages of allowing a longer period (e.g., allowing the issuer two additional days to hear from the Board), or using a different threshold (e.g., Board-supervised PPSI fails to meet the minimum reserve asset requirement for 15 consecutive business days), before requiring a Board-supervised PPSI to begin liquidating reserve assets and redeeming outstanding stablecoins? Should the Board prohibit Board-supervised PPSIs that fail to satisfy the one-to-one requirement from issuing new payment stablecoins until they have remediated the shortfall? Would such a requirement, which may result in a sudden pause in the issuance of new payment stablecoins, exacerbate run risks, given the public nature of the

[54] *See* Gordon Y. Liao, et al. *Risk-based Capital for Stable Value Tokens* (June 30, 2024), available at *https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4926568.*

blockchains on which such payment stablecoin are issued?

Question 94: Should the final rule include restrictions on expenses that may be charged against reserve assets? Is it worth making clear that Board-supervised PPSIs may not charge general corporate expenses against reserve assets? While there may be a narrow set of expenses that can be paid from reserve assets (for example, interest on a repurchase agreement or fees paid to an investment company holding reserve assets), the Board expects that paying most other expenses from reserve assets would be inconsistent with the requirement for permitted payment stablecoin issuers to maintain identifiable reserve assets backing outstanding issuance value on a one-to-one basis. [similar to OCC question 99]

Question 95: Should the final rule include additional measures to address de-pegging in the secondary market? For example, should the final rule bar a Board-supervised PPSI from issuing new payment stablecoins if a Board-supervised PPSI's payment stablecoins trade in secondary markets at some price that is a set amount less than par (e.g., trading at or below $0.99, $0.80 or some other amount) for some sustained period of time (e.g., 24 hours)? [similar to OCC question 86]

Question 96: Should other liquidity rules be amended to accommodate the changes made by the final rule and the GENIUS Act? For example, should the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) rules be amended so that depository institutions are unable to include high quality liquid assets (HQLA) held by PPSI subsidiaries as eligible HQLA in their own LCR and NSFR calculations? Similarly, should any outflows associated with a PPSI subsidiary be excluded from a parent entity's LCR calculations? Should the stablecoin activities of PPSI subsidiaries be fully excluded from the LCR calculations of parent entities? Or should there be a limited outflow commensurate with the possibility that a parent entity may provide support to a PPSI subsidiary (for example, one percent, five percent, or 10 percent of outstanding issuance value)? Should the LCR rule be amended so that, if PPSIs hold a large volume of eligible deposit claims against a particular depository institution, that depository institution must assign a higher outflow to such deposit liabilities? Should the LCR rule be amended in light of any other implications of the GENIUS Act, such as how it may apply to custodians under section 10 of the GENIUS Act? [similar to OCC question 87]

3. Redemption and Fees (Proposed § 247.12)

Proposed § 247.12 addresses redemption requirements imposed by section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)). Consistent with the statute, under proposed § 247.12(a), a Board-supervised PPSI must publicly disclose its redemption policy.[55] The Board proposes that in disclosing its redemption policy, the Board-supervised PPSI must include, at a minimum, certain information. Specifically, proposed § 247.12(a)(1) provides that the Board-supervised PPSI must include a timeframe in which the Board-supervised PPSI will redeem payment stablecoins and the timeframe under which the Board-supervised PPSI is required to redeem payment stablecoins (which, under proposed § 247.12(b)(2) may not exceed two business days following the date of the requested redemption). For the avoidance of doubt, a Board-supervised PPSI may choose a redemption timeframe that is less than 2 days in its redemption policy. In proposed § 247.12(a)(2), the Board proposes to require the Board-supervised PPSI to include a statement consistent with proposed § 247.12(b)(3) that any discretionary limitations on timely redemptions may only be imposed by the Board, or in the case of a State-qualified PPSI that is a Board-supervised PPSI, by the Board or the State payment stablecoin regulator, as applicable. Proposed § 247.12(a)(3) requires that Board-supervised PPSIs include in their redemption disclosures a statement explaining the scenarios when the redemption period may be extended as provided for in proposed § 247.12(c)–(d). Proposed § 247.12(a)(4) provides that the Board-supervised PPSI must provide a statement with clear instructions on how a customer can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin.

Proposed § 247.12(a)(5) would require the Board-supervised PPSI to specify the minimum number of payment stablecoins, if any, that the Board-supervised PPSI will redeem, provided that the Board-supervised PPSI must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding. In setting the requirement that a Board-supervised PPSI must redeem any number greater than or equal to one payment stablecoin, the Board is relying on a natural reading of the definition of ''payment stablecoin.'' Specifically, section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)), defines ''payment stablecoin'' as a digital asset that an issuer ''is obligated to convert, redeem, or repurchase for a fixed amount of monetary value.'' Since ''payment stablecoin'' is singular, the statutory language suggests that while a PPSI could set a minimum redemption threshold at a fraction of a payment stablecoin, a PPSI must redeem any number greater than or equal to one payment stablecoin to comply with the GENIUS Act.

Proposed § 247.12(b)(1) provides that a Board-supervised PPSI's redemption policy must provide clear and conspicuous procedures for timely redemption of outstanding payment stablecoins. In proposed § 247.12(b)(2), the Board is proposing to define ''timely'' to mean that the Board-supervised PPSI would have to redeem a payment stablecoin no later than two business days following the date of the requested redemption. The Board is proposing this two-business day timeframe as an outer limit on when a Board-supervised PPSI must redeem a payment stablecoin and understands that Board-supervised PPSIs may choose a timeframe that is less than two business days. The Board believes this timeframe provides sufficient responsiveness to stablecoin holders who seek to redeem their stablecoins, while also ensuring that Board-supervised PPSIs can appropriately manage liquidity demands.

Proposed § 247.12(b)(3), consistent with the statute, provides that discretionary limitations on timely redemption by a Board-supervised PPSI may only be imposed by the Board or, in the case of a State-qualified PPSI that is a Board-supervised PPSI, by the Board or the State payment stablecoin regulator, as applicable. Proposed § 247.12(c) provides that the Board, may in its discretion, extend timely redemption described in proposed § 247.12(b)(2) if the Board determines that the Board-supervised PPSI faces a threat to its safety and soundness or poses a threat to financial stability, or that such an extension is otherwise in the public interest. In general, the Board anticipates that it would consider whether to impose discretionary redemption limitations on Board-supervised PPSIs if they experience unusual and exigent circumstances, as described by the Board under proposed § 247.50(c). If such unusual and exigent

[55] Under section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)), the issuer of a payment stablecoin must be obligated to convert, redeem, or repurchase a payment stablecoin for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value.

circumstances make timely redemption impracticable, Board-supervised PPSIs may also request that the Board consider using its authority to issue a discretionary redemption limitation.

The Board also proposes including safe harbors for Board-supervised PPSIs that fail to redeem a payment stablecoin within two business days, which the Board recognizes may not be reasonable in all circumstances. As such, under proposed § 247.12(d), the Board will not take action against a Board-supervised PPSI for a failure to timely redeem if the Board-supervised PPSI can demonstrate to the Board's satisfaction that: (i) additional time is necessary to conduct customer identification and due diligence reviews in connection with legal requirements under the Bank Secrecy Act, sanctions, or federal anti-money laundering/countering the financing of terrorism laws or regulations; or (ii) the delay is outside of the Board-supervised PPSI's control. The Board recognizes that customer identification and due diligence reviews for customers without pre-existing relationships with Board-supervised PPSIs may take longer than two days. The Board further recognizes that there may be certain circumstances that are clearly outside of Board-supervised PPSIs' control that cause delays in meeting redemption requests beyond two days (*e.g.,* unforeseen third-party bank or custodian processing delays). Such circumstances would not, however, extend to instances where delays are owed solely to a higher-than-expected number of redemption requests within a given time period. Reliance on either safe harbor is contingent on the Board-supervised PPSI making all reasonable efforts to resolve the delay in a timely manner.

The requirements of this section would apply only to the redemption of a payment stablecoin by the Board-supervised PPSI (and any entity acting on behalf of the Board-supervised PPSI) and would not apply to secondary market trading.

Proposed § 247.12(e)(1) provides that a Board-supervised PPSI must also publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to customers, readily understandable by customers, and segregated from other information: (i) the name of the Board-supervised PPSI that issues the payment stablecoin; (ii) that the Board-supervised PPSI is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value; (iii) the link to the monthly composition report of the relevant Board-supervised PPSI's reserves as required under proposed § 247.11(d); and (iv) all fees associated with purchasing or redeeming payment stablecoins. The Board is including a requirement that the disclosures under proposed § 247.12(e)(1) are readily noticeable by customers, readily understandable by customers, and segregated from other information to provide more certainty on what it means to ''publicly, clearly, and conspicuously disclose [the information] in plain language.'' [56]

The Board is proposing to include the requirement that the disclosures be conspicuous and not mixed in with other information to ensure that the information in the disclosures is not buried with other non-relevant information that could obscure these required disclosures. Although the Board-supervised PPSI may include additional information beyond what is required in proposed § 247.12(e)(1) in the same disclosure, the information required under proposed § 247.12(e)(1) should be sufficiently conspicuous and separate and must meet the other requirements outlined, including that the information is readily noticeable and readily understandable by customers.

The Board will generally consider the disclosures as required by the proposed § 247.12 to be clear and conspicuous if a ''reasonable person'' would view the disclosures as such. Disclosures must comply with applicable consumer compliance laws, including the prohibition on unfair or deceptive acts or practices under the Federal Trade Commission Act (15 U.S.C. 45 *et seq.*). The Board believes that the disclosures required under proposed § 247.11(d)(1) are consistent with section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)) and are particularly important in the situation where a Board-supervised PPSI issues more than one brand of payment stablecoin either directly or through an affiliate (if the Board limits Board-supervised PPSIs to issuing a single brand of payment stablecoin). The Board believes that these disclosures are necessary to prevent confusion and ensure that payment stablecoin holders understand who has the ultimate obligation to redeem their payment stablecoins.

Proposed § 247.12(e)(2) provides that an issuer must update the disclosures in proposed § 247.12(e)(1)(iv) if there are any changes in the fees associated with purchasing or redeeming payment stablecoins and provide customers at least seven calendar days' prior notice of the change, including by securely delivering the notice to current customers for which the Board-supervised PPSI has contact information. Proposed § 247.12(e)(3) provides that a Board-supervised PPSI must publish the disclosures in proposed § 247.12(e)(1) and any updates made in accordance with proposed § 247.12(e)(2) on the Board-supervised PPSI's website. Proposed § 247.12(e)(4) provides that a Board-supervised PPSI must include the disclosures in proposed § 247.12(e)(1) and any updates made in accordance with proposed § 247.12(e)(2) in any customer agreements that it provides.

Question 97: Proposed § 247.12(b)(2) provides that timely redemption may not exceed two business days following the date of the requested redemption. Is this the appropriate timeframe to allow for redemptions? If not, what may be a more appropriate timeframe? For example, should the Board consider other timeframes ranging from one calendar days to seven calendar days timely? Should the Board consider some timeframe longer than seven calendar days timely? Should the Board define ''timely'' in a manner that scales with the liquidity of the underlying reserve assets or other factors? How should any definition of ''timely'' appropriately balance considerations of price stability and run risk? Should the Board allow for more freedom of contract between Board-supervised PPSIs and their payment stablecoin holders to establish what constitutes ''timely redemption,'' so long as the negotiated terms are consistent with the requirements of the GENIUS Act? [similar to OCC question 100]

Question 98: Should the timely redemption timeframe begin following the date of the requested redemption, as proposed, or following some other event? For example, should the timely redemption timeframe not begin unless the Board-supervised PPSI has completed customer identification and due diligence reviews in connection with legal requirements under the Bank Secrecy Act, sanctions, or federal anti-money laundering/countering the financing of terrorism laws and regulations?

Question 99: Are the Board's safe harbors for failing to timely redeem a payment stablecoin in proposed § 247.12(d) appropriately scoped? Should the safe harbor extend to other circumstances that are not covered by the Board's proposed rule? [similar to OCC question 101]

Question 100: Should the Board consider a longer redemption period ''timely'' in times of stress? If so, how long should the Board extend the

[56] 12 U.S.C. 5903(a)(1)(B)(ii).

redemption period, and what metrics and data should the Board look to in order to determine whether an extension is warranted? For example, if a Board-supervised PPSI faced redemption demands in excess of 10 percent of its outstanding issuance value over one day, should the Board extend the time period for timely redemption to seven calendar days. Would other metrics or thresholds be more appropriate? Should the Board automatically extend the time period for timely redemption in the event of a spike in redemption requests? [similar to OCC question 102]

Question 101: Should the Board define "redemption" for purposes of the proposed rule? If so, should it be defined broadly to mean that, for example, the Board-supervised PPSI has initiated payment to the payment stablecoin holder in return for a tendered payment stablecoin? Are there reasons to define "redemption" more narrowly? For example, should the Board define redemption to mean that the Board-supervised PPSI's payment to a payment stablecoin holder in exchange for the payment stablecoin has settled? [similar to OCC question 103]

Question 102: Are there limitations that the Board should impose on redemption fees, e.g., to discourage run risk or to encourage price stability? [similar to OCC question 104]

Question 103: What are the advantages and disadvantages of the Board explicitly limiting the fee disclosure provisions to fees required by the Board-supervised PPSI? Should third-party fees also be subject to the fee disclosures, and under what circumstances? For example, if a Board-supervised PPSI uses a third party to facilitate issuance and redemption, how should the Board evaluate compliance with the requirements of this section?

Question 104: Should the Board require Board-supervised PPSIs to deliver notice to current customers whenever they change fees, as proposed? Are there any specific methods or modes of communication that the Board should require? If so, which modes of communication would be most effective and appropriate? Is it feasible for Board-supervised PPSIs to secured deliver notice to all "customers"? [similar to OCC question 105]

Question 105: Should the Board include specific additional provisions regarding fee disclosures in the regulation text? If so, what additional requirements should be included? Should the Board specify how section 5 of the FTC Act (15 U.S.C. 45) relating to unfair or deceptive acts or practices could apply to how the Board evaluates the disclosures? Should the Board further explain the proposed "reasonable person" standard for clear and conspicuous disclosures? To whom should Board-supervised PPSIs have a responsibility to deliver disclosures regarding changes in fees? Should it be all payment stablecoin holders (e.g., including retail holders who purchased from an exchange or secondary market), or should it be a narrower subset of holders (e.g., only holders who purchased directly from the Board-supervised PPSI)? Are there obstacles that would make it impractical to deliver change in fee notices to all payment stablecoin holders? Should Board-supervised PPSIs be expected to provide direct notice where it has a customer's contact information because of a completed customer onboarding process? [similar to OCC question 106]

Question 106: The Board has proposed several categories of disclosure in the proposed rule and requested comment as to whether it should propose additional categories. Taken collectively, would these disclosures provide potential customers of Board-supervised PPSIs with the appropriate information to inform their use of payment stablecoins? Are there any steps the Board should take to ensure that potential customers are not confused or overwhelmed by these disclosures, especially in light of the relative unfamiliarity many potential customers may have with payment stablecoins? For example, should the Board take any steps to unify required disclosures so that they are all provided to customers at a specific point during the relationship? If so, how should the Board ensure that the most pertinent information is sufficiently emphasized? Is there anything else the Board should do to ensure that potential customers are appropriately informed in regard to payment stablecoins issued by Board-supervised PPSIs? Are there any technical aspects of distributed ledgers or blockchain the Board should take advantage of in relation to disclosures? For example, should certain disclosures be automated through smart contracts, such as with wrappers or other techniques? [similar to OCC question 107]

Question 107: Currently, many stablecoin issuers have issuance policies that may limit direct interaction with retail stablecoin holders. What are the potential impacts of these policies on retail stablecoin holders during a liquidity event? Should the Board explicitly require Board-supervised PPSIs to redeem payment stablecoins presented by any payment stablecoin holder that has undergone appropriate on-boarding including customer screening, as proposed? Should the Board require Board-supervised PPSIs to redeem payment stablecoins presented by a stablecoin holder that has an account relationship at a regulated financial institution? Is additional clarity needed as to for whom a Board-supervised PPSI is obligated to redeem a payment stablecoin? Alternatively, should the Board include other protections to ensure that payment stablecoin holders are able to redeem, or otherwise receive cash, for their payment stablecoins, including any protections in the event that payment stablecoin holders are unable to monetize their payment stablecoins through sales in the secondary market or through sales to direct customers of a Board-supervised PPSI? For example, should the final rule include an option for the Board to require direct redemptions under certain conditions, such as if the Board determines that the customers of a Board-supervised PPSI are not adequately facilitating the monetization of the Board-supervised PPSI's payment stablecoins? Should the Board impose any additional rules addressing minimum amounts for redemption? For example, should the Board prohibit redemption minimums or set the minimum at some point other than one payment stablecoin? [similar to OCC question 108]

Question 108: What would be the advantages or disadvantages of allowing a Board-supervised PPSI a period of days (e.g., 15 days) after the Board-supervised PPSI experiences a shortfall in required reserve assets before it needs to begin liquidating reserve assets and redeeming issued and outstanding payment stablecoins?

Question 109: The Board has indicated that it generally anticipates that it would consider whether to impose discretionary redemption limitations on Board-supervised PPSIs if they experience unusual and exigent circumstances, as described by the Board under proposed § 247.50(c). What are the benefits and drawbacks of this approach? Should the Board consider use of these authorities in a broader range of circumstances? The Board has also indicated that Board-supervised PPSIs may request the Board consider using this authority. What should a Board-supervised PPSI making such a request need to demonstrate in order for a Board to consider issuance of such a discretionary redemption limitation?

4. Risk Management Standards (Proposed § 247.13)

Section 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iv)) provides that the Board ''must issue regulations implementing . . . appropriate operational, compliance, and information technology risk management principles-based requirements and standards, including Bank Secrecy Act and sanctions compliance standards, that[ ] are tailored to the business model and risk profile'' of Board-supervised PPSIs and ''are consistent with applicable law.'' Section 4(a)(4)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iii)) provides that the Board must issue regulations implementing . . . interest rate risk management standards'' that ''are tailored to the business model and risk profile of [PPSIs] and[ ] do not exceed standards that are sufficient to ensure the ongoing operations of [PPSIs.]'' Proposed § 247.13 implements these requirements with respect to Board-supervised PPSIs. As discussed in more detail below, a Board-supervised PPSI that is a subsidiary of a State member bank would be deemed to be in compliance with the requirements of this section if the Board-supervised PPSI participates in the enterprise-wide risk management framework of its parent State member bank or consolidated banking organization, provided that such framework is in compliance with enterprise-wide risk management requirements applicable to the parent State member bank.

a. Operational and Managerial Standards (Proposed § 247.13(a))

The GENIUS Act provides that the operational, compliance, and information technology risk management requirements and standards must be principles-based. Accordingly, the Board is proposing flexible risk management standards in proposed § 247.13 that are tailored based on the nature, scope, and risk of a PPSI's activities. These standards reflect an understanding that Board-supervised PPSIs will have lower interest rate, liquidity, and credit risk exposures in comparison to a typical insured depository institution engaged in maturity and liquidity transformation. Most of the standards are adapted from the safety and soundness standards applicable to insured depository institutions.[57] In addition, on July 14, 2025, the Board issued a joint statement, together with the OCC and FDIC, on Risk Management Considerations for Crypto-Asset Safekeeping,[58] and the standards in proposed § 247.13 are consistent with the considerations described in the joint statement.

Internal Controls and Information Systems. Under proposed § 247.13(a)(1), a Board-supervised PPSI would be required to have internal controls and information systems to support effective risk management that are tailored to its size and complexity and the nature, scope, and risk of its activities, including taking into account the lower interest rate, liquidity, and credit risk exposures of Board-supervised PPSIs compared to a typical insured depository institution engaged in maturity and liquidity transformation. The internal controls and information systems would be required to provide for: (i) an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies; (ii) effective risk assessment; (iii) timely and accurate financial, operational, and regulatory reporting, including with respect to reports required under proposed part 247; (iv) adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and (v) compliance with applicable laws and regulations. Internal controls refer to the systems, policies, procedures, and processes effected by the board of directors and other personnel to safeguard Board-supervised PPSI assets, limit or control risks, and ensure compliance with applicable laws and regulations. Effective internal controls help the board of directors and management safeguard the Board-supervised PPSI's resources and comply with laws and regulations, as well as reduce the possibility of significant errors and irregularities, and assist in their timely detection when errors and irregularities do occur. Internal controls must also include an effective risk assessment since a Board-supervised PPSI cannot effectively manage its risks without an understanding of its risk profile, even taking into account the lower interest rate, liquidity, and credit risk exposures of Board-supervised PPSIs compared to a typical insured depository institution engaged in maturity and liquidity transformation.

The Board would expect the internal controls and information systems of a Board-supervised PPSI to reflect the complexity or simplicity of its organizational structure. For example, a smaller and less complex Board-supervised PPSI may be able to manage its risks with policies and procedures that are abbreviated in comparison to those of a larger Board-supervised PPSI. Similarly, smaller and less complex Board-supervised PPSIs may not need to report risk management metrics to senior management and the board of directors of a Board-supervised PPSI at the same frequency or to the same degree as a larger and more complex Board-supervised PPSI.

Internal Audit System. Under proposed § 247.13(a)(2), a Board-supervised PPSI would be required to have an internal audit system that is tailored to its size and complexity and the nature, scope, and risk of its activities and that provides for (i) adequate monitoring of the system of internal controls through an internal audit function, or for a Board-supervised PPSI whose size, complexity, or scope of operations does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls; (ii) independence and objectivity; (iii) qualified persons responsible for the audit function; (iv) adequate independent testing and review of internal controls and information systems, and verification of published information available to customers, calculations for required reserves, and regulatory filings; (v) adequate documentation of tests and findings and any corrective actions; (vi) verification and review of management actions to address deficiencies; and (vii) review by the Board-supervised PPSI's audit committee or board of directors of the effectiveness of the internal audit system. Internal audit systems provide objective, independent reviews of Board-supervised PPSI activities, internal controls, and information systems to help the board of directors and management monitor and evaluate internal control adequacy and effectiveness. An internal audit system, among other items, would be expected to independently test and review systems, as appropriate, related to (1) a Board-supervised PPSI's compliance with the GENIUS Act and rules implementing the GENIUS Act; (2) payment systems; and (3) third-party risk management. Well-planned, properly structured audit programs are essential to effective risk management and internal control systems. Effective internal audit programs are a critical defense against fraud and provide vital

[57] 12 CFR part 208, appendix D–1.

[58] *See* Board, ''Agencies Issue Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping'' (July 14, 2025), *https://www.federalreserve.gov/newsevents/pressreleases/bcreg20250714a.htm.*

information to the board of directors about the effectiveness of internal controls systems. An internal audit program's responsibilities include evaluating compliance systems, safeguards around use of payment systems, and risks posed by relationships with and dependence on third parties.

While it is important that internal audit functions be conducted by qualified persons with an appropriate level of independence from other business lines, the proposed rule would not mandate a particular organizational structure (for example, a structure based on the three lines of defense model). Proposed § 247.13(a)(2) would not prescribe a one-size-fits-all approach to risk management. Smaller and less complex Board-supervised PPSIs with a limited risk profile may be able to comply using a simpler, less delineated organizational structure, or may be able to outsource certain functions such as the internal audit function, while larger and more complex Board-supervised PPSIs with more prominent risk-profiles may require organizational structures with more clearly delineated risk management functions, including internal audit personnel.

Asset Growth. Under proposed § 247.13(a)(3), a Board-supervised PPSI's asset growth must be prudent and commensurate with a Board-supervised PPSI's risk management capabilities, operational capacity, and staffing. Rapid expansion of a Board-supervised PPSI's payment stablecoin liabilities and reserve assets without a corresponding increase in its risk management capabilities, operational capacity, and staffing could strain its oversight and monitoring capabilities, which could impair its ability to manage salient risks. While there are no hard limits for how quickly Board-supervised PPSIs may grow, a Board-supervised PPSI must ensure that growth does not undercut its capabilities to comply with the requirements of this proposed rule and other applicable law. For example, rapid issuance of new payment stablecoins would require a commensurately rapid increase in reserve assets, and Board-supervised PPSIs must ensure that they maintain the capabilities to maintain these reserve assets in compliance with proposed § 247.11 and maintain the ability to access and monetize the reserve assets in order to meet redemption requests.

Earnings. Under proposed § 247.13(a)(4), a Board-supervised PPSI would be required to evaluate and monitor its earnings and ensure that its earnings are sufficient to support operations and maintain the capital levels that would be required under the proposal. To satisfy this requirement, a Board-supervised PPSI would, among other things, be expected to monitor economic conditions, such as fluctuations in short-term interest rates, that might impact its earnings. Where a Board-supervised PPSI identifies a development that could negatively impact its earnings, the Board-supervised PPSI would be expected to make adjustments to its business as appropriate to ensure it remains compliant with all applicable capital requirements. To reflect the distinct characteristics of Board-supervised PPSIs, the proposed standards on earnings in proposed § 247.13(a)(4) do not include all the listed elements in paragraph II.H in Appendix D–1 to 12 CFR part 208, from which the earnings standard in proposed § 247.13(a)(4) was adapted. Nevertheless, under the proposed rule, Board-supervised PPSIs would be expected to comply with the overarching requirement to evaluate and monitor their earnings.

Oversight of Third-Party Relationships. Under proposed § 247.13(a)(5), a Board-supervised PPSI would be required to address the risks from its third-party relationships. Board-supervised PPSIs may depend on third-party service providers for various aspects of their operations. Third-party service providers could, for example, support the development of smart contract code that facilitates the burning, minting, transferring or other functions of payment stablecoins; the custody of private keys for smart contracts and other digital assets; and blockchain monitoring to support compliance with Bank Secrecy Act/anti-money laundering and sanctions requirements. Firms involved in tokenizing reserve assets may also be critical third parties: the Board-supervised PPSI may, for example, depend on such firms to ensure the token circulating on a blockchain confers to its holder specific legal rights to the associated asset. Failure to manage the risks associated with such third-party relationships could cause material disruptions in a Board-supervised PPSI's business or lead to financial losses that place the safety and soundness of a Board-supervised PPSI in jeopardy.

To mitigate those risks, proposed § 247.13(a)(5) would require a Board-supervised PPSI to (i) exercise appropriate due diligence in selecting its third party relationships; (ii) require its service providers by contract to implement appropriate measures designed to satisfy the applicable requirements under proposed part 247; and (iii) as appropriate, monitor its third party relationships, including by reviewing audits, summaries of test results, or other equivalent evaluations.

Interest Rate Risk. The GENIUS Act explicitly authorizes interest rate risk management standards under section 4(a)(4)(A)(iii) (12 U.S.C. 5903(a)(4)(A)(iii)). Proposed § 247.13(a)(6) addresses interest rate risk and would require a Board-supervised PPSI to (i) manage interest rate risk in a manner that is appropriate to the size and complexity of the Board-supervised PPSI and the complexity of its assets and liabilities, and (ii) provide periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk. It is important for Board-supervised PPSIs to be mindful of interest rate risk—particularly in light of the role of interest rate risk in the failures of previous money market funds, whose investments were supposed to be limited to assets with relatively low weighted maturities or duration.[59]

Insider and Affiliate Transactions. Proposed § 247.13(a)(7) addresses insider and affiliate transactions and is intended to protect the assets and resources of a Board-supervised PPSI from misuse for the benefit of insiders, affiliates, or related entities. The proposed provision would require a Board-supervised PPSI to ensure that transactions between the Board-supervised PPSI and insiders or affiliates do not pose a significant risk of material financial loss to the PPSI. Further, a Board-supervised PPSI must ensure that any such transactions are conducted on terms that are the same or at least as favorable to the Board-supervised PPSI as those prevailing at the time for comparable transactions with or involving non-insiders or non-affiliates. In the absence of comparable transactions, such transactions must be offered on terms and under circumstances that, in good faith would be offered to, or would apply to, non-affiliates or non-insiders. With respect

[59] Mismanagement of interest rate risk has contributed to material losses in money market funds in the United States. See *In the Matter of John E. Backlund, et al.,* Investment Company Act Release No. 23639 (January 11, 1999) (SEC administrative order involving the Community Bankers U.S. Government Money Market Fund liquidated in 1994); *In the Matter of First Multifund Advisory Corp. and Milton Mound,* Initial Decision, File No. 3–5881 (December 29, 1982) (SEC initial decision involving the First Multifund for Daily Income liquidated in 1978). That being said, these funds had exposure to interest rate risk that far exceeded the exposure PPSIs could face, given the Act's limitations on permissible reserve assets.

to a Board-supervised PPSI that is a subsidiary of an insured State member bank, these restrictions do apply to transactions with such insured State member bank.

Question 110: How should the Board ensure that the standards in proposed § 247.13 are ''principles-based'' while providing sufficient clarity to Board-supervised PPSIs? Should the requirements in proposed § 247.13 be broader or more detailed? [similar to OCC question 109]

Question 111: Should certain of the risk management requirements only apply to large Board-supervised PPSIs? If so, which requirements should only apply to large Board-supervised PPSIs, and what would be the appropriate threshold for determining that a Board-supervised PPSI is a large issuer (e.g., $10 billion in outstanding issuance value)? [similar to OCC question 110]

Question 112: Which standards from 12 U.S.C. 1831p–1 and 12 CFR part 208 appendices D–1 and D–2 should or should not apply to Board-supervised PPSIs? Are there other standards not in 12 U.S.C. 1831p–1 and 12 CFR part 208 appendices D–1 and D–2 that should apply to Board-supervised PPSIs? [similar to OCC question 111]

Question 113: Do the proposed risk management requirements appropriately provide for clear management roles, responsibilities, and accountability? If not, how should the proposed risk management requirements be revised? [similar to OCC question 112]

Question 114: Should Board-supervised PPSIs be required to adopt and adhere to a risk appetite statement? [similar to OCC question 113]

Question 115: Should Board-supervised PPSIs be required to regularly (e.g., on at least an annual basis) review their risk management frameworks and make any changes to appropriately align risk management activities with their business objectives and strategies? [similar to OCC question 114]

Question 116: Should the proposed rule's requirements with respect to interest rate risk management be modified? If so, how? For example, should Board-supervised PPSIs have in place the appropriate policies, procedures, and internal controls for their interest rate risk management programs? What are the advantages and disadvantages of imposing a weighted average maturity requirement to Board-supervised PPSIs, as part of their interest rate risk management programs? What are the advantages and disadvantages of requiring Board-supervised PPSIs to establish risk appetites and limit structures as part of their interest rate risk management programs? What are the advantages and disadvantages of requiring Board-supervised PPSIs to incorporate stress testing as part of their interest risk management programs? Should Board-supervised PPSIs be allowed to use assets that do not qualify as reserve assets as part of an interest rate risk hedging program and if so, why? Should there be restrictions on the types of instruments used for hedging purposes and why? Additionally, should the maturities of the hedging instruments match the maturities of the qualified reserve assets, and why? [similar to OCC question 115]

Question 117: Should the Board include consumer protection-related compliance risk management principles-based requirements and standards in proposed § 247.13? If so, are there specific standards the Board should institute? [similar to OCC question 120]

Question 118: Should the Board include additional requirements concerning Board-supervised PPSIs' management of their ability to satisfy redemption requests and to monetize reserve assets, including by analyzing reasonably anticipated redemption scenarios? [similar to OCC question 123]

Question 119: Should the Board include additional requirements relating to the maintenance of safeguards to prevent the payment of compensation, fees, and benefits that are excessive or that could lead to material financial loss to the Board-supervised PPSI? [similar to OCC question 124]

Question 120: Are the restrictions on insider and affiliate transactions in proposed § 247.13(a)(7) appropriate? What modifications, if any, are warranted? What are the advantages or disadvantages of implementing an approach similar to that the OCC proposed in § 15.13(a)(6) of the its GENIUS Act NPR?[60] *Are the proposed requirements with respect to insider and affiliate transactions appropriately tailored? If not, how should they be modified? The Board has proposed to exempt transactions between a Board-supervised PPSI and its parent insured State member bank, if applicable. Is this exemption appropriate, or should such transactions be covered by some or all of the insider and affiliate transaction restrictions proposed? Should the requirements include any prescriptive qualitative or quantitative limits? Should transactions be documented and reviewed by the board of directors? Should certain transactions require approval by the board of directors? Should Board-supervised PPSIs be required to monitor and validate compliance with the restrictions on insider and affiliate transactions?*

Question 121: Should the Board include any requirements relating to the concentration of management at unaffiliated PPSIs? For example, should the Board include limits on the number of unaffiliated PPSIs for which an individual may serve as an executive officer or senior management official? Should any such limits be tied to the outstanding issuance value of the Board-supervised PPSI? [similar to OCC question 126]

Question 122: Should the Board require Board-supervised PPSIs to acquire insurance against certain risks? For example, should Board-supervised PPSIs be required to hold cyber insurance policies? If so, what should be the minimum coverage requirements? Should the Board require some minimum level of property and casualty insurance? If so, what should the minimum level of coverage be? What disclosures, if any, would it be appropriate for a Board-supervised PPSI to make with respect to its insurance coverage and to whom should those disclosures be directed (e.g., investors or payment stablecoin holders)? What implications with respect to other applicable disclosure regimes should the Board consider when deciding whether to impose any disclosure requirements with respect to insurance coverage? To what extent are the terms and conditions for property and casualty (or other types of) insurance coverage for Board-supervised PPSIs becoming more standardized? What steps, if any, should the Board take to encourage standardization to increase certainty and consistency with respect to insurance coverage across jurisdictions? [similar to OCC question 127]

Question 123: The Board considered requiring a Board-supervised PPSI to (i) appropriately monitor and validate compliance with the requirements of proposed § 247.11 and (ii) manage liquidity and concentration risk in a manner that is appropriate to the business model and risk profile of the Board-supervised PPSI. However, the Board ultimately concluded that compliance with the substantive requirements in proposed § 247.11 was sufficient, and there was little utility in including additional process-focused risk management requirements. What additional value might separate risk management requirements provide?

Question 124: Are the risk management requirements in proposed

[60] *See* 91 FR 10202 (March 2, 2026).

§ 247.13 sufficiently broad to cover the full range of Board-supervised PPSI activities? If not, what activities are not covered? What additional risk management requirements should the Board consider? To the extent Board-supervised PPSIs engage in digital asset service provider activities, what additional risk management requirements, if any, are appropriate?

Question 125: Proposed § 247.13(a)(5) requires Board-supervised PPSIs to manage risks associated with service providers. Does this requirement adequately address the risks from third parties involved in the process of tokenizing reserve assets. If not, what risks are not addressed? What additional requirements, if any, are appropriate to address risks from third parties involved in the process of tokenizing reserve assets?

b. Information Technology and Security Standards (Proposed § 247.13(b))

Information Technology and Security Program. Under proposed § 247.13(b)(1), a Board-supervised PPSI would be required to implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks. Board-supervised PPSIs could be vulnerable to certain information technology and cybersecurity failures or attacks by artificial intelligence tools that are rapidly developing capabilities that allow them to detect and exploit weaknesses in websites and online portals.[61] For example, many stablecoins rely on smart contracts to control minting and burning. A security breach involving such a smart contract or caused by an artificial intelligence tool could lead to the unauthorized minting of new coins without the receipt of additional reserve assets. Payment stablecoin arrangements are also vulnerable to failures in the blockchains on which they circulate, which serve as the ledger of record. A material operational event impacting the blockchain could, for example, undermine a Board-supervised PPSI's ability to identify for redemption purposes the rightful holders of its payment stablecoins or its ability to mint and burn new payment stablecoins. Furthermore, failure of the underlying blockchain could call into question a Board-supervised PPSI's ownership of a tokenized asset. Such a failure could also compromise a Board-supervised PPSI's ability to liquidate the tokenized asset to meet redemptions.

A robust information technology framework, as outlined below, is essential to mitigating these risks. Such a program can help prevent unexpected losses and enhance market confidence in the Board-supervised PPSI's continuing operations and ability to meet its obligations. A Board-supervised PPSI's information technology program should be tailored to its size and complexity and the nature, scope, and risk of its activities.

Board of Directors Approval. Under proposed § 247.13(b)(2), the board of directors of a Board-supervised PPSI, or an appropriate board committee, must approve the Board-supervised PPSI's information technology and security program. The board or board committee must oversee the development, implementation, and maintenance of the program, including the appointment of a qualified Information Technology and Security Officer. The board or committee must also assign specific responsibility for program implementation and review program-related reporting.

Required Elements of Program. Under the proposed § 247.13(b)(3), a Board-supervised PPSI's information technology and security program would be required to include (i) an inventory and classification of assets, processes, and sensitivity of data; (ii) controls supporting and safeguarding sensitive information and processes; (iii) evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts, are operating as intended; (iv) periodic independent testing; and (v) a comprehensive and effective incident identification and assessment process and incident response program. The program must ensure that Board-supervised PPSIs are well positioned to protect against the unique cybersecurity risks presented by digital assets. When identifying the key information technology systems to be addressed in the program, a Board-supervised PPSI would be expected to consider all technologies on which it relies. This includes systems operated by the Board-supervised PPSI and its vendors, such as smart contracts. It also includes key information technology systems such as the blockchains on which its payment stablecoins circulate.

The Board would expect a Board-supervised PPSI's information technology and security program to address each relevant information technology system based on the materiality of the risks the system poses. An information technology system involving minimal risks would require fewer controls. A system that poses material risks, in contrast, would require sophisticated evaluation, reporting, and validation processes, and rigorous independent testing at regular intervals.

Business Continuity. Under proposed § 247.13(b)(4), a Board-supervised PPSI's information technology and security program must include measures to ensure continuity of operations and recover critical functions in the face of disruptions, including by conducting business impact analyses, testing vulnerabilities, and testing with critical service providers. Board-supervised PPSIs should ensure they have appropriate controls to reliably address operational issues that may arise with burning and minting new payment stablecoins and should conduct appropriate due diligence before supporting any new distributed ledger. Operational resilience will be particularly important for Board-supervised PPSIs, which will depend on customer confidence in the stable value and availability of their payment stablecoins.

Nonpublic Personal Information. Under proposed § 247.13(b)(5), a Board-supervised PPSI's information technology and security program must include administrative, technical, and physical safeguards designed to (i) ensure the security and confidentiality of records containing nonpublic personal information about a customer; (ii) protect against any anticipated threats or hazards to the security or integrity of such records; (iii) protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer; and (iv) ensure the proper disposal of such records.

Safe Handling of Digital Assets. Proposed § 247.13(b)(6) provides that a Board-supervised PPSI must develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery, incorporating: (i) relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and (ii) information on material developments specifically related to supported digital assets and their underlying ledgers.[62] Failure to develop

[61] *See, e.g.,* Robert McMillan and Chip Cutter,''AI Is Finding Bugs That Hackers Can Exploit. Get Ready for Bugmageddon,'' *Wall Street Journal* (April 13, 2026), *https://www.wsj.com/tech/ai/ai-is-finding-bugs-that-hackers-can-exploit-get-ready-for-bugmageddon-baaff236.*

[62] If a Board-supervised PPSI holds digital assets on a customer's behalf, the Board-supervised PPSI's risk management practices must reflect this activity. Consistent with the July 14, 2025, Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping, a Board-supervised PPSI holding

appropriate controls to safeguard digital assets could lead to the loss of private keys or other sensitive information that could result in the loss of digital assets or the unauthorized transfer of the digital assets out of the Board-supervised PPSI's control.

Question 126: Are there areas that fall under the categories of technological, operational, compliance, or other risk management principles-based requirements and standards that should be included in proposed § 247.13 but were omitted from the proposed rule? What are the advantages or disadvantages of including additional risk management requirements relating to notifications of unauthorized access to sensitive customer information, such as the requirement OCC proposed in § 15.13(b)(7) of its GENIUS Act NPR, or relating to adjustments of information technology and security programs and information technology resilience, such as the requirements the OCC proposed in § 15.13(b)(6) and (b)(8) of its GENIUS Act NPR ? [63] *Should proposed § 247.13(b) expressly address risks relating to smart contracts, encryption, or any other technology or procedure? Are there standards which were included but are not applicable to Board-supervised PPSIs? The proposed rule would require the appointment of a qualified Information Technology and Security Officer. Should the rule also require the appointment of a qualified Chief Risk Officer and Chief Audit Executive? The Board is considering all possible combinations of the standards in proposed § 247.13 and invites comments on which combination of standards is appropriate as well as whether to remove any of the individual standards in proposed § 247.13. [similar to OCC question 118]*

Question 127: Should the Board consider operational risk management principles-based requirements and standards to address the situation where a Board-supervised PPSI needs to transfer payment stablecoins across different blockchains to satisfy a redemption demand? If so, what kind of requirements and standards should the Board consider to address this situation? For example, should there be specific requirements relating to locking, minting, or burning payment stablecoins to facilitate a transfer? [similar to OCC question 119]

Question 128: Are there additional requirements concerning data privacy that it would be appropriate for the Board to include in proposed part 247? Please describe in detail any such standards. [similar to OCC question 121]

Question 129: What risks, if any, will Board-supervised PPSIs face from the blockchains on which their payment stablecoins circulate? Are the requirements under proposed § 247.13(b) sufficient to address those risks? If not, what additional requirements are appropriate?

Question 130: What information technology risks would Board-supervised PPSIs face from the use of tokenized reserve assets? How, if at all, could the proposed risk management requirements be adjusted to better address such risks? For example, what would be the advantages or disadvantages of including risk management requirements specifically addressing the information technology risks from tokenized reserve assets, such as a requirement that a Board-supervised PPSI's information technology and security program address information technology risks from a Board-supervised PPSI's use of tokenized reserve assets? How detailed should such requirements be?

c. Board-Supervised PPSIs and Enterprise-Wide Risk Management (Proposed § 247.13(c))

Board-supervised PPSIs include subsidiaries of State member banks. Under proposed § 247.13(c), a Board-supervised PPSI that is a subsidiary of a State member bank would be deemed to be in compliance with the requirements of proposed § 247.13 if (i) the Board-supervised PPSI participates in the enterprise-wide risk management framework of its parent State member bank or consolidated banking organization and (ii) that parent State member bank or consolidated banking organization has an enterprise-wide risk management framework that complies with the guidelines in appendix D–1 of 12 CFR part 208.

State member banks are already required to develop and adhere to operational and managerial standards for operational and information technology risks on a consolidated basis.[64] As a result, State member banks already have risk management frameworks to address the matters covered in this section, and such frameworks often cover a State member bank's subsidiaries. The Board recognizes the value of enterprise-wide compliance efforts. They can allow a consolidated entity to use risk and compliance resources more effectively and efficiently, and can enable the board of directors or senior management of a consolidated banking organization to exercise oversight of risk and compliance functions holistically. Accordingly, the proposal would allow the enterprise to extend an existing compliance program to include the Board-supervised PPSI.

To take advantage of this consolidated approach, the enterprise risk management framework could be adapted to account for the unique information technology and operational risks faced by Board-supervised PPSIs. This will generally involve incorporating many of the requirements described in this section, such as a comprehensive information technology program, into the existing enterprise-wide framework. While such changes may be resource-intensive, the Board believes they could ultimately prove more resource-efficient and effective than maintaining separate and independent programs for both the State member bank and the Board-supervised PPSI.

Question 131: Under the Board's proposal, Board-supervised PPSIs that are subsidiaries of State member banks would be deemed to be in compliance with the requirements of this section if (i) the Board-supervised PPSI participates in the enterprise-wide risk management framework of its parent State member bank or consolidated banking organization and (ii) that parent State member bank or consolidated banking organization has an enterprise-wide risk management framework that complies with the Board's safety and soundness guidelines applicable to a State member bank. What are the advantages and disadvantages of this approach? To what extent will State member banks with PPSI subsidiaries need to adapt their enterprise-wide risk management frameworks to address the risks from issuing payment stablecoins? How should the Board determine that the parent State member bank's risk management framework adequately addresses the risks unique to Board-supervised PPSIs?

d. Bank Secrecy Act/Anti-Money Laundering and Sanctions Requirements (Proposed § 247.13(d))

FinCEN and OFAC have issued a separate proposed rule that would implement the GENIUS Act's directive to treat PPSIs as financial institutions

digital assets on a customer's behalf would be required to maintain risk management practices, and information security practices in particular, that reflect the Board-supervised PPSI's capacity to understand a complex and evolving asset class, ability to ensure a strong control environment, and appropriate contingency plans to address unanticipated challenges in effectively providing services to customers.

[63] *See* 91 FR 10202 (March 2, 2026).

[64] 12 CFR part 208, Appendix D–1.

under the Bank Secrecy Act, as well as imposing several unique obligations required by the GENIUS Act.[65] The FinCEN and OFAC proposed rule would also implement the GENIUS Act's directive to require PPSIs to maintain effective sanctions compliance programs. Likewise, FinCEN, the Board, OCC, FDIC, and NCUA have issued a joint proposed rule imposing customer identification program requirements on certain PPSIs.[66] Proposed § 247.13(d) would provide that in order to ensure compliance with Bank Secrecy Act and sanctions requirements, each Board-supervised PPSI must comply with applicable regulations at 31 CFR Chapter V and 31 CFR Chapter X, including any anti-money laundering/countering the financing of terrorism (AML/CFT) program, sanctions program, and reporting requirements. In the interests of reducing burden and promoting consistent requirements, proposed § 247.13(d) would not contain additional requirements beyond those contained in FinCEN and OFAC's proposed rule at this time. Instead, compliance with regulations at 31 CFR Chapter V and 31 CFR Chapter X, as promulgated by FinCEN and OFAC, would constitute compliance with proposed § 247.13(d).

The proposed rule would create supervision and enforcement frameworks for Board-supervised PPSIs' AML/CFT programs. The proposed rule defines key terms and describes the Board's enforcement and supervision policy with respect to AML/CFT program implementation failures. The enforcement requirements only apply to actions by the Board.

Definitions. The proposed rule would define several terms used throughout this section. The term ''AML/CFT requirement'' would mean certain requirements of the Bank Secrecy Act, the GENIUS Act, or of the regulations in title 31, Chapter X applicable to Board-supervised PPSIs.

The term ''AML/CFT enforcement action'' would mean any formal or informal action taken by the Board under authority of section 6 of the GENIUS Act (12 U.S.C. 5905) or other applicable law that seeks to penalize, remedy, prevent, or respond to noncompliance with past or ongoing violations of, or past or ongoing deficiencies relating to, an AML/CFT requirement. The term includes a cease-and-desist order, written agreement, consent order, or memorandum of understanding, or the assessment of a civil money penalty. It does not include criminal enforcement.

The term ''significant AML/CFT supervisory action'' would mean any written communication or other formal supervisory determination issued by the Board that identifies one or more alleged deficiencies, weaknesses, violations of law, or unsafe or unsound practices or conditions relating to an AML/CFT requirement; communicates supervisory expectations to a Board-supervised PPSI regarding actions or remedial measures required to correct the deficiency, weakness, violation, or practice or condition; and contemplates significant or programmatic actions or remedial measures to be taken by the Board-supervised PPSI. The term does not include examiner observations, suggestions, or other informal comments.

Enforcement and Supervision Policy. The proposed rule would articulate the Board's enforcement and supervision policy as it relates to AML/CFT programs.[67] Except with respect to a significant or systemic failure to implement an established AML/CFT program in accordance with applicable regulations at 31 CFR Chapter X, a Board-supervised PPSI that has properly established an AML/CFT program would not be subject to an AML/CFT enforcement action or to a significant AML/CFT supervisory action based on the program requirements issued by FinCEN. At the same time, the proposed rule would clarify that nothing in this policy would restrict an AML/CFT enforcement action or a significant AML/CFT supervisory action with respect to a failure to properly establish an AML/CFT program. This proposal is only intended to affect actions by the Board.

In addition to these policies, the FDIC, NCUA, and OCC have proposed to include two provisions regarding consultation and information sharing with FinCEN.[68] The first provision would establish a FinCEN notice and consultation framework applicable when the FDIC, NCUA, and OCC intend to initiate an AML/CFT enforcement action or a significant AML/CFT supervisory action. The second provision would allow PPSIs to share any information with the FinCEN Director that relates to an existing or potential AML/CFT enforcement action or significant AML/CFT supervisory action. The Board invites comment on whether it should consider including the same or similar provisions in its final rule, including with respect to the two options for sharing information outlined in the other proposals.

Question 132: Are the requirements in proposed § 247.14(d) sufficiently clear? Are there additional requirements and standards concerning Bank Secrecy Act and sanctions compliance that it would be appropriate for the Board to include in proposed § 247.14(d)?

Question 133: What clarification, if any, is needed for Board-supervised PPSIs to determine what constitutes a ''significant or systemic failure'' to implement an established AML/CFT program? Is clarification needed for Board-supervised PPSIs to determine what constitutes a ''failure to establish an AML/CFT program''?

Question 134: The OCC, FDIC, and NCUA included two provisions in their proposed rules that are not included in the Board's proposed rule regarding consultation and information sharing with FinCEN. Should the Board include the same or similar provisions in its rule?

Question 135: The definition of significant AML/CFT supervisory action includes the term ''any written communication.'' Is the term ''any written communication'' too broad? Are there downsides and negative consequences to including the term ''any written communication'' in the proposed regulatory text? If so, please describe. Should the term ''any written communication'' be more clearly defined or removed altogether?

Question: 136: Is the definition of the term ''significant AML/CFT supervisory action'' sufficiently clear? Does the inclusion of ''unsafe or unsound practices or conditions'' introduce confusion about what types of supervisory actions are covered, since those terms are not found in the Bank Secrecy Act?

Question 137: Should proposed § 247.13(d) address the extent to which, or whether, Board-supervised PPSIs are subject to other Board regulations imposing obligations related to the Bank Secrecy Act, sanctions, and suspicious activity reporting, and if so, how? Would the requirements in the proposed rule conflict with these existing obligations in any way that would make complying with both difficult or impossible?

Question 138: Should proposed § 247.13(d) address the extent to which, or whether, Board-supervised PPSIs are subject to other Board regulations imposing obligations related to the Bank Secrecy Act, sanctions, and suspicious activity reporting, and if so, how? Would

[65] 91 FR 18582 (Apr. 10, 2026).

[66] 91 FR 37234 (June 22, 2026).

[67] The proposal is not intended to and does not affect or restrict criminal enforcement under the Bank Secrecy Act or the related authority of the Department of Justice.

[68] *See* 91 FR 28956 (May 18, 2026) (NCUA); 91 FR 34171 (June 5, 2026) (FDIC); 91 FR 37840 (June 24, 2026) (OCC).

the requirements in the proposed rule conflict with these existing obligations in any way that would make complying with both difficult or impossible?

5. Audits, Reports, and Supervision (Proposed § 247.14)

a. Examinations (Proposed § 247.14(a)–(g))

Section 6(a)(1) of the GENIUS Act (12 U.S.C. 5905(a)(1)) authorizes primary Federal payment stablecoin regulators, including the Board, to examine and otherwise supervise PPSIs, as defined in the statute, that are not State-qualified PPSIs with an outstanding issuance of less than $10 billion in payment stablecoins. Section 6(a)(3) of the GENIUS Act (12 U.S.C. 5905(a)(3)) authorizes the Board to examine a Board-supervised PPSI ''to assess the nature of its operations and its financial condition; the financial, operational, technological, and other risks associated with [the Board-supervised PPSI] that may pose a threat'' to its safety and soundness ''or the stability of the financial system of the United States; and the systems of the [Board-supervised PPSI] for monitoring and controlling the risks . . .'' Pursuant to section 6(a)(4)(C) of the GENIUS Act (12 U.S.C. 5905(a)(4)(C)), the Board may only request examinations at a cadence and in a format that is similar to that required for similarly situated entities regulated by the Board.

Proposed § 247.14(a) provides that the Board will conduct a full-scope examination of every Board-supervised PPSI subject to its supervision at least once during each 12-month period, unless otherwise specified in proposed § 247.14(d). Such examinations may be undertaken in conjunction with, or separately from, an examination of the parent State member bank. A full scope examination refers to the comprehensive review of a Board-supervised PPSI's financial condition, risk management practices, compliance with laws and regulations, and overall safety and soundness. The Board's proposed exercise of its examination authority over Board-supervised PPSIs is similar to the Board's current examination practices with respect to State member banks.[69] This mirroring ensures the Board is requesting examinations and reports at a cadence and in a format that is similar to that required for similarly situated entities the Board regulates, as required by section 6(a)(4)(C) of the GENIUS Act (12 U.S.C. 5905(a)(4)(C)).

Extended Exam Cycle for Certain Board-Supervised PPSIs. Consistent with the Board's statutory authority to supervise Board-supervised PPSIs, the Board proposes that § 247.14(d) would provide the Board with the option to examine some Board-supervised PPSIs on an 18- to 36-month cycle, as determined by the Board in its sole discretion, if the issuers satisfy the following conditions: (i) the Board-supervised PPSI currently is not subject to a formal enforcement proceeding or order; (ii) no person acquired control, as specified in proposed § 247.2, of the Board-supervised PPSI during the preceding 12-month period in which a full-scope examination would have been required but for proposed § 247.14(d); (iii) the Board-supervised PPSI has an outstanding issuance value of less than $1 billion, indexed to nominal U.S. GDP, or less than $25 billion, indexed to nominal U.S. GDP, in total monthly trading volume; and (iv) the Board-supervised PPSI is in compliance with all of the reserve requirements set forth in proposed § 247.11 and the reporting requirements in proposed § 247.14. The proposed criteria for certain Board-supervised PPSIs to qualify for an 18- to 36-month examination cycle are similar to the factors the Board considers for State member banks under 12 CFR 208.64(b).

Authority to Conduct More Frequent Examinations. Consistent with the Board's statutory authority under the GENIUS Act and the Board's supervisory authority over State member banks, proposed § 247.14(e) allows the Board to conduct examinations of Board-supervised PPSIs as frequently as the agency deems necessary, including examinations of a limited scope.[70] The Board has proposed this provision to ensure the agency has clear authority to conduct ad hoc examinations when emergencies or risks to the safety and soundness of a Board-supervised PPSI or the financial stability of the United States require the agency to deviate from its routine 12- or 18- to 36-month examination cycle.

Access to Books and Records. Proposed § 247.14(b) requires that, upon request, Board-supervised PPSIs must grant Board examiners prompt and complete access to all officers, directors, employees, agents, and relevant books, records, or documents of any type. The Board, through its examination authority over State member banks, has authority to access the officers, agents, and books and records of these institutions.[71] The books and records of a Board-supervised PPSI include, but are not limited to, information retained on distributed ledgers. Sections 6(a)(1), (3), and (4) of the GENIUS Act (12 U.S.C. 5905(a)(1), (3), and (4)) give the Board similar authority to supervise and examine Board-supervised PPSIs. Proposed § 247.14(b) applies the Board's examination authority to Board-supervised PPSIs in the same manner that it is applied to State member banks. Additionally, proposed § 247.14(c) clarifies that the Board may conduct examinations either on site or remotely. Proposed § 247.14(f) provides that all Board-supervised PPSIs must maintain a complete set of books and records in English. Proposed § 247.14(g) requires all Board-supervised PPSIs to develop and implement a records retention policy that ensures that the Board-supervised PPSI can demonstrate compliance with the GENIUS Act, this part, and all applicable laws and regulations.

Question 139: Proposed § 247.14(d) sets forth criteria under which a Board-supervised PPSI could qualify for an extended examination cycle. Are those criteria properly calibrated? Is the timeframe for an extended examination cycle appropriate? Should the Board consider decreasing or increasing the range for an extended examination cycle? Should the Board consider both monthly trading volume and outstanding issuance value when determining whether to employ an extended examination cycle? Are the proposed outstanding issuance value of less than $1 billion and the proposed total monthly trading volume of less than $25 billion, each indexed to nominal U.S. GDP, appropriate? Should those thresholds be higher or lower, and why? Are there other factors that should be included, such as redemption rates, asset composition, or creditworthiness? If so, how should the Board consider those factors? [similar to OCC question 130]

Question 140: What are the advantages and disadvantages of the Board conducting examinations of a Board-supervised PPSI that is a subsidiary of an insured State member bank in conjunction with its examination of the insured State member bank? Should the Board instead conduct examinations separately? Should the Board's approach vary based on any particular factors, like the size of the subsidiary Board-supervised PPSI relative to the insured State member bank or the interconnections between the two entities?

[69] *See* 12 CFR 208.64.

[70] *See id.;* 12 U.S.C. 5905(a)(3), (4)(C).

[71] 12 U.S.C. 248(a), 325, 326, 483, 602, 1820(d).

b. Reporting (Proposed § 247.14(h)–(k), (n)–(o))

Section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) requires that each PPSI ''shall, upon request, submit to the appropriate Federal payment stablecoin regulator a report on . . . the financial condition of the [PPSI]; the systems of the [PPSI] for monitoring and controlling financial and operating risks; compliance by the [PPSI] (and any subsidiary thereof) with [the GENIUS Act]; and the compliance of the Federal qualified nonbank [PPSI] with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.'' Section 6(a)(4) of the GENIUS Act (12 U.S.C. 5905(a)(4)) requires the Board to take certain actions to promote efficiency in the supervision and examination of Board-supervised PPSIs. The Board, in supervising and examining Board-supervised PPSIs, to the fullest extent possible, must use existing supervisory reports and other supervisory information and avoid duplication of examination activities, reporting requirements, and requests for information.

Submission of Reports. Proposed § 247.14(j) implements section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) by requiring each Board-supervised PPSI subject to the requirements of section 6(a)(1) of the Act (12 U.S.C. 5905(a)(1)) to, upon request, submit to the Board a report on: (i) the financial condition of the Board-supervised PPSI; (ii) the systems of the Board-supervised PPSI for monitoring and controlling financial and operating risks; (iii) compliance by the Board-supervised PPSI (and any subsidiary thereof) with the GENIUS Act, including section 4(a)(5) of the Act (12 U.S.C. 5903(a)(5)), and proposed part 247.

Confidential Weekly Reports. In addition to the regulations codifying the reporting requirements in section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)),[72] pursuant to its supervisory authority in section 6(a)(1) of the Act (12 U.S.C. 5905(a)(1)), the Board is proposing in § 247.14(h) to require Board-supervised PPSIs to submit on a weekly basis, in the manner and form specified by the Board, a confidential report containing the information requested in the form that would be available on the Board's public website. At a high level, the Board would likely request that a Board-supervised PPSI provide information regarding the issuance and redemption, trading volume, and reserve assets for each payment stablecoin it issues. The report would likely require Board-supervised PPSIs to include information relating to the blockchains the payment stablecoin is listed on, outstanding issuance value, secondary market activity and price movement, redemption volume and times, detailed information regarding reserve assets, and other relevant information. The Board believes that requiring a Board-supervised PPSI to provide a confidential set of data on a weekly basis for each payment stablecoin it issues would allow the Board to understand the Board-supervised PPSI's operations and the risks unique to its business model. This regular data reporting would allow the Board to tailor its examinations to be risk-based, which would reduce the burden of examinations by focusing the scope of examinations. Further, the Board believes that this regular reporting framework would allow the Board to identify and respond more quickly to emerging risks. The Board also believes the information requested is currently tracked on a regular basis by stablecoin issuers.

Quarterly Reports of Financial Condition and Income. The Board is proposing in § 247.14(i) a separate provision that would require Board-supervised PPSIs to submit quarterly reports of financial condition and income to the Board, including, but not limited to, an income statement, which includes gross income, expenses, and net income and a balance sheet which includes assets including reserve assets and their total fair value, liabilities including stablecoin liabilities and their total outstanding issuance value, capital, changes in equity, and assets under custody, if any, in a standardized format as prescribed by the Board, within 30 days of the end of the prior quarter. The Board proposes this provision to ensure that Board-supervised PPSIs produce regular, standardized statements of financial condition and income to the Board and include additional information beyond the composition report required under proposed § 247.11(d) and the confidential weekly reporting required under proposed § 247.14(h), including information regarding the Board-supervised PPSI's gross income, expenses, net income, assets including reserve assets, liabilities including stablecoin liabilities, changes in equity, and assets under custody, if any. The reports required under this provision would mirror, with appropriate adjustments, the quarterly reports that State member banks provide to the Federal Financial Institutions Examination Council's Central Data Repository through their quarterly Consolidated Reports of Condition and Income filings, commonly referred to as Call Reports.[73] The information required to be reported under this section generally will be streamlined substantially relative to Call Reports, in light of the comparatively simple business model of a Board-supervised PPSI and because any State member bank parents of such Board-supervised PPSI already submit Call Reports to the Board. Standardizing these reporting requirements will enhance the Board's ability to supervise Board-supervised PPSIs and provide clarity as to the information a Board-supervised PPSI must report. The Board intends to publish the information provided in the quarterly report to ensure transparency and that the public has an understanding of a Board-supervised PPSI's financial condition and income on an ongoing basis.

The Board also proposes to require that each quarterly report of financial condition and income includes a declaration from the PPSI's Chief Financial Officer, or the individual performing an equivalent function, that the report is true and correct to the best of their knowledge and belief. The correctness of the quarterly report of condition and income shall also be attested to by the signatures of the directors and senior management of the Board-supervised PPSI other than the officer making such declaration, with the attestation stating that the report has been examined by them and to the best of their knowledge and belief is true and correct. The Board proposes requiring these declarations and attestations to ensure that Board-supervised PPSI's officers and directors are accountable for the accuracy of the Board-supervised PPSI's reports of financial condition and income.

Ongoing Compliance Reporting. Proposed § 247.14(k) implements section 5(i) of the GENIUS Act (12 U.S.C. 5904(i)). Consistent with the statute, under the proposed rule, not later than 180 days after the approval of an application under proposed subpart D of part 247, and on an annual basis thereafter, a Board-supervised PPSI must submit to the Board a certification

[72] With regards to reporting by a Board-supervised PPSI as to its assets under custody, section 10(d) of the GENIUS Act (12 U.S.C. 5909(d)) provides an additional statutory grant of authority.

[73] Instructions for Preparation of Consolidated Reports of Condition and Income—FFIEC 031 and FFIEC 041, available at *https://www.ffiec.gov/resources/reporting-forms/ffiec031.*

by its board of directors that the Board-supervised PPSI has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the Board-supervised PPSI from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

Use of Existing Reports and Avoidance of Duplication. Proposed § 247.14(m) and (n) implement the requirements of section 6(a)(4)(A) and (B) of the GENIUS Act (12 U.S.C. 5905(a)(4)(A) and (B)) by mirroring the statutory requirements that, as a part of its supervision and examination of Board-supervised PPSIs, the Board, to the fullest extent possible, will use existing supervisory reports and other supervisory information and avoid duplication of examination activities, reporting requirements, and requests for information. The Board will follow this approach, including in developing and issuing related examination handbooks and policies. The Board believes this is the optimal approach because it will allow the Board to quickly adapt and fine-tune its supervisory and examination policies to maximize both efficiency and burden reduction. This approach is also consistent with the approach that the Board takes for other entities under its jurisdiction.

Question 141: Should the Board alter the proposed reporting or examination requirements? If so, how? Is there additional information that should be included in the required reports or information that is not included in the proposed rule? Is there information included in the required reports or information that should not be included in the proposed rule? [similar to OCC question 129]

Question 142: In proposed § 247.14(h), the Board proposes to collect confidential weekly data from Board-supervised PPSIs to minimize the examination burden on such entities. Has the Board identified in the proposed form the appropriate data fields and categories of information to collect from a Board-supervised PPSI on a weekly basis to understand the operations and risks unique to its business model? If not, are there data fields that the Board should not request on a weekly basis and are there any additional data fields beyond those proposed that the Board should collect on a weekly basis from a Board-supervised PPSI to better assist in understanding the operations and risks unique to its business model? Should the Board collect secondary market transaction data (e.g., trading price and volume)? Or should the Board only collect primary market transaction data? Would it be too burdensome for Board-supervised PPSI to provide the proposed weekly data to the Board electronically on a daily or real-time basis? Should the Board collect additional data regarding the custody of reserve assets (or other covered assets)? Should the data collected be made public? If, so, on what timeframe should the data be made public? To what extent, if any, would a Board-supervised PPSI be anticipated to track the information required under the form referred to in proposed § 247.14(h) on a regular or real-time basis for its own use in the absence of a requirement to report it? To what extent would the proposed weekly and quarterly reporting requirements tend to reduce the frequency at which the Board would need to examine Board-supervised PPSI? Are there other reporting requirements that the Board could request that might reduce the frequency at which the Board would need to examine Board-supervised PPSIs? [similar to OCC question 131]

Question 143: In proposed § 247.14(i), the Board would require all Board-supervised PPSI to submit a quarterly report of financial condition and income. Should the Board tailor this requirement for Board-supervised PPSI under a certain threshold? If so, what should the threshold be? For a Board-supervised PPSI under the threshold, should the Board require less frequent reporting (e.g., every six months) and/or change the data Board-supervised PPSI under the threshold are required to submit (e.g., require less data)? If a Board-supervised PPSI, or its insured State member bank parent, currently files a Call Report, should it also be required to submit the quarterly report required under proposed § 247.14(i)? If so, why? If not, why not? If a Board-supervised PPSI, or its insured State member bank parent, currently files a Call Report, should the quarterly report under proposed § 247.14(i) be attached to the Call Report as an appendix as opposed to a separate filing? If so, why? If not, why not? Are there changes that should be made to the Call Report to ensure appropriate reporting while limiting duplicative reporting requirements? Should reports required under proposed § 247.14(i) and proposed part 247 more generally be coordinated and developed on an interagency basis across the Federal payment stablecoin regulators? [similar to OCC question 132]

Question 144: In addition to requiring a monthly report of a Board-supervised PPSI's reserve asset composition, should the Board also require a Board-supervised PPSI to publish a report of the reserve asset composition as of a day randomly selected each month by the Board-supervised PPSI issuer's registered public accounting firm? [similar to OCC question 133]

c. Audits (Proposed § 247.14(*l*))

Section 4(a)(10) of the GENIUS Act (12 U.S.C. 5903(a)(10)) requires that a PPSI with more than $50 billion in consolidated total outstanding issuance value that is not subject to certain reporting requirements under Federal securities laws prepare, in accordance with GAAP, ''an annual financial statement, which shall include the disclosure of any related party transactions, as defined by [GAAP].'' Section 4(a)(10) further provides that a registered public accounting firm must perform an audit of the annual financial statement. The audited annual financial statement must be made publicly available on the PPSI's website and be submitted annually to the PPSI's primary Federal payment stablecoin regulator.

Proposed § 247.14(*l*) implements the requirements of section 4(a)(10) of the GENIUS Act (12 U.S.C. 5903(a)(10)) with respect to Board-supervised PPSIs. Under the proposed rule, each Board-supervised PPSI with more than $50 billion in outstanding issuance value, that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)),[74] must prepare, in accordance with GAAP, an annual financial statement that must include the disclosure of any related party transactions, as defined by GAAP. Proposed § 247.14(*l*)(1) provides that a registered public accounting firm must perform an audit of the financial statements in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board, including those relating to auditor independence, internal controls, and related party transactions. The Board interprets ''applicable auditing standards'' under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)) to mean those that would apply if the Board-supervised PPSI were subject to

[74] This requirement would not apply to an entity whose parent company is a reporting entity to the extent that the information of the entity would be reflected in applicable reports.

the reporting requirements under sections 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)). The standards would be enforced by the Board for Board-supervised PPSIs that are subject to the audit requirement under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)). Consistent with this framework, the Board may at any time request that a registered public accounting firm provide to the Board certain additional information or documents relating to information provided by the Board-supervised PPSI. The registered public accounting firm must agree to provide copies of any working papers, policies, and procedures relating to services in connection with the audit required under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)).[75] Proposed § 247.14(*l*)(2) requires the Board-supervised PPSI to: (i) make the audited financial statement publicly available on its website, and (ii) submit the audited financial statement annually, within 120 days after the end of its fiscal year, to the Board. If a Board-supervised PPSI is unable to timely file all or any portion of its financial statements, proposed § 247.14(*l*)(3) would require the Board-supervised PPSI to submit a written notice of late filing to the Board that must: (i) disclose the Board-supervised PPSI's inability to file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail; (ii) include the date by which the financial statement will be filed; and (iii) be filed on or before the deadline for filing the financial statement.

Question 145: How can the Board best minimize duplication of reports, including for Board-supervised PPSIs subject to the audit requirement contained in proposed § 247.14(l)? Should the Board include in the rule text its interpretation of ''applicable auditing standards'' under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)) to mean those that would apply if the Board-supervised PPSI were subject to the reporting requirements under sections 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m and 78o(d))? Should the Board also include in the rule text that the standards would be enforced by the Board for Board-supervised PPSIs subject to the audit requirement under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii))? Should the Board also include in the rule text that it may at any time request that a registered public accounting firm provide to the Board certain additional information or documents relating to information provided by the Board-supervised PPSI and that the registered public accounting firm must agree to provide copies of any working papers, policies, and procedures relating to services in connection with the audit required under section 4(a)(10)(A)(iii)? [similar to OCC question 134]

d. Change in Control

The Board is not, at this time, proposing to include any requirements regarding persons seeking to acquire control of a Board-supervised PPSI in its proposed rule. Instead, the Board expects to include a condition on this matter in any approval of an application by a State member bank seeking approval for a subsidiary to issue payment stablecoins under proposed subpart D of part 247. The condition would impose a requirement that the Board-supervised PPSI, and all officers, directors, and principal shareholders of the Board-supervised PPSI, cause any person seeking to acquire control of the Board-supervised PPSI to follow the procedures of the Change in Bank Control Act (12 U.S.C. 1817(j)) and the Board's Regulation Y (12 CFR part 225) as if the Board-supervised PPSI was an insured depository institution. However, such condition would only apply if, following consummation of the proposed transaction, the Board-supervised PPSI would remain a subsidiary of the State member bank. If a person proposes to acquire control of a Board-supervised PPSI and following consummation of that transaction, the PPSI would no longer be controlled by any State member bank, that person would not be required to follow the procedures in the Change in Bank Control Act or the Board's Regulation Y. The Board has authority to impose commitments and conditions in connection with the approval of an application in order to address specific concerns and ensure that the proposed transaction is consistent with the relevant statutory factors and provisions of the GENIUS Act.[76]

The Board expects to impose this condition to facilitate the Board's ongoing examination and supervision of Board-supervised PPSIs. Requiring notice of changes in control will assist the Board in carrying out its mandate to examine Board-supervised PPSIs and the operations of State member banks and is consistent with the Board's authority to supervise, request reports, and conduct examinations pursuant to section 6(a) of the GENIUS Act (12 U.S.C. 5905(a)) and the Board's authorities under the Federal Reserve Act.[77] In addition, requiring notice regarding changes in control will help the Board monitor for and address evasion of the requirements of the GENIUS Act. For example, there may be instances where changes in control implicate the risk management requirements of the GENIUS Act and Bank Secrecy Act/anti-money laundering or sanctions requirements. Similarly, section 4(f) of the GENIUS Act (12 U.S.C. 5903(f)) includes a prohibition on any individual who has been convicted of ''a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud'' from serving as an officer or director of a PPSI. Without the opportunity to review a proposed change of control, the Board could not appropriately monitor compliance with this provision.

Further, under section 5(c)(2) and 5(c)(3) of the Act (12 U.S.C. 5904(c)(2) and (3)), the Board must consider certain factors related to the proposed officers, directors, and principal shareholders of a proposed Board-supervised PPSI. Absent a requirement to submit a notice regarding a change in control, a State member bank could receive approval for a subsidiary to issue payment stablecoins with a set of officers, directors, and principal shareholders of the proposed Board-supervised PPSI that do not raise concerns under sections 5(c)(2) and (3) of the GENIUS Act and then transfer control to persons that do implicate concerns under those provisions or that otherwise raise concerns regarding the ability of the PPSI to comply with the Act and its implementing regulations.

Question 146: The Board has indicated it expects to impose a condition regarding change of control procedures in any approval of an application by a State member bank seeking approval for a subsidiary to issue payment stablecoins under subpart D of part 247. The Board has indicated that such condition would apply only if the Board-supervised PPSI would remain a subsidiary of the State member bank following consummation of the proposed transaction. What are the advantages and disadvantages of this approach? Should the Board consider expanding this requirement to apply to other changes of control? What clarifications would be beneficial

[75] *See* 12 U.S.C. 1831m(g); *see also* 12 CFR part 363.

[76] *See* 12 U.S.C. 5904(c)(3)(B), 5905(b)(2).

[77] *See, e.g.,* 12 U.S.C. 248(a), 325, 326, 483, 602.

regarding the operation of this potential condition? Should the Board consider including this requirement in part 247, rather than solely as a condition of an approved application? What are the burdens and benefits of requiring future potential acquirors of a PPSI to follow the procedures in the Change in Bank Control Act (12 U.S.C. 1817(j)) and the Board's Regulation Y, 12 CFR part 225?

6. Capital (Proposed §§ 247.15–18)

Section 4(a)(4)(A)(i) of the Act (12 U.S.C. 5903(a)(4)(A)(i)) requires the Board to issue regulations implementing capital requirements for Board-supervised PPSIs that ''are tailored to the business model and risk profile of,'' and ''do not exceed requirements that are sufficient to ensure the ongoing operations'' of, Board-supervised PPSIs.[78] Adequate regulatory capital levels are essential to the operational integrity of payment stablecoin arrangements. Board-supervised PPSIs are exposed to a range of risks, including financial risks (for example, credit risks stemming from uninsured deposits) and non-financial risks (for example, security breaches involving a smart contract that lead to unauthorized payment stablecoin minting). Robust capital levels would enable a Board-supervised PPSI to absorb losses related to such risks and help to ensure that it can continue operating, including issuing and redeeming payment stablecoins, even under stressful conditions.

Moreover, in order for payment stablecoins to perform their core function of serving as a means of payment or settlement, it is essential for a Board-supervised PPSI to have capital in an amount that is sufficient to ensure it can continue operations in the face of unexpected losses.[79] Uncertainty about a Board-supervised PPSI's ability to sustain ongoing operations could raise questions about the stability of the value of the Board-supervised PPSI's payment stablecoin. Such questions could, in turn, make potential payees reluctant to accept the Board-supervised PPSI's payment stablecoin, which may impede its adoption.[80]

To meet these policy goals and satisfy the statutory standard, the Board is proposing to use a simple, standardized risk-based capital framework. A well-calibrated, standardized capital framework would help promote consistency, transparency, and comparability across Board-supervised PPSIs. The Board considered adopting a non-standardized framework under which a Board-supervised PPSI could assess and propose its own capital needs for the Board's consideration and approval. However, such a framework could result in disparate outcomes for highly similar entities engaged in a narrow range of activities. It also would be less transparent to stablecoin holders and other interested parties. Further, a non-standardized approach increases the likelihood that risks could be underassessed by a PPSI. For example, a Board-supervised PPSI could incorporate unrealistic assumptions into its risk models, leading it to conclude that a lower level of capital is justified. A standardized approach, which uses fixed formulas, would mitigate these risks and make monitoring, supervision, and enforcement more efficient.

The Board expects that Board-supervised PPSIs will generally focus their business models on issuing and redeeming payment stablecoins and managing reserve assets.[81] Board-supervised PPSIs face a range of financial risks from managing reserve assets, including credit risks related to uninsured eligible deposit claims, as well as counterparty credit and interest rate risks. Of these, the credit risk from holding reserve assets in the form of uninsured eligible deposit claims and the counterparty credit risk stemming from undercollateralized reverse repurchase agreements are the most material in part given the statutory limitations on reserve assets. Accordingly, the Board's approach to capturing financial risks from managing reserve assets would focus on credit risk from uninsured eligible deposit claims and from undercollateralized reverse repurchase agreements.

While the capital requirement for uninsured eligible deposit claims would capture the primary financial risk associated with issuing and redeeming payment stablecoins and managing reserve assets, Board-supervised PPSIs could face other financial risks. For example, a Board-supervised PPSI may hold payment stablecoins as principal under proposed § 247.10(a)(6)(i) and may hold non-payment stablecoin digital assets as principal to facilitate customer transactions or test distributed ledger-based platforms under proposed § 247.10(a)(6)(iv). Risks from these activities include, for example, credit risk and market risks associated with holding digital assets used to pay gas fees. To address such risks, the proposal would impose additional capital requirements based on the Board's capital rule for regulated banking organizations. Specifically, to calculate capital requirements for financial risks that could arise from non-reserve assets, a Board-supervised PPSI would use the capital requirements and definition of capital as specified in 12 CFR part 217.

Finally, the proposal would include capital requirements to address a Board-supervised PPSI's operational risks. Capital requirements for operational risk would include two components: (i) a capital requirement based on outstanding payment stablecoin issuance and (ii) a capital requirement based on non-reserve asset revenue to capture other operational risks. Together, these two components would capture primary operational risks from issuing and redeeming payment stablecoins and managing reserve assets, which correlate with outstanding issuance value, as well as operational risks from other activities, such as providing stablecoin custody services or trading non-reserve assets, for which revenue is a better proxy.

a. Definition of Capital (Proposed § 247.16)

Proposed § 247.16 provides the definition of capital for purposes of the requirements set forth in proposed §§ 247.15–18, which, as explained in more detail below, are intended to capture the financial and operational risks faced by Board-supervised PPSIs. Proposed § 247.16(a) would define a Board-supervised PPSI's regulatory capital as tangible equity, which excludes goodwill and other intangible assets, such as intellectual property, as described below. Tangible equity would comprise the following capital elements: common stock, cumulative and non-cumulative perpetual stock, often in the form of preferred stock, retained earnings, and accumulated other comprehensive income (AOCI), all as reported under GAAP. Tangible equity

[78] Section 4(a)(4)(A)(i)(III) of the Act (12 U.S.C. 5903(a)(4)(A)(i)(III)) also provides that the Board may impose a capital buffer tailored to the business model and risk profile of Board-supervised PPSIs, provided that is determined to be necessary to ensure the ongoing operations of Board-supervised PPSIs. *See also* 12 U.S.C. 3901 *et seq.*, which applies to subsidiaries of insured banks.

[79] Section 2(22) of the Act (12 U.S.C. 5901(22)) defines a payment stablecoin as a ''digital asset that is designed to be or used as a means of payment or settlement.''

[80] *See* Gary B. Gorton and Jeffery Zhang, *Taming Wildcat Stablecoins* (2023), available at *https://chicagounbound.uchicago.edu/context/uclrev/article/6342/viewcontent/03_Zhang__Gorton_ART_Final..._Taming_Wildcat_Stablecoins.pdf* (arguing that stablecoins must meet a no-questions-asked principle, which ''requires that the money be accepted in a transaction without due diligence on its value'').

[81] As stated in section II.B.1.a of this **SUPPLEMENTARY INFORMATION**, the Board expects that Board-supervised PPSIs will not incur material liabilities other than payment stablecoin liabilities or maintain significant assets other than those listed in proposed § 247.11(b) without the Board's permission.

is an important measure of a Board-supervised PPSI's financial health and stability because it reflects the amount of capital available to absorb unexpected losses during a stress event without relying on external financial support. Proposed § 247.15(d) would require each Board-supervised PPSI to maintain an amount of tangible equity sufficient to ensure ongoing operations. As discussed below, to help ensure that a Board-supervised PPSI's capital can effectively absorb losses during periods of market and economic stress, the proposal would exclude from eligible tangible equity any instrument with features that could cause the condition of a Board-supervised PPSI to weaken during periods of market and economic stress.[82]

Common stock instruments generally exhibit the most loss absorbency, because any dividends are discretionary; there is no expectation by payment stablecoin holders that the issuer of common stock will buy back, cancel, or redeem the instrument; and the instrument does not include any term or feature that might give rise to such an expectation. Together, these conditions ensure that any operating funds generated through common stock can be used for any business needs of the Board-supervised PPSI. Thus, under proposed § 247.16(b)(1), any common stock instrument (plus any related surplus) issued by the Board-supervised PPSI, net of treasury stock, would qualify as a component of tangible equity if the instrument meets the following criteria: (i) the instrument is paid-in, is issued directly by the Board-supervised PPSI, and represents the most subordinated claim in a receivership, insolvency, liquidation, or similar proceeding of the Board-supervised PPSI; (ii) the instrument has no maturity date and can only be redeemed via discretionary repurchases; (iii) any cash dividend payments are fully discretionary and may be paid only after all legal and contractual obligations of the Board-supervised PPSI have been satisfied, including payments due on more senior claims; (iv) the holders of the instrument bear losses as they occur equally, proportionately, and simultaneously with the holders of all other common stock instruments before any losses are borne by holders of claims on the Board-supervised PPSI (including payment stablecoin holders) with greater priority in a receivership, insolvency, liquidation, or similar proceeding; and (v) if the Board-supervised PPSI purchases or buys back the instrument, the Board-supervised PPSI must either (A) replace the amount of the purchased instrument with an equivalent amount of an instrument or instruments that meet the criteria under proposed § 247.16(b)(1); or (B) demonstrate to the satisfaction of the Board that, following the purchase or buy-back, the Board-regulated institution will continue to hold capital commensurate with its risk.

Under proposed § 247.16(b)(2), tangible equity would also include cumulative and non-cumulative perpetual stock (plus any related surplus) issued by the Board-supervised PPSI, net of treasury stock, that meets the following criteria: (i) the paid-in amount is classified as equity under GAAP; (ii) the instrument is paid-in and issued directly by the Board-supervised PPSI; (iii) the instrument has no maturity date and does not contain a dividend step-up or any other term or feature that could create an incentive to redeem; (iv) the instrument is not secured, not covered by a guarantee of the Board-supervised PPSI or any of its affiliates, and not subject to any other arrangement that legally or economically enhances the seniority of the instrument; (v) the instrument is subordinate to all claims except those of common shareholders, including the claims of general creditors and subordinated debt holders of the Board-supervised PPSI, in receivership, insolvency, liquidation, or similar proceeding; (vi) the instrument, by its terms, provides for the payment of dividends only after approval by the board of directors of the Board-supervised PPSI; (vii) if callable by its terms, the instrument would only be permitted to be callable after a minimum of five years following issuance, except that the terms of the instrument may allow it to be called earlier than five years upon the occurrence of a regulatory event that precludes the instrument from being included in tangible equity or a tax event. In addition, if the instrument is callable by its terms, the Board-supervised PPSI may not, at the time the instrument was issued, create, through any action or communication, an expectation that the call option would be exercised; and prior to exercising the call option, or immediately thereafter, the Board-supervised PPSI would be required to either replace the amount of the instrument to be called with an equivalent amount of an instrument or instruments satisfying the criteria in either proposed § 247.16(b)(1) or (b)(2) or demonstrate to its supervisor that, following the redemption, it will continue to hold capital commensurate with its risk.

Additionally, under proposed § 247.16(b)(3), tangible equity would include retained earnings that represent accumulated profits that have been generated by the Board-supervised PPSI and not distributed to shareholders. As internally generated capital, retained earnings are available to absorb losses on a going-concern basis and therefore contribute to the Board-supervised PPSI's loss-absorbing capacity.

Finally, under the proposed § 247.16(b)(4), tangible equity would include all AOCI components as reported under GAAP. AOCI includes accumulated unrealized gains and losses on certain assets and liabilities, where such unrealized gains and losses have not been included in net income but are included in equity under GAAP. For example, the proposal would require all net unrealized gains and losses on holdings of available-for-sale debt securities from changes in fair value to flow through to tangible equity capital, including gains and losses on debt securities that result primarily from fluctuations in benchmark interest rates. The changes in value of available-for-sale securities because of interest rate movements are generally more pronounced when the remaining maturity of the securities is longer. Because Board-supervised PPSIs are only permitted to hold as reserve assets those Treasury securities that are issued with, or have a remaining maturity of 93 days or less, the change in value of these securities because of interest rate movements is not likely to generate material amounts of AOCI.[83]

Proposed § 247.16(c) would exclude goodwill and other intangible assets, such as intellectual property rights, from tangible equity. These required deductions acknowledge the difficulties of valuing, and potential heightened volatility in the valuation of, such assets. The deductions also reflect the general unavailability of such assets for satisfying the redemption claims of payment stablecoin holders or supporting a Board-supervised PPSI during a business disruption.

Under proposed § 247.15(e)(3), as part of the proposal's reservation of authority

[82] The proposed required features of tangible equity instruments generally align with the features required for capital instruments for Board-regulated banking organizations under 12 CFR 217.20, with certain modifications intended to simplify the proposed definition of regulatory capital for Board-supervised PPSIs given their business model and risk profile.

[83] Board-supervised PPSIs may also be permitted to hold other instruments that are ''similarly liquid Federal Govenment-issued asset[s]'' under section 4(a)(1)(A)(vii) of the Act (U.S.C. 5903(a)(1)(A)(vii)). However, the Board is not proposing at this time to approve any such assets.

provisions, the Board may require a Board-supervised PPSI to exclude from regulatory capital all or a portion of its tangible equity if the Board determines that a particular common stock or any cumulative or non-cumulative perpetual preferred stock instrument has characteristics or terms that diminish the Board-supervised PPSI's ability to absorb losses, or otherwise presents concerns regarding its ongoing operations. This proposed provision would help the Board ensure that a Board-supervised PPSI's capital instruments are sufficient to absorb losses during a time of stress and allow the Board-supervised PPSI to continue its operations.

Question 147: The Board seeks comment on the proposed definition of capital for Board-regulated PPSIs. What, if any, alternative definition of capital should the Board consider (for example, common equity tier 1 capital or additional tier 1 capital, or both, that apply to banking organizations), and why? What, if any, clarifications should the Board consider regarding the inclusion of AOCI, or the deduction of intangible assets from the amount of capital required?

Question 148: The Board seeks comment on whether the Board should require a Board-supervised PPSI to have more than 50 percent of its tangible equity in the form of voting common stock, any related surplus, and retained earnings. What are the advantages and disadvantages of this limit and why? What other requirements should the Board consider to help ensure that a Board-supervised PPSI does not fund reserve asset capital requirements with solely perpetual preferred stock?

Question 149: The Board seeks comment on whether the Board should impose a limit on the amount of cumulative perpetual preferred stock in regulatory capital for PPSIs. If so, what should this limit be and why?

b. Minimum Capital Requirements (Proposed § 247.15)

Proposed § 247.15 would establish minimum capital requirements applicable to all Board-supervised PPSIs at all times. Under proposed § 247.15(b), such minimum capital requirements would consist of the following components: (i) a capital requirement for the credit risk of uninsured eligible deposit claims; (ii) a capital requirement for the counterparty credit risk of undercollateralized reverse repurchase agreements; (iii) an indirect exposure requirement capturing credit risk from uninsured eligible deposit claims and undercollateralized reverse repurchase agreements with respect to reserve assets that are securities issued by an investment company registered under 15 U.S.C. 80a–8(a), or other registered government money market fund, that is invested solely in a subset of the assets that are permissible for PPSIs to hold as reserve assets directly (for purposes of this section ''eligible funds''); (iv) capital requirements that capture financial risks from non-reserve assets; and (v) an operational risk capital requirement for activities such as issuing and redeeming payment stablecoins and managing reserve assets, as well as for other activities. Each component is discussed in more detail below.

i. Capital Requirement for Credit Risk From Reserve Assets

Credit risk arises from the possibility that an obligor, including a borrower or counterparty, will default on its obligations. Board-supervised PPSIs holding reserve assets in the form of uninsured eligible deposit claims would face credit risk from insured depository institutions. Board-supervised PPSIs would also be exposed to credit risk from counterparties in reverse repurchase agreements that are undercollateralized after taking into account certain haircuts. Proposed § 247.17(a)(1) and (2) account for these credit risks.

Direct Exposure Requirement for Uninsured Eligible Deposit Claims (proposed § 247.17(a)(1)). Proposed § 247.17(a)(1) would impose a two-percent capital requirement for uninsured eligible deposit claims held as reserve assets. Insured eligible deposit claims against insured depository institutions do not carry material credit risk, since they are guaranteed by the FDIC or NCUA. However, uninsured eligible deposit claims carry credit risk. While insured depository institution failures are rare, they do occur. If a Board-supervised PPSI includes in its reserve assets any uninsured eligible deposit claims against an insured depository institution, and that institution fails, the Board-supervised PPSI might not be able to recover the full amount of the monetary value standing to the credit of its deposit account with that institution on a timely basis. Moreover, such an insured depository institution's failure could, depending on the Board-supervised PPSI's exposure, lead a Board-supervised PPSI to violate the one-to-one-requirement under proposed § 247.11(a)(1)(iii), which could threaten the Board-supervised PPSI's ongoing operations. Board-supervised PPSIs can spread any uninsured eligible deposit claims held as reserve assets against multiple insured depository institutions, thereby reducing the impact of any one insured depository institution's failure.

The requirement under proposed § 247.17(a)(1) would help to ensure that a Board-supervised PPSI is well-positioned to absorb losses stemming from the potential failure of any insured depository institution against which the Board-supervised PPSI has uninsured eligible deposit claims as reserve assets. In addition, if a Board-supervised PPSI holds some of its reserve assets in the form of uninsured eligible deposit claims against an insured depository institution experiencing stress, the proposed capital requirement could help bolster market confidence that the Board-supervised PPSI's payment stablecoins will remain fully backed, thereby helping to reduce the probability of a run on the Board-supervised PPSI that could threaten its ongoing operations.[84] In calibrating the two-percent capital requirement for exposures to uninsured eligible deposit claims against insured depository institutions, the Board considered as a reasonable proxy the credit risk framework applicable to banking organizations, which applies a comparable capital requirement.[85] The proposed calibration reflects the fact that insured depository institutions are highly regulated and supervised and thus pose relatively low credit risk.

Question 150: The Board seeks comment on the proposed treatment for exposures to the credit risk of uninsured eligible deposit claims against insured depository institutions. What are the advantages and disadvantages of the proposed two-percent credit risk requirement for uninsured eligible deposit claims? What, if any, alternative calibrations (for example, between a

[84] For example, in March 2023, USDC came under stress after the FDIC was appointed as receiver of Silicon Valley Bank since Circle, the issuer of USDC, held approximately $3.3 billion of USDC reserve assets in the form of uninsured deposit claims against Silicon Valley Bank. Vicky Ge Huang, Hannah Miao, and Caitlin Ostroff, ''Circle's USDC Stablecoin Breaks Peg with $3.3 Billion Stuck at Silicon Valley Bank,'' Wall Street Journal (March 11, 2023), *https://www.wsj.com/articles/crypto-investors-cash-out-2-billion-in-usd-coin-after-bank-collapse-1338a80f.* That episode is a good illustration of how credit risk can impact stablecoin arrangements, and the important role capital can play. *See* Gordon Y. Liao, et al. *Risk-based Capital for Stable Value Tokens* (June 30, 2024), at 24, available at *https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4926568.*

[85] 12 CFR 217.32 assigns a 20 percent risk weight to assets in the form of eligible deposit claims against depository institutions. Based on the ''total capital'' requirement of eight percent for banking organizations, 12 CFR 217.10(a)(1)(iii), the 20 percent risk weight effectively results in a 1.6 percent capital requirement. *See also* 12 CFR 208.43(b)(2)(i).

range of one percent and four percent) of the credit risk requirement for uninsured eligible deposit claims should the Board consider and why? What are the advantages and disadvantages of establishing credit risk requirements based on indicators of creditworthiness of insured depository institutions? For example, what are the advantages and disadvantages of requiring a Board-supervised PPSI to apply (i) a two-percent credit risk requirement for uninsured eligible deposit claims against Grade A (investment grade) banks, (ii) a three-percent requirement for Grade B (speculative grade) banks, and (iii) a four-percent requirement for Grade C (sub-speculative grade) insured depository institutions?

Direct Exposure Requirement for Undercollateralized Reverse Repurchase Agreements (proposed § 247.17(a)(2)). Board-supervised PPSIs could also face counterparty credit risk arising from permissible reverse repurchase agreement transactions. Under proposed § 247.11(b)(5), a reverse repurchase agreement may be entered into under certain conditions on a cleared basis, tri-party basis, or uncleared bilateral basis. Under proposed § 247.11(b)(5), acceptable collateral for reverse repurchase agreements could consist of U.S. Treasury bills, notes, or bonds, with no restrictions on original or remaining maturity. Therefore, in the event of a counterparty default, a Board-supervised PPSI could receive long-dated Treasury securities with an extended time to maturity, which are impermissible reserve assets under proposed § 247.11(b).

To address these risks, proposed § 247.17(a)(2) would impose a capital requirement equal to two percent of the amount by which a reverse repurchase agreement is undercollateralized after considering the haircuts discussed below. For purposes of this requirement, a reverse repurchase agreement would be undercollateralized if the amount of collateral held by the Board-supervised PPSI under the reverse repurchase agreement or a single-product netting set [86] of qualifying repo transactions [87] were less than the amount lent to the reverse repurchase agreement counterparty after the following haircuts are applied:

Residual maturity of treasury collateral	Haircut to the fair value of the collateral (%)
93 days or less	0.0
Greater than 93 days and less than or equal to 1 year	0.35
Greater than 1 year and less than or equal to 5 years	1.41
Greater than 5 years	2.83

For example, if a Board-supervised PPSI were to enter into a reverse repurchase agreement as purchaser of Treasury securities with a two-year maturity, a 1.41-percent haircut would apply. In that case, the fair value of Treasury securities used as collateral would need to exceed the dollar amount paid to the reverse repurchase agreement counterparty by 1.41 percent for the capital requirement to equal zero for this transaction. To the extent that the value of the collateral, after considering the appropriate haircut, falls below the dollar amount paid to the counterparty, each dollar of this shortfall would be subject to a two-percent capital requirement.

The proposed haircuts are based on the standard supervisory market price volatility haircuts set forth by the Board in 12 CFR 217.37(c), but have been modified (i) to exempt from any haircut U.S. Treasuries with a maturity of 93 days or less, which are eligible reserve assets, and (ii) to reduce the margin period of risk from ten days to five days.[88] The margin period of risk is the time between the last exchange of collateral and when a counterparty's positions are closed out or replaced following a default. The standard supervisory market price volatility haircuts are calibrated based on a ten-day margin period of risk. In this context, however, a five-day margin period is warranted, given that counterparty credit risk to Board-supervised PPSIs would apply only in reverse repurchase agreements, which allow relatively speedy access to collateral.[89] The collateral haircut approach would apply to reverse repurchase agreement transactions to help address counterparty risk while recognizing the risk-mitigating effects of collateral.

Under the proposal, sufficiently collateralized reverse repurchase agreements would not be subject to any capital requirement. Because section 4(a)(1)(A)(v) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(v)) and proposed § 247.11(b)(5) require reverse repurchase agreements to be ''subject to overcollateralization in line with standard market terms,'' the counterparty credit capital charge for these transactions is expected to be small or zero.

Question 151: The Board seeks comment on the proposed treatment for reverse repurchase agreements. What are the advantages and disadvantages of the proposed two-percent capital requirement for undercollateralized reverse repurchase agreements? What alternatives, if any, should the Board consider? For example, what would be the advantages and disadvantages of not imposing any capital requirement with respect to centrally cleared and tri-party repurchase or reverse repurchase transactions? Commenters are encouraged to provide supporting evidence and data that the Board could consider.

Question 152: The Board seeks comment on the appropriateness of requiring Board-supervised PPSIs to calculate credit risk requirements for reverse repurchase agreements. What are the advantages and disadvantages of calibrating the minimum capital requirement for reverse repurchase agreements based on the market price volatility haircuts that apply to banking organizations (12 CFR 217.37) adjusted by the remaining maturity of the collateral and the credit risk of the Board-supervised PPSI's counterparty? What, if any, alternative calibration of capital requirements for reverse repurchase agreements should the Board consider and why? What would be advantages and disadvantages of applying different or heightened

[86] Under the proposal, a ''netting set'' means is a group of qualifying repo transactions with a single counterparty that are subject to a qualifying master netting agreement. In the context of a Board-supervised PPSI, the existence of a netting set might be relevant if a Board-supervised PPSI were to simultaneously have reverse repurchase and repurchase agreements with the same counterparty. If a netting set exists, the counterparty exposure measure is calculated for the netting set as a whole rather than for individual products within the netting set.

[87] The proposal would define ''qualifying repo transactions'' in a manner similar to the definition of ''repo-style transactions'' in 12 CFR 217.2 with certain adjustments for consistency with this proposal. The proposal would define ''qualifying master netting agreement'' in a manner similar to the definition of the same term in 12 CFR 217.2 but would include additional requirements that the agreement not contain a walkaway clause, consistent with the definition under the 2013 capital rule, 78 FR 62018 (Oct. 11, 2013), and consistent with the recent proposal amending the Board's capital rule, *see* 91 FR 14952, 15148 (March, 27, 2026).

[88] 12 CFR 217.37(c)(3)(iii) permits repo-style transactions to use reduced haircuts based on a shorter five-day margin period of risk, as opposed to the ten-day margin period of risk that is reflected in the standard haircuts. Since the only counterparty credit risk from reserve assets for Board-supervised PPSIs would arise from reverse repurchase agreements, the haircuts that apply to Board-supervised PPSIs are calculated by multiplying the standard haircuts for a ten-day margin period of risk by the square root of ½ (which is approximately 0.707) to reduce the margin period of risk to five days.

[89] The capital requirements for banking organizations permit use of haircuts that reflect a shorter five-day margin period of risk for repurchase and reverse repurchase agreement transactions. *See* 12 CFR 217.37(c)(3)(iii).

requirements for reverse repurchase agreements that do not meet the definition of "qualifying repo transaction" in the proposal? Commenters are encouraged to provide supporting evidence and rationales.

Question 153: The Board seeks comment on the capital requirements for reverse repurchase agreements. The proposal would measure the risks of counterparty credit exposures by adapting the collateral haircut approach in the current capital rule, 12 CFR 217.37, to the context of Board-supervised PPSIs. What are the advantages and disadvantages of instead adapting the proposed collateral haircut approach outlined in the notice of proposed rulemaking titled "Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-Weighted Assets"?[90] *In particular, what are the advantages and disadvantages of calculating exposure based on the formula in the proposed approach, described in section II.D.2.b of the* SUPPLEMENTARY INFORMATION *of that proposal?*[91]

Indirect Exposure Requirement (proposed § 247.17(a)(3)). Proposed § 247.11(b)(6) permits Board-supervised PPSIs to hold reserve assets as shares of eligible funds that invest solely in certain other eligible reserve assets, including eligible deposit claims and reverse repurchase agreements. Whether held directly by the Board-supervised PPSI, or indirectly through ownership of shares in an eligible fund, these exposures give rise to credit risk. Therefore, for Board-supervised PPSIs that hold shares of eligible funds as reserve assets, proposed § 247.17(a)(3) would impose a capital requirement based on the underlying assets held by the eligible fund.[92] Specifically, a Board-supervised PPSI would be required to look through to the underlying exposures of eligible funds to calculate a credit risk requirement as if the exposures were held directly by the Board-supervised PPSI.

The Board is not prescribing a specific methodology to calculate the look-through requirement for eligible funds. While a Board-supervised PPSI could gather information on each individual holding of an eligible fund to calculate capital requirements, other approaches could be appropriate as well. For example, a Board-supervised PPSI could estimate the share of its uninsured eligible deposit claims against an insured depository institution held by an eligible fund based on cash reported on Form N–MFP, a monthly reporting form for money market funds, as a monthly average over the quarter.[93] Alternatively, if an eligible fund has a policy of collateralizing reverse repurchase agreements such that they would yield no capital requirement under this proposed treatment, for example, based on the policies described in its prospectus or mandate, the Board-supervised PPSI could report a zero capital requirement based on the policies without collecting data on individual positions.

Question 154: The Board seeks comment on whether the proposed capital requirement to look through to the underlying assets of an eligible fund is appropriate. What are the advantages and disadvantages of this approach? To what extent are eligible funds expected to hold uninsured eligible deposit claims and undercollateralized reverse repurchase agreements? What operational complexities could this requirement to look through the eligible fund pose for Board-supervised PPSIs? What, if any, alternative approaches to determining a capital requirement for eligible funds should the Board consider, and why? What would be the advantages or disadvantages of providing a more prescriptive approach for calculating this indirect exposure requirement? What would be the advantages or disadvantages of imposing a heightened requirement for Board-supervised PPSIs that do not have the data necessary to comply with the look-through approach (for example, the data available is not published at least quarterly or the data published is not sufficiently granular), such as (i) assuming all cash held by the eligible fund are uninsured eligible deposit claims and all U.S. Treasuries serving as collateral for reverse repurchase agreements have more than 5 year maturity or (ii) a 5% capital requirement for holdings of such funds?

Reservation of Authority. For circumstances in which these proposed capital requirements would not be commensurate to capture a Board-supervised PPSI's credit risk, proposed § 247.15(e)(4)(i) would enable the Board to assign a different credit risk requirement for uninsured eligible deposit claims or undercollateralized reverse repurchase agreements than otherwise discussed in section II.B.6.b.i of this SUPPLEMENTARY INFORMATION. Furthermore, proposed § 247.15(e)(4)(ii) would allow the Board to require a Board-supervised PPSI to adjust its methodology for calculating its indirect credit risk requirement under proposed § 247.17(a)(3).

ii. Capital Requirements for Non-Reserve Asset Financial Risks (Proposed §§ 247.17(b); 247.15(e)(4))

Proposed § 247.17(b) would subject a Board-supervised PPSI's exposures to assets other than reserve assets under proposed § 247.11(a)(1) to the requirements of the Board's capital rule in 12 CFR part 217. Specifically, proposed 247.17(b)(1) would require a Board-supervised PPSI to calculate capital requirements for its assets that are not reserve assets held under § 247.11(a)(1) using the same approach that its parent banking organization applies. If a Board-supervised PPSI does not have a parent that is subject to 12 CFR part 217, its non-reserve assets would be subject to the capital requirements under 12 CFR part 217 as if the Board-supervised PPSI were a State member bank. Board-supervised PPSIs would not be required to apply the operational risk capital requirements in 12 CFR part 217 because those risks would be captured by the PPSI-specific operational risk capital requirement outlined in section II.6.b.iv of this SUPPLEMENTARY INFORMATION. Under proposed § 247.17(b)(2)(iv), a Board-supervised PPSI would also be required to use the standardized approach in 12 CFR part 217, subpart D to calculate risk-weighted assets. This approach would be simpler and impose less burden on Board-supervised PPSIs.

Under 12 CFR part 217, Board-supervised PPSIs would have leverage- and risk-based requirements for non-reserve assets that are in the form of ratios and for which the numerator is common equity tier 1, tier 1, and total capital, as described in 12 CFR 217.20. These capital requirements for non-reserve assets differ in form and structure from the capital requirements for reserve assets and operational risks under this proposal, which are dollar amounts in the form of tangible equity.

In some cases, instruments that qualify as tangible equity may also satisfy the requirements for the capital components in the Board's capital rule, 12 CFR 217.20. The proposal would ensure that capital is not double-counted and cannot be used to satisfy both (i) the minimum requirements in proposed §§ 247.17(a) and 247.18 and (ii) the capital requirements of 12 CFR part 217, as applied to Board-supervised PPSIs in § 247.17(b). To achieve this,

[90] 91 FR 15332 (March 27, 2026).

[91] *Id.* at 15347.

[92] The proposed approach would essentially be similar to the capital requirement for a State member bank's exposures to an investment fund as describe in 12 CFR 217.53.

[93] Specifically, a money market fund's share of uninsured eligible deposit claims could potentially be estimated as the amount reported on Item A.14.a. (cash) minus $250,000 divided by the sum of the amounts reported on Items A.14.a., A.14.b., and A.14.c.

proposed § 247.17(b)(ii) would require a Board-supervised PPSI to designate tangible equity instruments held to satisfy the minimum capital requirements (for reserve asset financial risks and operational risks) and capital adequacy standards under this proposal as excluded tangible equity instruments. Such instruments would, for purposes of calculating capital requirements under 12 CFR part 217, be deducted from the applicable capital component in 12 CFR 217.20. Board-supervised PPSIs could designate additional tangible equity instruments beyond what is held to satisfy the minimum requirement for reserve asset financial risks and operational risks as excluded tangible equity instruments, such as tangible equity held for management buffers or other reasons.

The proposed approach to capitalizing financial risks for non-reserve assets is substantially different from the standardized approach the Board is proposing for reserve assets. As noted in section II.B.2 of this **SUPPLEMENTARY INFORMATION**, the GENIUS Act imposes various limitations on reserve assets, which result in a narrow set of relevant financial risks that can be captured by a simple standardized approach. Non-reserve assets, in contrast, are potentially exposed to broader risks. The additional activities described in proposed § 247.10(b), for example, could potentially give rise to exposures to a wide range of assets. The capital framework under 12 CFR part 217 is sufficiently robust and flexible to address the risks from exposures to these assets. Moreover, applying uniform capital requirements for non-reserve assets to an insured State member bank and its Board-supervised PPSI subsidiary could help reduce incentives for arbitrage, to the extent a banking organization could choose in which entity to hold the non-reserve assets.

If the Board determines that a Board-supervised PPSI's capital requirements under proposed § 247.17(b) are not commensurate with the risks of the Board-supervised PPSI's non-reserve assets, then the reservation of authority in proposed § 247.15(e)(5) would permit the Board to require the Board-supervised PPSI to adjust its requirements under § 247.17(b) or its approach for complying with the requirements under 12 CFR part 217. This provision would allow the Board to adjust the applicable capital requirements as necessary to account for unanticipated risks from non-reserve assets.

Question 155: For the purpose of calculating credit and market risk capital requirements for non-reserve assets using requirements applicable for banking organizations subject to 12 CFR part 217, what are the costs and benefits of the proposed approach? What are other alternative approaches should the Board consider and why? For example, to maintain consistency in the calculation of capital requirements for reserve assets under proposed § 247.17(a), what are the advantages and disadvantages of requiring a Board-supervised PPSI to calculate the capital requirements for non-reserve assets by applying the corresponding risk weights under 12 CFR part 217, subpart D multiplied by eight percent to align with the minimum ''total capital'' requirement for such assets under the capital rule? Additionally, what are the advantages and disadvantages of allowing Board-supervised PPSIs to use subpart E of the Board's capital rule to calculate the risk weights for non-reserve assets?

Question 156: The Board seeks comment on potential alternatives that could reduce operational complexity when calculating capital requirements for the market and credit risk of non-reserve assets. What are the advantages and disadvantages of permitting Board-supervised PPSIs to use alternative, and potentially simpler, methods to calculate these capital requirements so long as these alternative methods yield capital requirements that are at least as conservative as those prescribed under 12 CFR part 217? What are the advantages and disadvantages of requiring supervisory approval to use such an alternative approach?

iii. Capital Requirements for Operational Risks (Proposed §§ 247.18; 247.15(e)(4))

Proposed § 247.18 would impose an operational risk requirement to a Board-supervised PPSI based on both (i) the value of outstanding payment stablecoins issued by the Board-supervised PPSI, and, if applicable, (ii) the Board-supervised PPSI's revenues excluding those related to reserve assets. This requirement is intended to capture the operational risks Board-supervised PPSIs face in connection with issuing and redeeming payment stablecoins and managing payment stablecoin reserve assets, as well as risks that arise from non-reserve assets holdings and off-balance sheet activities, including providing custody services.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or events that disrupt business operations. It does not include other losses because of business performance, such as changes in business strategy or customer demand. Board-supervised PPSIs face a range of operational risks in connection with issuing and redeeming payment stablecoins and managing reserve assets. Some of those risks overlap with operational risks faced by other financial institutions. Other risks, however, are relatively novel given Board-supervised PPSIs' reliance on distributed ledger technology as the foundational infrastructure for payment stablecoins as well as technology such as smart contracts.[94] In many cases, distributed ledger technology offers new functionality that can help mitigate operational risks. Programmable blockchains, for example, can facilitate delivery-versus-payment transactions that mitigate settlement risk.[95]

Nevertheless, these technologies pose unique risk considerations. For example, a Board-supervised PPSI's ability to safeguard minting, burning, and freezing of payment stablecoins depends on the integrity of its smart contracts, including the associated private keys. A hack of the smart contract could lead to unauthorized minting of unbacked payment stablecoins,[96] which could undermine the Board-supervised PPSI's compliance with the one-to-one requirement and put its ability to continue operations at risk. While cybersecurity threats are common to many, if not all, financial institutions, Board-supervised PPSIs' reliance on smart contracts to orchestrate minting and burning combined with the ability to transfer payment stablecoins instantly on a 24/7 basis raises unique risk considerations,[97] as illustrated by recent major hacks involving assets on distributed ledgers, including stablecoins,[98] and the potentially

[94] Gordon Liao, et al., *Risk-based Capital for Stable Value Tokens* (June 30, 2024), available at *https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4926568.*

[95] Cy Watsky, ''Tokenized Assets on Public Blockchains: How Transparent is the Blockchain?'' FEDS Notes (April 03, 2024).

[96] While not specific to stablecoins, an analysis of high impact smart contract exploits between 2022–2025 revealed total losses of over $1 billion. Gerardo Iuliano and Dario Di Nucci, *Smart Contract Vulnerabilities, Tools, and Benchmarks: an Updated Systematic Literature Review* (Jan. 14, 2026), available at *https://arxiv.org/abs/2412.01719.*

[97] MITRE's AADAPT (Adversarial Actions in Digital Asset Payment Technologies) knowledge base outlines adversarial tactics and techniques against smart contracts, among other areas. MITRE AADAPT, available at *https://aadapt.mitre.org.*

[98] For example, in 2022, a hack of the Ronin Network included the theft of millions of USDC stablecoins which were swiftly exchanged for other tokens on decentralized exchanges. ''North Korea's

increased risk of hacks in the future using artificial intelligence tools.[99]

In addition to unauthorized minting and burning, Board-supervised PPSIs may face a range of other operational risks including disparities between stablecoins issued on-chain and reserve assets, coding errors in smart contracts, and errors in transaction processing (such as sending redemption funds to the incorrect recipient). Also, a Board-supervised PPSI may face operational failures impacting a blockchain on which the Board-supervised PPSI's payment stablecoins transact.[100]

Board-supervised PPSIs may also face substantial legal risks and attendant litigation costs. For example, the relative nascency of the technology and the Board-supervised PPSI business models may heighten legal risk related to intellectual property issues. Further, like any other firm, Board-supervised PPSIs could be subject to civil money penalties or other fines for regulatory violations. Such fines and penalties may be imposed by U.S. or foreign authorities.

To help ensure that Board-supervised PPSIs are well-positioned to absorb losses related to such risks, the Board is proposing a simple operational risk requirement that would provide for relatively consistent treatment across Board-supervised PPSIs. Under proposed § 247.18(a), the operational risk requirement for Board-supervised PPSIs would be equal to a loss scalar multiplied by a baseline operational risk requirement.

Baseline Operational Risk Requirement. The baseline operational risk requirement under proposed § 247.18(b)(1) would incorporate a Board-supervised PPSI's (i) outstanding payment stablecoin issuance value, calculated as the average of daily values over the reporting quarter, and (ii) its non-reserve asset revenue, including revenue from custodial activities (non-reserve asset revenue). The component based on outstanding payment stablecoin issuance value would reflect the size of the payment stablecoin business of a Board-supervised PPSI and hence would be a proxy for its operational risk with respect to issuing and redeeming payment stablecoins and managing reserve assets. The component based on revenue would account for operational risks of activities that are not well captured by outstanding payment stablecoin issuance, including providing stablecoin custody services or holding non-reserve assets. The baseline operational risk requirement would be calculated based on the following table, which would have the dollar values indexed to nominal U.S. GDP:

If the outstanding issuance value of the Board-Supervised PPSI is:	The baseline operational risk requirement is:
Less than or equal to $20 billion	2.0% of the outstanding issuance value plus 25% of the three-year average of non-reserve asset revenues.
Greater than $20 billion and less than or equal to $50 billion	$400 million plus 1.5% of the excess outstanding issuance value over $20 billion plus 25% of the three-year average of non-reserve asset revenues.
Greater than $50 billion	$850 million plus 1.0% of the excess outstanding issuance value over $50 billion plus 25% of the three-year average of non-reserve asset revenues.

The table reflects a graduated requirement that declines with payment stablecoin issuance volume. Specifically, the issuance-based portion of the baseline operational risk requirement would equal the sum of two percent of the first $20 billion of outstanding stablecoins, 1.5 percent of the next $30 billion of outstanding stablecoins, and one percent of outstanding stablecoins exceeding $50 billion.

The revenue-based portion of the operational risk requirement would be 25 percent of the three-year average of annual non-reserve asset revenues of the Board-supervised PPSI. For example, at the end of the third calendar quarter of 2025, the revenue-based portion of the requirement would be based on the average of the revenue values for the fourth quarter of 2022 through the third quarter of 2023, the fourth quarter of 2023 through the third quarter of 2024, and the fourth quarter of 2024 through the third quarter of 2025. The use of a three-year average would balance the objectives of stability and responsiveness. It is long enough to not be overly sensitive to temporary fluctuations, but not so long that it would fail to capture significant changes in a Board-supervised PPSI's activities. Revenues from reserve assets (such as interest payments on or gain from the sale of reserve assets) would be excluded from this measure since their operational risks would be captured by the operational risk requirement based on outstanding issuance value. Narrowly limiting the exclusion to revenue from reserve assets would set a clear boundary around which types of revenues could be excluded from the revenue-based portion of the requirement and minimize opportunities for Board-supervised PPSIs to reclassify revenues and thus exclude them from the operational risk capital requirement.

The proposed graduated approach would reflect the Board's expectation that operational risks may not scale linearly with outstanding issuance value.[101] For example, in the case of unauthorized minting, a perpetrator that exploits a vulnerability in a payment stablecoin smart contract to issue payment stablecoins to a wallet the perpetrator controls would generally need to exchange the stolen payment stablecoins for other assets before the Board-supervised PPSI is able to freeze or burn them. Crucially, the difficulty of executing such an exchange can increase with the amount of payment

Lazarus Group Identified as Exploiters Behind $540 million Ronin Bridge Heist,'' Elliptic (April 14, 2022), *https://elliptic.co/blog/540-million-stolen-from-the-ronin-defi-bridge.* In 2025, after a hack of Bybit, hackers rapidly laundered the stolen funds through mixers, cross-chain bridges, and decentralized exchanges using thousands of wallets. ''Targeted Report on Stablecoins and Unhosted Wallets—Peer-to-Peer Transactions,'' FATF (March 2026), *https://www.fatf-gafi.org/en/publications/Virtualassets/targeted-report-stablecoins-unhosted-wallets.html.*

[99] *See, e.g,* Robert McMillan and Chip Cutter,''AI Is Finding Bugs That Hackers Can Exploit. Get Ready for Bugmageddon,'' *Wall Street Journal* (April 13, 2026), *https://www.wsj.com/tech/ai/ai-is-finding-bugs-that-hackers-can-exploit-get-ready-for-bugmageddon-baaff236.*

[100] *See* Gordon Liao et al. at Table A1 for a catalog of operational risks PPSIs face. *See also* ''Proposed Criteria for Controls Supporting Token Operations: Specific to Asset-Backed Fiat-Pegged Tokens,'' AICPA (June 2025).

[101] One working paper notes that ''Upfront investments and on-going choices over technology and infrastructure, such as the type and number of blockchains on which tokens are deployed, the smart contract parameters governing speed and size limits, and the extensiveness of compliance checks, are all variables that have significant impact on risk outcomes but do not necessarily scale with token circulation or balance sheet size.'' *See* Gordon Liao, et al., at 9.

stablecoins stolen in the unauthorized minting. First, the larger the unauthorized minting of payment stablecoins, the more likely it is to be detected, either by the Board-supervised PPSI itself or by an external observer monitoring the blockchain.[102] As a result, in the case of larger exploits, the perpetrator would generally have less time to launder the stolen payment stablecoins.[103] Second, there are natural constraints on the quantity of payment stablecoins that can be off-loaded in a short period of time. Malicious actors are likely to look to non-compliant services and exchanges (for example, decentralized exchanges or centralized exchanges that do not comply with AML/CFT requirements) to offload their stolen payment stablecoins.[104] However, their ability to do so would be limited by the liquidity available on these exchanges.[105] These dynamics suggest that the gross operational losses may not increase proportionally to a PPSIs' outstanding issuance value. The Board's proposed graduated approach to calculating operational risk requirements is intended to reflect this issue.

To calibrate the baseline operational risk requirements, the Board considered banking organizations' operational losses from investment management and agency services relative to fiduciary income, as set forth in the table below.[106]

Table II.B.6.b.iii. Ratio of annual operational losses from investment management and agency services to income from fiduciary activities for individual bank holding companies (FR Y–14 fillers).

Average	1.3%
90th percentile	2.3%
95th percentile	4.6%
99th percentile	13.3%

Given there are some similarities between payment stablecoin issuance and banking organization investment management and agency services, these data provide a useful benchmark for assessing PPSI operational risk. Nevertheless, the analogy has limitations. Unlike banking organizations that engage in investment management and agency services, PPSIs issue their own liabilities—payment stablecoins—as principal, which are then used as a means of payment and settlement. As a result, PPSIs face different risks, such as the risk that an operational failure will lead to a discrepancy between the value of the reserve assets and the value of the payment stablecoins in circulation. Moreover, as described above, in issuing and redeeming their payment stablecoins, PPSIs will rely on technology that presents novel operational risks, including heightened legal risks.

For these reasons, the operational risks PPSIs face are likely to be substantially higher than those incurred by banking organizations engaged in agency services, investment management, and fiduciary activities. There is currently insufficient available data to quantify the levels of existing stablecoin issuers' operational losses. As such, the proposal would set a capital requirement equivalent to 25 percent of revenue, which is roughly double the 99th percentile loss indicated in the investment management and agency services data. That calibration relies on the evaluation of novel operational risks Board-supervised PPSIs would generally face, the operational losses that crypto-asset firms incurred over the last several years, and the potential for higher legal losses.

Applying this calibration to the revenue-based portion of the baseline operational risk requirement is straightforward. However, to apply the calibration to the issuance-based portion of the baseline operational risk requirement required converting the 25 percent of revenues to some percent of outstanding issuance value, which the proposal accomplishes by assuming that revenues represent a return on assets of approximately four percent based on short-term interest rates.[107] In that case, 25 percent of revenues corresponds approximately to a requirement of one percent of assets, which is the marginal capital requirement that would apply to the largest Board-supervised PPSIs under the proposed graduated approach. That is the most relevant comparison group, since the banking organizations that report FR Y–14 data are among the largest banking organizations.

In addition to help ensure the ongoing operations of Board-supervised PPSIs in the presence of operational risk, this calibration would provide additional benefits. Board-supervised PPSIs would generally be subsidiaries of State member banks, which means that to the extent the other activities are also permissible for State member banks, the consolidated entity may consider conducting those activities at either the State member bank or the PPSI-level. The highest operational risk requirement that would apply under the Basel III proposal is 18 percent of the business indicator, which in practice closely reflects revenues.[108] Therefore, setting operational risk requirements for Board-supervised PPSIs at 25 percent would limit the potential for banking organizations with PPSI subsidiaries to reduce their operational risk requirements by shifting activities into such subsidiaries.

As noted, there is no readily available data quantifying the extent to which a PPSI's operational risk declines as a proportion of reserve assets as reserve assets grow. Accordingly, the proposal would set the requirements mostly based on the qualitative analysis above. However, as data on PPSIs' operational losses become available, the Board could potentially use this data to reassess whether the proposed requirements remain appropriate.

Loss Scalar. The formula for Board-supervised PPSIs' operational risk requirements under proposed § 247.18(a) includes a loss scalar that adjusts baseline requirements based on data from past operational losses. The

[102] Daniel Palmer, ''Tether Accidentally Minted $5 Billion of its Stablecoins, Then Deleted Them,'' Coindesk (July 16, 2019), *https://www.coindesk.com/markets/2019/07/16/tether-accidentally-minted-5-billion-of-its-stablecoins-then-deleted-them;* Dylan Butts, ''PayPal's Crypto Partner Mints a Whopping $300 Trillion Worth of Stablecoins in 'Technical Error,' '' CNBC (Oct. 16, 2025), *https://www.cnbc.com/2025/10/16/paypals-crypto-partner-mints-300-trillion-stablecoins-in-technical-error.html.*

[103] For example, in 2023, Circle was able to respond to the hack of a cross-chain platform called Multichain by freezing about $63 million in stolen USDC stablecoins. ''Multichain Liquidators Win Key Ruling as New York Court Extends Freeze on Stolen USDC,'' Yahoo Finance (Oct. 31, 2025), *https://finance.yahoo.com/news/york-court-extends-asset-freeze-030350191.html.*

[104] ''The 2025 Crypto Crime Report,'' Chainalysis (Feb. 2025), *https://go.chainalysis.com/2025-Crypto-Crime-Report.html;* ''Targeted Report on Stablecoins and Unhosted Wallets—Peer-to-Peer Transactions,'' FATF (March 2026), *https://www.fatf-gafi.org/en/publications/Virtualassets/targeted-report-stablecoins-unhosted-wallets.html.*

[105] For example, the maximum amount of funds that could be laundered through decentralized exchanges would naturally be less than the total assets available to be exchanged on decentralized exchanges. As of March 31, 2026, total value locked, or all the assets that users have deposited on decentralized exchanges, monitored by DefiLlama was about $12.5 billion. ''DEX Protocols—Total Value Locked,'' DeFiLlama (2026).

[106] Operational loss and revenue data is from the FR Y–14Q data collection, available at *https://www.federalreserve.gov/apps/reportingforms/Report/Index/FR_Y-14Q.*

[107] Revenues for Board-supervised PPSIs are likely to primarily consist of revenues from reserve assets, so short term interest rates are a good proxy for the ratio of revenues to outstanding stablecoins. The 4 percent number matches the 4.07 percent average interest rate on a 3-month Treasury bill from 2025. Fed. Reserve Econ. Data, ''3-Month Treasury Bill Secondary Market Rate, Discount Basis [DTB3],'' *https://fred.stlouisfed.org/series/DGS3MO* (retrieved February 9, 2026) (frequency set to ''Annual'' and aggregation method set to ''Average'').

[108] 91 FR 14952 (''Basel III proposal'').

scalar would ensure that operational risk capital requirements would automatically rise if realized operational losses are above a specified threshold, while also allowing lower operational loss rates to reduce requirements below the baseline level. The loss scalar would increase the risk sensitivity of the framework and incentivize prudent management of operational risks.

Under proposed § 247.18(b)(2), the loss scalar would be set as follows:

$$Loss\ Scalar = max\left(Scalar\ Floor, \left(\frac{Scaled\ Loss\ Rate}{Threshold\ Loss\ Rate}\right)^{Loss\ Elasticity}\right)$$

where:

- ''Scalar Floor'' is a parameter setting the maximum possible reduction in the baseline operational risk requirement that would apply based on losses below the threshold;
- ''Scaled Loss Rate'' is an average annualized loss rate based on data over the past five years, which is calculated as the average over the prior 20 quarters of quarterly operational losses scaled by that quarter's baseline operational risk requirement and multiplied by four (to convert loss rates from quarterly to annual units);
- Threshold Loss Rate is a parameter setting the threshold for the scaled loss rate above which the scalar becomes greater than one (which would raise capital requirements above the baseline operational risk requirement); and
- Loss Elasticity is a parameter setting the elasticity of the scalar with respect to the Scaled Loss Rate (excluding the effects of the Scalar Floor).[109]

The proposal would set the parameters as outlined in the table below.

Threshold Loss Rate	1/15.
Lookback for Loss Rate.	5 years (20 quarters).
Loss Elasticity	0.5.
Scalar Floor	0.8.

Under proposed § 247.18(b)(2)(ii), the Threshold Loss Rate would be calibrated to 1/15th, or approximately 6.7 percent, which would result in the loss scalar rising whenever operational losses are on average more than 1/15th of the baseline operational risk capital requirement. This approach is similar to the Internal Loss Multiplier in the Basel international standard for operational risk capital requirements, which scales up operational loss capital requirements when average losses rise above 1/15th of the Business Indicator Component, similar to the baseline operational risk requirement in the proposed PPSI framework.[110] Average losses can provide information on the size of tail losses, so that average losses greater than 1/15th of an associated capital requirement could indicate that those capital requirements are too low to capture tail losses and should be increased. While the Board expects a higher baseline level of operational risk for Board-supervised PPSI activities as compared to bank activities, it is not clear that the ratio of average losses to tail losses should differ between Board-supervised PPSIs and banking organizations, so the proposal uses the 1/15th rate for Board-supervised PPSIs as well.

Under proposed § 247.18(b)(2)(iv), the Scaled Loss Rate would be the average over the prior 20 quarters, reflecting a five-year horizon, of the ratio of the Board-supervised PPSI's quarterly operational losses to the baseline operational risk requirement for the same quarter, multiplied by four. Multiplying by four converts a quarterly loss rate to an annual one. This period is shorter than the 10-year average that applies to the Internal Loss Multiplier used by banks under the Basel international standard for operational risk capital requirements. Given the rapid developments in the stablecoin sector, a shorter lookback period likely better reflects recent changes in market conditions. The Board expects this five-year horizon to be long enough to provide a reasonable estimate of average trends while also focusing on a current enough period to capture recent changes in the Board-supervised PPSI operating environment.

Under proposed § 247.18(b)(2)(iii), Loss Elasticity is set to 0.5, which means that a one-percent increase in the Scaled Loss Rate would lead to an approximately 0.5-percent increase in the scalar (before application of the floor). This specification would prevent excessive volatility in the scalar by dampening the impact of outlier losses. The approach of using a concave function to dampen the impact of these losses is similar to the approach taken in the operational risk framework for banking organizations.[111]

Under proposed § 247.18(b)(2)(i), the Scalar Floor is set to 0.8, allowing for the possibility of a 20-percent decrease in baseline operational risk requirements given low loss rates, which would balance incentivizing sound operational risk management practices with maintaining appropriate conservativeness. The Board also considered an alternative to set the Scalar Floor at 1.0, so that operational risk capital requirements could never fall below the baseline, but determined that such an approach may not provide appropriate incentives to manage operational risk.

The proposal would require Board-supervised PPSIs to collect data on their historical operational losses to calculate the scaled loss rate. Under proposed § 247.18(c)(1), Board-supervised PPSIs would be required to collect comprehensive data on all operational loss events, including events involving entities that have been acquired by or merged with the Board-supervised PPSI, resulting in losses of at least $20,000. The $20,000 threshold for operational loss events would be indexed to nominal U.S. GDP. Board-supervised PPSIs would also be required to categorize each operational loss into seven categories, which would be consistent with those specified in the Basel international standard for operational risk.[112] Each dollar of an operational loss could only be allocated to one category. However, an operational loss from one event could be

[109] Elasticity represents the percent change in one variable in response to a percent change in another variable. In this context, a one percent increase in the Scaled Loss Rate would increase the scalar by an amount equal to the Loss Elasticity (excluding impacts of the Scalar Floor). For example, if the Loss Elasticity were 0.5, then a one percent increase in the Scaled Loss Rate would increase the scalar by approximately 0.5 percent.

[110] *See* OPE25, Basel Framework, Bank of International Settlements, available at *https://www.bis.org/basel_framework/chapter/OPE/25.htm.*

[111] *See* OPE 25.8, Basel Framework, Bank of International Settlements, *https://www.bis.org/basel_framework/chapter/OPE/25.htm* (providing a formula for the Internal Loss Multiplier, which includes a logarithm).

[112] The categories are (1) internal fraud, (2) external fraud, (3) employment practices and workplace safety, (4) clients, products, and business practices, (5) damage to physical assets, (6) business disruption and system failures, and (7) execution, delivery, and process management. Losses relating to lawsuits would be allocated to the most appropriate category. For example, a lawsuit from a client might be allocated to ''Clients, products, and business practices'' whereas a lawsuit from an employee might be allocated to ''employment practice and workplace safety.'' *See* OPE25, Basel Framework, Bank of International Settlements, *https://www.bis.org/basel_framework/chapter/OPE/25.htm. See* also 91 FR 14952 (Mar. 27, 2026).

split into different portions that could then each be allocated to different categories. For example, a Board-supervised PPSI could not allocate a $100,000 loss to two different categories simultaneously, but it could allocate $50,000 of that loss to one category and the other $50,000 to another. Operational loss event data would be required to include gross operational loss amounts, recovery amounts, the date when the event occurred or began (occurrence date), the date when the Board-supervised PPSI became aware of the event (discovery date), and the date (or dates) when losses or recoveries related to the event were recognized in the Board-supervised PPSI's profit and loss accounts (accounting date). In addition, the Board-supervised PPSI would be required to collect descriptive information about the drivers of operational loss events.

Proposed § 247.18(c)(1) would require Board-supervised PPSIs to establish procedures to identify, collect, and independently review operational loss data as well as subject these processes to regular independent review by an audit function. In addition to enhancing the risk sensitivity of capital requirements, this data collection would enable both regulators and Board-supervised PPSIs to better understand operational risks in this context and could serve as an input to future revisions to requirements.

To address problems surrounding a lack of history of operational risk data because of the newness of both stablecoin markets generally and PPSIs specifically, proposed § 247.18(c)(2) specifies that, for any quarter in which a Board-supervised PPSI was not operating during the full quarter or was not required to collect internal loss data, the Scaled Loss Rate should be calculated as the Threshold Loss Rate multiplied by 1.5^(1/(Loss Elasticity)). This calibration would raise operational risk requirements by 50 percent for Board-supervised PPSIs with no data, which would include new Board-supervised PPSIs that did not consistently operate over the prior five years or that were not collecting operational loss data prior to becoming a Board-supervised PPSI. However, this approach would also allow the operational risk capital requirement to gradually fall to the baseline level if average realized operational losses remain below the threshold over the following five years.

With prior written approval, a Board-supervised PPSI would be permitted calculate the Scaled Loss Rate as the Threshold Loss Rate multiplied by 1.5^(1/(Loss Elasticity)). In this case, the Board-supervised PPSI would not be required to collect operational loss data. This approach could potentially be applied to situations in which it would be overly difficult for a Board-supervised PPSI to gather sufficient quality operational loss data, while the required approval would limit potential for abuse from Board-supervised PPSIs with operational losses sufficient to raise the Loss Scalar above 1.5.

For cases in which this approach is not sufficient for capturing operational risk, proposed § 247.15(e)(4)(iii)–(v) would allow the Board to require a Board-supervised PPSI to make certain adjustments in the calculation of operational risk requirement if the Board determines that the Board-supervised PPSI's capital requirements for operational risk for payment stablecoin activities are not commensurate with the Board-supervised PPSI's operational risk.

Question 157: The Board seeks comment on the issuance-based portion of the baseline operational risk requirement. What are the advantages and disadvantages of using outstanding issuance value as a measure of the scale of a Board-supervised PPSI's issuance and reserve management activities? What other, if any, measures, such as revenue or the value of reserve assets, would be more appropriate and why? What other calibration should the Board consider, such as (i) applying a uniform capital requirement between one and two percent of outstanding issuance value and/or (ii) additionally including a fixed capital requirement between $1 million and $25 million to account for operational losses that do not scale with outstanding issuance value? The Board encourages commenters to share data on the rate of operational losses for issuance and reserve management activities.

Question 158: The proposed graduated approach to calculating the issuance-based portion of the baseline operational risk requirement posits that Board-supervised PPSIs' operational losses do not scale linearly with outstanding issuance value. What are the advantages and disadvantages of incorporating a graduated approach in the baseline issuance-based operational risk requirement? What other approaches should the Board consider to accurately reflect the relationship between a PPSI's operational losses and its outstanding issuance value? The Board encourages commenters to share data on the relationship between a PPSI's operational losses and its outstanding issuance value.

Question 159: The Board seeks comment on the revenue-based portion of the baseline operational risk requirement. What are the advantages and disadvantages of the proposed calibration of 25 percent of revenue? What, if any, other calibrations, for example 10 percent, 15 percent, or 30 percent, should the Board consider? What, if any, changes should the Board consider (for example, removing revenues beyond those from reserve assets or netting any expenses to reflect the scale of a Board-supervised PPSI's other activities) and why? Commenters are encouraged to provide supporting rationale and data to support their recommendations.

Question 160: To maintain simplicity, the Board opted to apply the 25 percent operational risk capital requirement to all non-reserve asset revenue. The Board seeks comment on whether, as an alternative, custody activities should be subject to a separately-calibrated requirement. What are the advantages and disadvantages of the proposed approach of applying a 25 percent capital requirement uniformly to all non-reserve asset revenues? What are the advantages and disadvantages of an alternative approach that would apply a reduced capital requirement between 12 and 18 percent to revenues that derive from custody activities, which would be similar to recently-proposed operational risk capital requirements for most banking organization activities? Under this alternative approach, should the reduced capital requirement apply only to the custody of reserve assets and why?

Question 161: The Board seeks comment on the proposed specification for the loss scalar. What are the advantages and disadvantages of (i) setting the Threshold Loss Rate at 1/15th of the baseline operational risk requirement; (ii) setting the Loss Elasticity parameter to 0.5; (iii) using a five-year lookback period to calculate the scalar; and (iv) replacing missing data with the proposed conservative value that would result in a loss scalar of 1.5 (all as proposed)? What alternative calibrations should the Board consider? For example, the Board could set a higher Threshold Loss Rate of 1/10th or a lower threshold of 1/20th; set the Loss Elasticity parameter to a more sensitive specification, such as 0.8; use a shorter lookback period to calculate the scalar, such as three years, or a longer period, such as ten years; or set a higher loss scalar in the case of missing operational loss data, such as 2, for additional conservatism? What are the advantages and disadvantages of such alternatives?

Question 162: The proposed loss scalar is intended to incentivize Board-

supervised PPSIs to prudently manage their operational risks. What are the advantages and disadvantages of the proposed loss scalar? What are the costs and benefits of requiring Board-supervised PPSIs to calculate the operational risk capital requirement without the loss scalar? Commenters are encouraged to provide supporting rationale and data to support their recommendations.

Question 163: The Board seeks comment on the data collection requirements for internal loss data in proposed § 247.18(c). What are the advantages and disadvantages of requiring Board-supervised PPSIs to collect internal loss data? What logistical difficulties could the data collection pose to Board-supervised PPSIs? What are the challenges in classifying operational losses in one of the seven risk types? Would alternative classifications of operational risk events be more appropriate? What are the advantages and disadvantages of providing Board-supervised PPSIs the option of not collecting data on operational losses and instead applying a loss scalar of 1.5?

Question 164: What would be the advantages and disadvantages of setting operational risk requirements based on the Board-supervised PPSI's internal models (instead of using a standardized approach)? What safeguards would be appropriate around the use of such models? What would be an appropriate standard of loss coverage that the operational risk capital requirement should cover (for example, a percentile between 98% and 99.5% of the total operational losses over a one year period)?

iv. Total Capital Requirement Calculation (Proposed § 247.15(a)–(b))

Under proposed § 247.15(b), a Board-supervised PPSI would be required to satisfy capital requirements based on (i) the amount of tangible equity equal to the sum of the requirements for uninsured eligible deposit claims, undercollateralized reverse repurchase agreements, and operational risks and (ii) the amounts of common equity tier 1, tier 1, and total capital that the Board-supervised PPSI holds to satisfy the capital requirements for non-reserve assets. Proposed § 247.15(a) provides that each Board-supervised PPSI would be required to meet the overall capital adequacy standards in accordance with proposed §§ 247.15 through 247.18 at all times. As discussed in section II.B.6.b.ii of this **SUPPLEMENTARY INFORMATION**, under proposed § 247.17(b)(2)(ii), a Board-supervised PPSI would not be permitted to use any capital held to satisfy the minimum capital requirements for reserve asset risks and operational risks to satisfy the capital it would be required to hold for non-reserve asset financial risks. This approach would help to ensure that the capital held to satisfy the minimum capital requirements of proposed § 247.17(b) would not subsidize the other minimum capital requirements in proposed §§ 247.15–18 (and vice versa) and would reflect that capital held to absorb losses from non-reserve assets is not available to absorb losses from reserve assets or operational risks.

Proposed § 247.15(b)(1)(i) provides the formula for calculating capital requirements for uninsured eligible deposit claims (as set forth in proposed § 247.17(a)(1) and (3)), undercollateralized reverse repurchase agreements (as set forth in proposed § 247.17(a)(2) and (3)), and operational risks (as set forth in proposed § 247.18) as the sum of (i) the requirements for direct and indirect credit risk related to uninsured eligible deposit claims, (ii) the requirements for direct and indirect credit risk related to reverse repurchase agreements, and (iii) the requirements for operational risk.

The capital requirement for non-reserve asset financial risks is set out in proposed § 247.17(b) and would be based on the Board's capital rule (12 CFR part 217), as outlined in section II.B.6.b.ii of this **SUPPLEMENTARY INFORMATION.**

Proposed § 247.17(a) would require a Board-supervised PPSI to calculate its minimum capital requirements for uninsured eligible deposit claims and undercollateralized reverse repurchase agreements on a daily basis. A Board-supervised PPSI should already have the data necessary to make such calculation, given the requirement under proposed § 247.11(a)(2) that a Board-supervised PPSI would be required to record the fair value of reserve assets at a minimum of once each calendar day.[113] For non-reserve asset financial risks, proposed § 247.17(b) would require a Board-supervised PPSI to calculate its minimum capital requirements in accordance with the frequency of capital requirements calculation prescribed by the Board's capital rule. Proposed § 247.18(b)(1) would require a Board-supervised PPSI to calculate capital requirements for operational risk as of the end of the quarter. A quarterly calculation for operational risk is appropriate, given that the revenue data used in the revenue-based component of the requirement is typically reported quarterly. As a result, the minimum capital requirements in proposed § 247.15(b)(1) would be (i) the sum of the average of each minimum capital requirement for uninsured eligible deposit claims, undercollateralized reverse repurchase agreements, and operational risk over one quarter and (ii) the average of the minimum capital requirements for non-reserve assets over one quarter. Such requirements must be met at all times.

In addition, under proposed § 247.15(e)(1), as part of the proposal's reservation of authority provisions, the Board may require a Board-supervised PPSI to maintain an overall amount of capital that differs from the amount otherwise required under the proposal, if the Board determines that the permitted payment stablecoin issuer's minimum capital requirements under the proposal are not commensurate with the risk of the Board-supervised PPSI's exposures.

Question 165: The Board seeks comment on using different definitions of capital for the requirements for reserve asset and operational risks and non-reserve asset risks. What are the advantages and disadvantages of the proposed approach that uses tangible equity for reserve asset and operational risks and the multiple forms of capital under the banking organization capital rule (12 CFR 217.20) for non-reserve asset risks? As an alternative, the Board considered aligning the two definitions of capital by converting the capital requirements in the capital rule into units of tangible equity, such as by (i) applying a single risk-based capital requirement based on tangible equity that multiplies risk-weighted assets by either 6 percent or 8 percent and (ii) applying the same level of leverage ratio-related capital requirements to tangible equity instead of tier 1 capital. What are the advantages and disadvantages of such an approach? The Board also considered aligning the two definitions of capital by converting the capital requirements for reserve assets and operational risks into the same units used in the banking capital rule, such as by multiplying the capital requirements for reserve assets and operational risks by 12.5 to convert them into risk-weighted assets, adding them to the risk-weighted assets for non-reserve assets, and calculating capital requirements based on the total risk-weighted assets using the definitions of capital in the banking standard. What are the advantages and disadvantages of this approach?

[113] For the daily calculation of credit risk from eligible funds, a Board-supervised PPSI would be allowed to use the most recent data that is available for the eligible fund.

Question 166: The Board seeks comment on an alternative proposal that would recognize diversification across different types of risks when calculating Board-supervised PPSI capital requirements. This proposal would help ensure that the proposed capital requirements reflect that there is little, if any, correlation between the credit risk from holding uninsured eligible deposit claims and Board-supervised PPSI operational risks. It would recognize that capital is fungible, and that capital held to absorb losses from operational risks could also absorb losses from the failure of an insured depository institution holding reserve assets in the form of uninsured eligible deposit claims. Under this alternative proposal, the formula for Board-supervised PPSI capital requirements would be

$$PPSI\ Reqt = \sqrt{\rho\left(\sum_i Reqt\ for\ Risk\ i\right)^2 + (1-\rho)\sum_i (Reqt\ for\ Risk\ i)^2},$$

where ρ is a parameter that reflects the correlation between different types of risks. What would be the advantages and disadvantages of using this alternative formula with a ρ parameter of 0, which would assume zero correlation between different types of risks? What would be the advantages and disadvantages of using this alternative formula with a higher ρ parameter of 0.25, 0.5, or 0.75 to provide partial recognition of diversification?

A second alternative would be to multiply the proposed Board-supervised PPSI capital requirements by a multiplier to approximately reflect typical diversification benefits, so that the formula for Board-supervised PPSI capital requirements would be

$$PPSI\ Reqt = Diversification\ Multiplier \cdot \left(\sum_i Reqt\ for\ Risk\ i\right).$$

In this case, the diversification multiplier would be calibrated to reflect the diversification benefit that a Board-supervised PPSI would receive under the first alternative proposal. That is, it would be calibrated to be approximately

$$= \frac{\sqrt{\rho\left(\sum_i Example\ Reqt\ for\ Risk\ i\right)^2 + (1-\rho)\sum_i (Example\ Reqt\ for\ Risk\ i)^2}}{\sum_i Example\ Reqt\ for\ Risk\ i},$$

where Example Reqt for Risk i would reflect the capital requirement for risk i from an example Board-supervised PPSI portfolio meant to represent a typical Board-supervised PPSI and ρ would be a correlation parameter that would be 0, 0.25, 0.50, or 0.75. The Board expects that the diversification multiplier from this process would fall within the range of 0.7 to 1. What are the advantages and disadvantages of this second alternative? How does it compare to the first alternative?

Question 167: The Board seeks comment on the frequency of calculation of minimum capital requirements. What are the advantages and disadvantages of requiring a Board-supervised PPSI to calculate minimum capital requirements for reserve and non-reserve assets on a daily basis? What would be the advantages and disadvantages of an alternative approach requiring firms to use daily data (or quarterly, such as for the operational risk requirement) averaged over the quarter and only calculated once per quarter? What other frequencies of calculation (for example, monthly), if any, should the Board consider and why?

Question 168: The Board seeks comment on the proposed risk-based minimum capital requirements and their calibration. What alternative approaches, if any, to setting minimum capital requirements for Board-supervised PPSIs should the Board consider and why? For example, what are the advantages and disadvantages of an alternative approach allowing Board-supervised PPSIs to determine minimum capital requirements based on their internal processes and their own analysis of quantitative and qualitative factors including, but not limited to, their business model and risk profile, financial projections, fixed and variable expenses, the nature of fiduciary products and services being proposed, and discussions with organizers, like the OCC proposed in § 15.41(a)(2) of its GENIUS Act NPR?[114] *What are the costs and benefits of allowing such individualized determination of minimum capital requirements? If an alternative approach based on a Board-supervised PPSI internal processes was used, what would be the appropriate standard of loss coverage for such a requirement (for example, a percentile between 98 percent and 99.5 percent of the total projected losses over a one-year period) and why? Alternatively, what are the advantages and disadvantages of imposing a minimum capital requirement based on a set percentage of outstanding issuance value?*

Question 169: Section 4(a)(4)(A)(i) of the Act (12 U.S.C. 5903(a)(4)(A)(i)) provides that a Federal regulator could impose a capital buffer tailored to a PPSI's business model and risk profile if a regulator determines that a capital buffer would be necessary to ensure ongoing operations of the PPSI. The Board seeks comment on whether capital requirements for Board-supervised PPSIs should include a capital buffer in addition to risk-based capital requirements to preserve market confidence in the issuer's ability to remain a going concern following a severe stress event. Consistent with the capital buffers applicable to the Board-

[114] *See* 91 FR 10202 (March 2, 2026).

regulated banking organizations, this capital buffer would also be intended to be usable in stress. What would be advantages and disadvantages of imposing a variable capital buffer to Board-supervised PPSIs? What would be advantages and disadvantages of calibrating a capital buffer based on the Board-supervised PPSI's cost of operations for at least three months in the going-concern state, and why? What other calibration approaches and methodologies should the Board consider when determining a capital buffer, and why? Respondents are encouraged to provide specific examples, including calculations and supporting data.

Question 170: The Board seeks comment on whether to set capital requirements for Board-supervised PPSIs that would capture foreign exchange risk of their reserve assets, to the extent applicable. What are the advantages and disadvantages of setting a capital requirement to capture risks from foreign exchange rate fluctuations, such as those from eligible deposit claims or reverse repurchase agreements that are denominated in national currencies other than the U.S. dollar? What are the advantages and disadvantages of setting such a capital requirement based on the potential losses from exchange rate movements, such as reflecting the maximum potential loss from the greater of a 30-percent appreciation or 30-percent depreciation in the relevant other currency against the U.S. dollar?

Question 171: The Board seeks comment on the potential advantages and disadvantages of including an operational backstop to the final rule, like the OCC proposed in §§ 15.41(b) and 15.42 of its GENIUS Act NPR.[115] *An operational backstop would be a requirement to hold liquid assets that are sufficient to cover the past year's expenses (or a forward-looking estimate of annual expenses for new Board-supervised PPSIs). What are the advantages and disadvantages of imposing an operational backstop instead of, or in addition to, standardized capital requirements?*

c. De Novo Capital Requirement (Proposed §§ 247.15(b)(2); 247.15(e)(2))

Proposed § 247.15(b)(2) would impose an initial floor on minimum capital requirements that would apply during a ''de novo'' period of three years following the date on which a Board-supervised PPSI initially received approval from the Board or another relevant payment stablecoin regulator to issue payment stablecoins under the GENIUS Act.[116] During the three-year de novo period, a Board-supervised PPSI subject to this requirement would be required to calculate the total minimum capital requirement applicable to all Board-supervised PPSIs as discussed in section II.B.6.b of this **SUPPLEMENTARY INFORMATION** and would be subject to the higher of (i) the de novo capital requirement and (ii) the total minimum capital requirement.

The de novo capital requirement would establish a $5 million floor, indexed to nominal U.S. GDP, that would help ensure that a newly formed Board-supervised PPSI could continue operations in the face of unexpected losses without materially inhibiting the Board-supervised PPSI's growth. Furthermore, in its notice of proposed rulemaking implementing its responsibilities under the GENIUS Act, the OCC also proposed a minimum capital threshold of $5 million for newly formed OCC-supervised PPSIs based on its experience chartering de novo national trust banks, including those seeking to provide stablecoin programs.[117] The OCC determined that minimum capital amounts ranging from $6.05 million to $25 million would be necessary to establish a viable business model.[118] As such, the $5 million requirement reflects the lower bound of minimum capital a Board-supervised PPSI would be required to maintain while establishing a new stablecoin.

Under proposed § 247.15(e)(2), the Board could, in its discretion, extend the de novo period based, for example, on changes to the business model or activities of a Board-supervised PPSI, excessive volatility in issuance and redemptions of its payment stablecoin(s), unexpected operating losses, weak earnings, poor risk management, or violations of the GENIUS Act or its implementing rules with respect to capital requirements and proposed §§ 247.15–18. Similarly, the Board could, in its discretion, shorten the de novo period for a Board-supervised PPSI, such as for a firm that has a history of operating a payment stablecoin business prior becoming a Board-supervised PPSI. Moreover, the Board may increase or decrease the minimum capital requirement applicable to a Board-supervised PPSI during the de novo period, provided that the Board determines the revised amount is sufficient to ensure the ongoing operations of Board-supervised PPSI.

Question 172: The Board seeks comment on the proposed de novo period and the $5 million minimum capital requirement, which would be indexed to nominal U.S. GDP. Is the $5 million requirement appropriate, or should it be higher, lower, or calibrated differently? What are the advantages and disadvantages of requiring Board-supervised PPSIs to be subject to a capital requirement that would equal the higher of the de novo capital requirement and the risk-based total minimum capital requirement, and why? Is three years an appropriate ''de novo'' period?

d. Compliance With Capital Requirements (Proposed § 247.15(c))

Under proposed § 247.15(c), if a Board-supervised PPSI does not meet the minimum capital requirement under proposed § 247.15(b) as of the end of a quarter, it would be required to make efforts to satisfy capital requirements by the end of the following quarter. Specifically, within five business days of the end of such quarter, a Board-supervised PPSI would be required to submit a capital plan to the Board that provides a detailed strategy for restoring its capital levels to ensure that it meets or exceeds the minimum capital requirements under proposed § 247.15(b). This plan should outline the actions the Board-supervised PPSI would take to ensure it returns to compliance with the minimum capital requirements under proposed § 247.15(b) by the end of the following quarter. For example, to restore its minimum capital levels, the Board-supervised PPSI could raise additional tangible equity, reduce the size of the operations, or reduce its risk profile. Furthermore, in its capital plan the Board-supervised PPSI should specify the types and levels of activities it would project to engage in during the capital plan's term, which would generally be the period between the time the Board-supervised PPSI falls

[115] *See* 91 FR 10202 (March 2, 2026).

[116] In the case of a Board-supervised PPSI that originated as a subsidiary of a State member bank, the relevant approval would be from the Board. If a Board-supervised PPSI was initially licensed by another Federal or State regulator, but has become a Board-supervised PPSI (for example, because of a parent State member bank's charter conversion or a recent membership approval, or the transition provisions in proposed § 247.51), the de novo period would terminate three years after the Board-supervised PPSI originally received approval by its first Federal or State payment stablecoin regulator to become a PPSI under the GENIUS Act.

[117] *See* 91 FR 10202, 10240 (March, 2, 2026); *see also* OCC Bulletin 2007–21 (June 26, 2007). On April 7, 2026, the FDIC also proposed to implement certain provisions of the GENIUS Act, including the minimum capital threshold of $5 million for PPSIs during the de novo period. *See* 91 FR 18534 (April 10, 2026).

[118] *See* OCC News Release 2025–125, ''OCC Announces Conditional Approvals for Five National Trust Bank Charter Applications'' (December 12, 2025).

below its minimum capital requirements and the end of the following reporting period, provide a schedule for restoring its capital to meet minimum capital requirements, and address any other requirements imposed on the Board-supervised PPSI. The proposal would require that the capital plan provide a feasible approach to returning the Board-supervised PPSI to compliance within one quarter given general market conditions and the Board-supervised PPSI's specific circumstances.

If a Board-supervised PPSI fails to meet its capital requirements in proposed § 247.15(b) by the end of the following quarter, proposed § 247.15(c)(2) would require the Board-supervised PPSI to take certain actions starting the next day after the last day of such quarter. Specifically, the Board-supervised PPSI would be required to begin liquidation of all of its reserve assets, concluding liquidation of all reserve assets as soon as possible, and redemption of outstanding stablecoins consistent with the redemption requirements in proposed § 247.12 and without the ability to issue any new payment stablecoins. For example, if as of March 31, a Board-supervised PPSI's level of capital is below the minimum requirement, the Board-supervised PPSI would have until June 30 to come into compliance and restore its minimum level of capital. If by June 30 the Board-supervised PPSI does not meet the minimum capital requirement, it would be required to initiate the next day liquidation of its reserve assets and redemption of outstanding stablecoins. Furthermore, a Board-supervised PPSI would be prohibited from charging customers any fee for redeeming payment stablecoins during this liquidation and would be prohibited from issuing new payment stablecoins.

This proposed capital compliance framework seeks to afford a Board-supervised PPSI the opportunity to address any capital shortfall it experiences without creating undue risk for payment stablecoin holders. When a Board-supervised PPSI experiences a capital shortfall, its ability to absorb losses could be compromised, leading to a higher risk of insolvency and losses to payment stablecoin holders. To protect against such losses, the proposal would limit to one quarter the period during which a Board-supervised PPSI can remedy a capital deficiency.

Question 173: The Board seeks comment on the compliance requirements and consequences for a Board-supervised PPSI falling below its minimum capital requirement. What are the advantages and disadvantages of the proposed one-quarter grace period to restore minimum capital and why? What are the advantages and disadvantages of extending the grace period to two quarters and why? What additional, if any, compliance requirements should the Board consider to help ensure that a Board-supervised PPSI has sufficient resources to continue its operations? What are the advantages and disadvantages of implementing procedures like those OCC proposed in § 15.42 of its GENIUS Act NPR [119] *or those the FDIC proposed in § 350.10 of its GENIUS Act NPR?* [120]

e. Additional Capital Requirements—Request for Comment

The Board is seeking comment on whether to propose additional capital requirements. The Board considered requiring, but ultimately decided not to require, Board-supervised PPSIs to maintain certain amount of capital to absorb projected declines in the value of reserve assets because of potential changes in interest rates. Interest rate risk is the risk to an entity's current or projected financial condition and resilience arising from movements in interest rates. When interest rates change, the present value and timing of future cash flows also change. This in turn may affect the mark-to-market value of a Board-supervised PPSI's reserve assets, including Treasury securities. To address this risk, the Board considered requiring Board-supervised PPSIs to hold capital equal to projected losses in the fair value of reserve assets under a scenario in which interest rates increase by two percentage points.

The Board opted not to propose such a requirement, given that a PPSI's exposure to interest rate risk is generally minimal because of the GENIUS Act's strict restrictions on the types of permissible reserve assets. For example, U.S. Treasury securities with maturities of 93 days or less present very little price sensitivity to changes in interest rates. Nevertheless, the Board is seeking comment on whether an interest rate risk capital requirement is appropriate, and how such requirement should be calibrated.

Question 174: The Board seeks comment on whether to impose a capital requirement to address interest rate risk. The Board considered requiring Board-supervised PPSIs to hold capital equal to projected losses in the fair value of reserve assets under a scenario in which interest rates increase by two percentage points. What would be the advantages and disadvantages of such an approach? What other calibrations (for example, a calibration of the interest rate increase in the range of half a percent to three percent) should the Board consider and why? What would be the advantages and disadvantages of requiring Board-supervised PPSIs to multiply the duration or weighted average maturity of their portfolio by the presumed increase in aggregate interest rates for the portfolio or prescribing interest rate-related losses for reserve assets that belong to particular maturity buckets? What other, if any, risks should the Board consider (for example, when a counterparty provides collateral with maturity longer than three months for reverse repurchase transactions)?

Question 175: The Board seeks comment on the capitalization of interest rate risk for non-reserve assets. In certain cases, the bank capital framework does not provide requirements that capture interest rate risk. What would be the advantages and disadvantages of including a capital surcharge to capture interest rate risk for non-reserve assets? What calibration of the interest rate risk requirement should the Board consider and why?

7. Indexing of Thresholds by Nominal GDP Growth

The proposal would use certain thresholds to differentiate requirements based on a Board-supervised PPSI's size, risk profile, and complexity as well as on the characteristics of the exposures. However, static dollar-based thresholds can lead to unintended consequences if threshold levels are not periodically updated or indexed. For example, Board-supervised PPSI requirements that do not adjust may effectively become stricter over time.

Accordingly, the proposal would require an annual adjustment of certain dollar-calibrated thresholds based on a three-year moving average of annual nominal U.S. GDP growth.[121] To mitigate the potential procyclical effect over short timeframes, the annual mechanism would use a three-year moving average of annual nominal U.S. GDP growth, which would reduce volatility and improve the predictability of adjustments.[122]

[119] *See* 91 FR 10202 (March 2, 2026).

[120] *See* 91 FR 18534 (April 10, 2026).

[121] The proposed annual indexing to the nominal U.S. GDP growth is equivalent to adjusting the proposal's dollar thresholds for the annual real U.S. GDP growth plus annual changes in the cumulative U.S. GDP implicit price deflator.

[122] Because this approach would be based on cumulative change in average nominal U.S. GDP following the effective date of a final rule, it would also account for periods of negative growth. However, adjustments to the thresholds would only

To ensure an accurate and predictable measure, the Board would generally use the most current estimate of nominal U.S. GDP for a given calendar year published by the Bureau of Economic Analysis on or before September 30 of the year of the publication of the scalar.[123] The Board would calculate the value for the GDP growth adjustment scalar as a ratio of the average nominal U.S. GDP estimates for the three calendar years directly preceding the year in which the scalar is published, divided by the average nominal U.S. GDP for the three most recent calendar years preceding the effective date of any final rule for which estimates are available. For example, if the Board were to adopt a final rule with an effective date of 2027, the Board would calculate the GDP growth adjustment scalar in 2028 by dividing the average nominal U.S. GDP in calendar years 2025, 2026, and 2027 by the average nominal U.S. GDP in calendar years 2024, 2025, and 2026.[124]

The Board would calculate and publish a GDP growth adjustment scalar, along with updated dollar-based thresholds, each year.[125] Each calendar year, a Board-supervised PPSI would calculate the regulatory dollar thresholds in proposed 12 CFR part 247, which would then be multiplied by the GDP growth adjustment scalar, using the updated GDP growth adjustment scalar published by the Board.

Indexing dollar-based thresholds in this manner would provide a simple methodology to help ensure that the proposed requirements listed below reflect changes in the Board-supervised PPSIs risk profile relative to the size of the U.S. economy.

The proposal would index the following thresholds: (i) the thresholds of (a) less than $1 billion in outstanding issuance value and (b) less than $25 billion in total monthly trading volume for extended exam cycles in proposed § 247.14(d)(3); (ii) the $5 million minimum capital requirement during the ''de novo'' period of a Board-supervised PPSI under proposed 247.15(b)(2); (iii) the $20 billion and $50 billion outstanding issuance value thresholds used to determine the baseline operational risk requirement under proposed § 247.18(b)(1); and (iv) the $20,000 of historical operational losses as part of the data collection requirement under proposed § 247.18(c)(1)(i)(A).

Question 176: The proposal would include an annual adjustment of certain dollar-calibrated thresholds based on a three-year moving average of annual nominal U.S. GDP growth. What are the advantages and disadvantages of using nominal U.S. GDP as the basis to annually adjust the thresholds? What are the advantages of disadvantages of using a three-year moving average as part of the measurement?

Question 177: The Board seeks comment on all aspects of the proposed approach for adjusting thresholds. What alternative measures for adjusting such thresholds should the Board consider? For example, what are the advantages and disadvantages of an alternative approach that would adjust the thresholds based on inflation? The U.S. Bureau of Labor Statistics publishes different versions of the consumer price index, which capture price changes in different economic segments. What measure of consumer price index should the Board consider, and why?

C. Subpart C—Rules Applicable to Board-Supervised Custodians

Section 10 of the GENIUS Act (12 U.S.C. 5909) imposes requirements on any person seeking to provide ''custodial or safekeeping services for payment stablecoin reserves, the payment stablecoins used as collateral, or the private keys used to issue payment stablecoins.'' Among other things, section 10 of the Act requires such persons to be subject to supervision or regulation by a Federal or State supervisor, to treat covered assets as customer property, to separately account for and not commingle covered assets unless permitted under a listed exception, and to provide their supervisor with certain regulatory information as determined by that supervisor.

The proposal would (i) establish relevant defined terms for purposes of subpart C to clarify the scope of custodial services to which subpart C would apply; (ii) set minimum principles-based requirements for Board-supervised institutions related to their provision of custodial or safekeeping services to the assets described in section 10(b) of the GENIUS Act (12 U.S.C. 5909(b)) that are appropriate to protect such assets held under custody from the claims of creditors of the covered custodian; and (iii) implement other requirements and exclusions of the Act.

1. Definitions (Proposed § 247.20)

The Board is proposing to define the assets for which the provision of custodial or safekeeping services trigger the requirements of the Act as ''covered assets.'' This term would include the assets described in section 10(a) of the GENIUS Act (12 U.S.C. 5909(a)) that comprise the payment stablecoin reserves (discussed above), any payment stablecoin used as collateral, and the private keys used to issue payment stablecoins.[126]

The Board is also proposing to include in the definition of covered assets any cash or other property of a covered customer received by the covered custodian (defined and discussed below) in the course of provision of custodial or safekeeping services contemplated under the GENIUS Act. Sections 10(b) and (c) of the GENIUS Act (12 U.S.C. 5909(b) and (c)) each apply the Act's custodial requirements not only to the custody of payment stablecoin reserves, payment stablecoins used as collateral, and the private keys used to issue payment stablecoins but also to ''cash[ ] and other property'' of a covered customer of one of those assets.

''[C]ash'' and ''other property,'' as used in sections 10(b) and (c) of the GENIUS Act (12 U.S.C. 5909(b) and (c)), appear to refer to cash and other property that a covered custodian may receive as custodial property of a covered customer, but only to the extent such cash or other property is received in connection with the provision of custodial services for payment stablecoin reserves, payment stablecoins used as collateral, and the private keys used to issue payment stablecoins. For example, any interest on payment stablecoin reserve assets held in custody in a deposit account and credited to a covered customer's (*e.g.,* a PPSI) account would be the type of cash and other property subject to the custody requirements of the Act.

Thus, under the proposed rule, ''covered assets'' would mean payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.

occur when there is a positive net cumulative change.

[123] *See* Bureau of Economic Analysis, Gross Domestic Product, *https://www.bea.gov/data/gdp/gross-domestic-product.* The Board may elect to use a comparable value in instances such as where a nominal U.S. GDP growth estimate from the Bureau of Economic Analysis is unavailable.

[124] The proposal includes a definition of the GDP growth adjustment, which sets forth the way in which the adjustment would be calculated each year.

[125] The Board expects that it would publish the adjustment annually on the Board's public website and in the **Federal Register**.

[126] Section 10(a) of the GENIUS Act (12 U.S.C. 5909(a)) refers only to ''the private keys used to issue payment stablecoins.'' Thus, private keys associated with other activities are not within the scope of ''covered assets'' for purposes of Subpart C of the Board's implementing regulations.

Separately, the Board is proposing to define the entities to which the proposed custody requirements would apply as ''covered custodians.'' This term would mean any entity that (i) provides custodial or safekeeping services for covered assets, (ii) is subject to supervision or regulation by the Board, and (iii) is not (a) a PPSI (as defined in proposed § 247.2), bank, savings association, Federal branch, or insured branch (as those terms are defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(r)) that is subject to supervision by the FDIC or OCC; (b) an entity, other than a federally regulated depository institution, subject to supervision by a State bank supervisor, as defined in section 3(r) of the Federal Deposit Insurance Act (12 U.S.C. 1813(r)), provided that such State bank supervisor makes available to the Board such information as the Board determines necessary and relevant under section 10(d) of the Act (12 U.S.C. 5909(d)); or (c) an entity for which the SEC or CFTC is the primary financial regulatory agency as described in section 2(12) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301(12)).

Covered custodians under this section would generally include (i) a State member bank; (ii) a Board-supervised PPSI; (iii) a bank holding company (as defined in section 2(a) of the BHC Act (12 U.S.C. 1841(a)); (iv) a savings and loan holding company (as defined in section 10(a)(1) of HOLA (12 U.S.C. 1467a(a)(1)); (v) a subsidiary of a bank holding company or a savings and loan holding company that is not (a) a national bank or depository institution subject to supervision by the OCC or FDIC; (b) a PPSI subject to supervision by another primary Federal payment stablecoin regulator, (c) an entity subject to functional regulation by the SEC or CFTC, or (d) an entity, other than a State member bank, subject to supervision by a State bank supervisor, as defined in section 3(r) of the Federal Deposit Insurance Act (12 U.S.C. 1813(r)), provided that such State bank supervisor makes available to the Board such information as the Board determines necessary and relevant under section 10(d) of the Act (12 U.S.C. 5905(d)); (vi) the U.S. operations of foreign banking organizations subject to the supervision or regulation of the Board pursuant to the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*); and (vii) any corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*) or having an agreement with the Board under section 25 of the Federal Reserve Act (12 U.S.C. 601 *et seq.*) (*i.e.,* Edge Act and Agreement corporations).

The Board is proposing to define the custodial customers to which the GENIUS Act's protections apply as ''covered customers.'' This term would mean a person for or on whose behalf a covered custodian receives, acquires, or holds covered assets. Covered customers under this section would generally include (i) a PPSI with respect to any reserve assets held by a covered custodian for the PPSI; (ii) a person that has made a loan or other extension of credit secured by payment stablecoins; and (iii) a PPSI with respect to any private keys used to issue payment stablecoins that are held by a covered custodian for such PPSI.

The Board is also proposing to define certain other concepts relative to covered asset custodial activities. The proposal would define ''applicable law'' for purposes of subpart C as the law of a State or other jurisdiction governing a covered custodian's custody relationships, any applicable Federal law governing those relationships, the terms of the custody agreement, and any applicable court order. The proposal would define ''custody agreement'' as a legally binding contractual agreement between a covered customer, as the principal, and the custodian, as the agent, that establishes the custodian's duties and responsibilities in providing safekeeping, custody and ancillary services to the covered customer. The proposal would define ''digital wallet'' as a software program or hardware device that stores and manages the private keys associated with a particular unit of a digital asset. The proposal would define ''sub-custodian'' as a person that provides custody and safekeeping services to a covered custodian, including through a digital wallet for which such person controls the associated private keys, with respect to the covered assets of a covered customer for which the covered custodian otherwise serves as a custodian under this subpart.[127]

Question 178: Are the proposed definitions for terms relevant to this section appropriate and sufficiently clear? For example, does the definition of ''covered custodian'' appropriately scope in all of the entities that should be subject to proposed subpart C and for which the Board acts as the primary supervisor or regulator? Would it be helpful to define any other terms? [similar to OCC question 149]

Question 179: The Board has interpreted ''cash and other property'' to refer to the cash and other property that a covered custodian may receive as custodial property of covered customers, but only to the extent such cash or other property is received in connection with the provision of custodial services for the Act's three core custody assets. Is this the appropriate approach? Should the Board take a broader view of what constitutes ''cash and other property''? What are the costs and benefits of such an approach? Does the proposal appropriately address the different requirements for noncash covered assets? [similar to OCC question 150]

Question 180: The Board is proposing to define covered assets in such a way that the requirements of sections 10(a)–(c) of the Act (12 U.S.C. 5909(a)–(c)) would apply to all covered assets and is proposing to apply the substantive requirements of those sections as a connected set of requirements. However, sections 10(a)–(c) of the Act use slightly different wording when describing the assets to which each subsection applies and some of the substantive requirements that apply.[128] *The Board believes that the provisions should be read together to cover the same set of assets and to provide a cogent and harmonized set of requirements for covered custodians.*[129] *Instead of the proposed approach, should the Board use the precise statutory language regarding the scope of assets covered separately in paragraphs (a), (b), and (c)? What are the advantages or disadvantages of doing so? [similar to OCC question 151]*

Question 181: Sections 10(b) and (c) of the GENIUS Act (12 U.S.C. 5909(b) and (c)) refer to ''payment stablecoins'' and not to ''payment stablecoins used as collateral,'' which is the phrasing in section 10(a) of the Act (12 U.S.C. 5909(a)). The Board is proposing to interpret the reference to ''payment stablecoins'' in these sections in light of section 10(a) of the Act, thereby understanding sections 10(b) and (c) to refer only to payment stablecoins that are used as collateral. Should the Board

[127] A sub-custodian would be subject to the requirements applicable to a custodian under the GENIUS Act, including the requirements under section 10 of the Act (12 U.S.C. 5909).

[128] For example, section 10(a) of the Act refers to ''the payment stablecoin reserve, the payment stablecoins used as collateral, or the private keys.'' 12 U.S.C. 5909(a). Section 10(b) refers to ''the payment stablecoins, private keys, cash, and other property.'' 12 U.S.C. 5909(b). Section 10(c) refers to ''[p]ayment stablecoin reserves, payment stablecoins, cash, and other property.'' 12 U.S.C. 5909(c).

[129] For example, section 10(b) of the Act refers to property described in section 10(a), suggesting that the provisions are meant to be read together to cover the same set of assets.

instead consider applying the custodial provisions in subpart C to all ''payment stablecoins'' held in custody by covered custodians? What would be the advantages and disadvantages of such an approach?

Question 182: Proposed subpart C would implement section 10 of the GENIUS Act (12 U.S.C. 5909) with respect to entities that are regulated by the Board. Are there issues that the Board should bear in mind if a Board-regulated entity holds reserve assets on behalf of a stablecoin issuer that is not regulated by the Board and may not be familiar with the Board's implementation of section 10 of the GENIUS Act? [similar to OCC question 152]

Question 183: Section 10(c)(3) of the GENIUS Act (12 U.S.C. 5909(c)(3)) states that the claims of covered customers against a covered custodian with regards to any payment stablecoins used as collateral shall have priority over other claims. The section also allows covered customers to expressly waive this priority. Is the regulatory framework under the proposed rule consistent with this statement? What market practices do commenters believe are likely to arise regarding the use of the contractual provisions that waive a covered customer's priority regarding payment stablecoins used as collateral that are held in custody? To what extent should the Board consider either providing guidance on the use of such contractual provisions or requiring covered custodians to use such contractual provisions in their custody agreements? How are customer waivers in relation to covered custodians likely to impact the resolution of PPSIs? For example, would they lead to additional complications in determining the priority of claims? [similar to OCC question 160]

Question 184: Does the proposed approach regarding custody of covered assets proposed in subpart C, or any alternative approach discussed in comments or suggested by commenters, pose any concerns regarding fair competition between covered custodians and entities that are otherwise permissible custodians under section 10(a) of the GENIUS Act (12 U.S.C. 5909(a)) but which are not supervised by the Board? [similar to OCC question 166]

2. Covered Asset Custodial Property Requirements (Proposed § 247.21)

Section 10(b) of the GENIUS Act (12 U.S.C. 5909(b)) requires covered custodians to ''treat and deal with'' the covered assets of a covered customer ''as belonging to such customer,'' and to ''take such steps as are appropriate to protect'' covered assets from the claims of the covered custodian's creditors. Proposed § 247.21 would implement these provisions through minimum, principles-based requirements. In considering minimum, principles-based requirements, the Board is proposing to require covered custodians to take such steps that the Board would typically expect a supervised institution to take as part of sound custodial practices necessary to protect assets under custody from claims of the custodian's creditors.[130] The Board intends these principles-based, minimum requirements to be in line with sound custodial management practices that the agency understands are industry standard. In addition, State laws concerning fiduciary activities apply to covered custodians.

Under proposed § 247.21(a), a covered custodian must separately account for the covered assets of each covered customer and must treat and deal with those covered assets as belonging to such covered customer and not as the property of the covered custodian. This can potentially be enabled through comprehensive and accurate recordkeeping, accounting practices that segregate physically or by separate accounts property belonging to a covered customer from property belonging to the custodian, and formal legal arrangements (*e.g.,* trust or nonfiduciary custody) that segregate customer property in this manner. Under proposed § 247.21(b)(1), a covered custodian must take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial or safekeeping services.

Proposed § 247.21(b)(2)(i) would require that a covered custodian maintain possession or control of covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private keys. Under the proposal, a covered custodian may maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law, provided the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian's compliance with the requirements of this proposed subpart C. Under proposed § 247.21(b)(2)(ii), with regards to any payment stablecoin or payment stablecoin reserve asset in the form of a tokenized asset held in safekeeping under proposed subpart C, a covered custodian, or sub-custodian, as applicable, maintains control for purposes of the proposed requirement if it can reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the covered customer, can transfer the payment stablecoin or tokenized asset using a distributed ledger without the consent of the custodian or sub-custodian, as applicable. This requirement is consistent with past interagency guidance on the control of crypto-assets for purposes of safekeeping.[131]

The Board proposes codifying in proposed § 247.21(c) the exception in section 10(c)(2)(B) of the GENIUS Act (12 U.S.C. 5909(c)(2)(B)) to the customer property requirements described in section 10(b) of the Act (12 U.S.C. 5909(b)) and the requirements of the commingling prohibition described in section 10(c)(1) of the Act (12 U.S.C. 5909(c)(1)).[132] This exception permits, to the extent the application of section 10(c)(2)(B) of the Act conflicts with the

[130] To the extent that a covered custodian, as an accommodation to a covered customer, documents in an account statement or other similar document any additional assets of that customer for which the covered custodian does not provide custodial or safekeeping services, including through use of a sub-custodian of the covered custodian (commonly referred to as ''accommodation assets'' or ''below the line assets''), the Board would not expect such assets to be subject to the requirements of subpart C.

[131] *See* Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, ''Agencies Issue Joint Statement on Risk-Management Considerations For Crypto-Asset Safekeeping.''

[132] Section 10(c)(2)(B) of the Act, codified in proposed § 247.21(c), provides an exception to both the customer property requirement, which would be codified in proposed § 247.21, and the segregation of assets requirement, which would be codified in proposed § 247.22(a). However, this exception applies only to the extent that the application of proposed § 247.21(c) conflicts with the requirements of proposed §§ 247.21 and 247.22(a). As such, while a covered custodian may, for example, commingle covered assets of a covered customer with funds belonging to the custodian in order to effect transactions related to the provision of certain services, the custodian must nevertheless adhere to any accurate recordkeeping practices necessary to comply with the principles-based requirements under proposed §§ 247.21 and 247.22(a).

requirements of sections 10(b) and (c)(1) of the Act, a covered custodian to withdraw and apply such share of the covered assets of a covered customer necessary to ''transfer, adjust, or settle a transaction or transfer of assets'' applicable to that covered customer, ''including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services'' to that covered customer by the covered custodian. The Board proposes to specify that any such withdrawal must be consistent with any applicable law. For example, the Board would expect any such withdrawal to be undertaken only in compliance with the terms of a covered customer's written custodial agreement and in accordance with any accurate recordkeeping practices necessary to comply with sections 10(b) and (c)(1) of the Act and their implementing regulations. The Board would also expect that any such withdrawal of funds from an omnibus account would be properly recorded as to not implicate the custodial assets of any other covered customer.

Finally, proposed § 247.21(d) would clarify, consistent with section 10(c)(2)(D) of the GENIUS Act (12 U.S.C. 5909(c)(2)(D)), that an insured depository institution that is a covered custodian is not required to separate or segregate from its own property any payment stablecoin reserves in the form of cash received from a PPSI in exchange for eligible deposit claims against the insured depository institution. Such holdings may be reflected as deposit liabilities of the insured depository institution, provided such treatment is consistent with Federal law.[133] For the avoidance of doubt, the Board does not view receiving payment stablecoin reserves in the form of cash on deposit and reflecting such holdings as deposit liabilities as creating a custody relationship between a PPSI and an insured depository institution. Therefore, an insured depository institution is a covered custodian only to the extent that such insured depository institution provides custodial or safekeeping services for other covered assets. Further, the Board does not view this exception as permitting payment stablecoin reserves to be held as secured deposits insulated from the credit risk of the relevant depository institution.

Question 185: The Board is proposing applying these principles-based requirements to covered custodians subject to Board supervision, rather than requiring Board-supervised PPSIs that seek to custody a covered asset to only custody such assets with a custodian that can demonstrate it complies with certain minimum requirements. What are the costs and benefits of this approach, including with regards to administrability, jurisdiction, and the promotion of fair competition? [similar to OCC question 153]

Question 186: The Board proposes principles-based requirements in line with sound custodial management practices that the agency understands are industry standard. Does the proposal accurately capture sound custodial management practices that are industry standard? [similar to OCC question 154]

Question 187: Does the proposal provide enough detail regarding what steps are appropriate for a covered custodian to protect the covered assets of covered customers from the claims of creditors of the covered custodian? Would more prescriptive or specific requirements be appropriate to implement the requirements of the Act? For example, should the Board require a covered custodian to take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian, including through adopting, implementing, and maintaining written policies, procedures, and internal controls adequate for (i) the safekeeping of covered assets of covered customers; (ii) the documentation of covered customer relationships through one or more written custody agreements; (iii) recording and verifying the covered assets of covered customers; and (iv) the conducting of due diligence in the selection of and periodic monitoring of sub-custodians, in each case commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets in its covered customer relationships? What are the costs and benefits of prescriptive versus a principles-based approach? How would either approach compare or contrast with the non-covered asset custodial business of covered custodians and what efficiencies or challenges might arise from each approach? [similar to OCC question 155]

Question 188: Is it sufficiently clear in a custodial relationship when and for what assets the minimum, principles-based requirements of subpart C would apply? For example, are there circumstances where a custodian may be unaware that stablecoin assets held in an account are being used as collateral and potentially subject to the requirements of subpart C? Does the Board appropriately explain why, under the proposal, the exception for cash held in the form of deposit liabilities applies only to insured State member banks? [similar to OCC question 156]

Question 189: The proposed rule describes how a custodian maintains control of a stablecoin or tokenized stablecoin reserve assets. Is this description appropriately calibrated? Are there other means by which a custodian should be deemed to have demonstrated control over these types of assets? [similar to OCC question 157]

Question 190: Regarding the proposed rule governing the withdrawal of custodial covered assets to pay certain commissions, taxes, storage, and other charges, should the Board require any more prescriptive customer protection requirements, such as those designed to ensure that such withdrawals do not cause any reserve to fall below any minimum coverage of a payment stablecoin? What are the costs and benefits of these or any similar approach? For example, in order to implement an effective compliance system, would such a requirement impose undue burdens on a custodian from withdrawing any permitted funds from a custodial account that contains payment stablecoin reserves? [similar to OCC question 159]

3. Segregation Requirement and Use of Omnibus Accounts (Proposed § 247.22)

Proposed § 247.22(a) would implement the GENIUS Act's requirement in section 10(c)(1) of the Act (12 U.S.C. 5909(c)(1)) that a covered custodian segregate all covered assets of covered customers and not commingle them with the assets of the covered custodian. As discussed above, the proposal clarifies that this requirement does not apply in the case of an insured depository institution that is a covered custodian that receives from a PPSI

[133] Section 10(c)(2)(A) of the GENIUS Act (12 U.S.C. 5909(c)(2)(A)) provides that payment stablecoin reserves in the form of cash represented as deposit liabilities of a depository institution need not be separated from the property of the applicable depository institution. Section 10(c)(2)(D) of the Act (12 U.S.C. 5909(c)(2)(D)) provides a similar exception with respect to insured depository institutions. Both statutory exceptions to the requirements of sections 10(b) and (c)(1) of the Act (12 U.S.C. 5909(b) and (c)(1)) appear to acknowledge that payment stablecoin reserves in the form of cash deposited at a depository institution would be liabilities of the depository institution and could not be mixed or ''commingled'' with the property or assets of such depository institution. However, a PPSI's reserves in the form of deposits can only be held at insured depository institutions pursuant to section 4(a)(1)(A)(ii) of the Act (12 U.S.C. 5903(a)(1)(A)(ii)). Therefore, the Board believes it is appropriate to limit the exception for cash held as deposit liabilities to insured State member banks, which are the only insured covered custodians under the proposed rule.

payment stablecoin reserves in the form of cash in exchange for eligible deposit claims against the insured depository institution, to the extent the insured depository institution reflects such holdings as deposit liabilities and provided such treatment is consistent with Federal law.

Under section 10(c)(2)(C) of the Act (12 U.S.C. 5909(c)(2)(C)), any primary Federal stablecoin regulator may prescribe terms and conditions by which covered assets may be commingled with other property, provided the covered assets are separately accounted for, treated as, and dealt with as belonging to the covered customer (including a PPSI customer). Proposed § 247.22(b) sets the terms by which covered custodians may use omnibus accounts consistent with the GENIUS Act's requirements to separately account for, treat as, and deal with covered assets under custody as belonging to multiple covered customers. The Board is proposing to allow any covered custodian to commingle the covered assets of multiple covered customers in one or more omnibus accounts, to the extent that the steps it has taken pursuant to proposed § 247.21(b) are adequate to maintain safe and sound practices for the use of omnibus accounts, and to the extent that the use of omnibus accounts is consistent with applicable law.[134]

Question 191: Are there additional considerations the Board should take into account regarding a covered custodian's use of an omnibus account? For example, should the Board consider a high-level principles-based approach to apply generally to a covered custodian's provision of custodial or safekeeping services to covered customers for covered assets while utilizing a more detailed regulatory framework regarding a covered custodian's use of omnibus accounts? Alternatively, to what extent should the Board consider proposing that a covered custodian may, for convenience, commingle in a single omnibus account both covered assets and other custodial assets that are not covered assets? What efficiencies and challenges would such an approach raise? Are there additional risk considerations the Board should consider if it takes such an approach? For example, to what extent should the Board consider prescribing additional recordkeeping, customer account, disclosure, or other terms or conditions as a precondition to a covered custodian commingling covered assets and non-covered assets? [similar to OCC question 158]

*Question 192: Are there particular circumstances for which the Board should provide additional clarification as to the application of subpart C or the applicability of any exception (*e.g., *regarding payment stablecoins locked in a smart contract for purposes of ''wrapping'' the payment stablecoin for use on an unsupported blockchain)? [similar to OCC question 162]*

Question 193: In order to ensure that a PPSI is able to meet redemptions on a timely basis, should the Board require that any custody agreement a covered custodian enters into with a PPSI provide for prompt release of any covered assets held in custody to the covered customer's control? For example, should a custody agreement require that a covered custodian have the ability to transfer control of covered assets comprising payment stablecoin reserves, or execute and settle at the covered customer's direction any such assets, within a specific timeframe? What are the costs and benefits of any such approach? [similar to OCC question 163]

4. Reporting

The Board is considering whether to implement any additional reporting requirements in subpart C pursuant to section 10(d) of the GENIUS Act (12 U.S.C. 5909(d)), which requires that a covered custodian submit to the Board certain information ''in such form and manner as [the Board] shall determine.'' Furthermore, section 10(a)(1)(B) of the GENIUS Act (12 U.S.C. 5909(a)(1)(B)) requires State bank supervisors, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), to make available to the Board such information as the Board determines to be necessary and relevant under section 10(d) of the Act (12 U.S.C. 5909(d)).

For covered custodians that are State member banks, the Board proposes to seek to rely on the reporting these banks already provide on their custodial businesses pursuant to line items and schedules relating to fiduciary and custody services on the appropriate Schedule RC–T of the Consolidated Report of Condition and Income (Call Report).[135]

For covered custodians that are bank holding companies or savings and loan holding companies that have total consolidated assets of $100 billion or more or that have been designated as global systematically important banking organizations (GSIBs), the Board proposes to rely on the reporting these entities already provide on their custodial businesses pursuant to Schedule C, item 3 of Reporting Form FR Y–15 (Systemic Risk Report).

For covered custodians that are the U.S. operations of foreign banking organizations subject to the supervision or regulation of the Board pursuant to the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*), the Board proposes to rely on the reporting many of these entities already provide on their custodial businesses pursuant to Schedule J, item 3 of Reporting Form FR Y–15 [136] or Schedule T of Reporting Form FFIEC 002 (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks).

For covered custodians that are State-qualified PPSIs with an outstanding issuance value of more than $10 billion and have transitioned to the Federal regulatory framework administered in coordination with the Board, the Board proposes to rely on the Board-supervised PPSI's quarterly report on financial condition discussed in proposed § 247.14(i).[137] The Board continues to consider reporting requirements for other covered custodians, and seeks comment on the most efficient and effective way to collect such information concerning a covered custodian's business operations as well as their processes to protect customer assets.

Nonetheless, requiring covered custodian-specific reporting outside of the context of these reports may be appropriate. For example, Schedule RC–T of the Call Report does not provide a breakdown of the specific assets under custody and may not provide sufficient insight necessary to effectively supervise the unique risks related to the custody of covered assets. As such, the Board is considering requiring covered custodians to report on a separate form maintained by the Board the following information: (1) total covered assets under custody, and (2) total payment

[134] This provision is also consistent with section 10(c)(2)(A) of the Act (12 U.S.C. 5909(c)(2)(A)).

[135] The Board believes that reporting the private key used to issue a payment stablecoin held in custody at a $1.00 book value would be consistent with the Call Report Schedule RC–T instructions, unless the methodology for determining fair value is otherwise set by applicable law. *See, e.g.,* OCC, Letter from Kerri Corn, Director for Credit and Market Risk (June 20, 2007), *https://www.occ.treas.gov/topics/supervision-and-examination/capital-markets/asset-management/corporate-trust/memo-misc-schedule-rc-t.pdf* (letter to the American Bankers Association regarding owner trustee fiduciary accounts reported on Schedule RC–T).

[136] Reporting Form FR Y–15 applies only to foreign banking organizations with combined U.S. assets of $100 billion or more.

[137] As noted above, section 10(d) of the GENIUS Act (12 U.S.C. 5909(d)) provides an additional statutory grant of authority for this reporting requirement.

stablecoin reserves under custody. For payment stablecoin reserves under custody, the Board is further considering requiring covered custodians to report the following: (a) total payment stablecoin reserves under custody for (i) an affiliate and (ii) third parties; (b) total payment stablecoin reserves held in a deposit account at (i) the covered custodian and (ii) a third-party depository institution; (c) total payment stablecoin reserves held in a deposit account that are not covered by FDIC insurance at (i) the covered custodian and (ii) a third party depository institution; and (d) total payment stablecoin reserves held in each of the categories listed in section 4(a)(1)(A)(i)–(viii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(i)–(viii)).

Question 194: To what extent are Schedule RC–T of the Call Report, in the case of State member banks; Schedule C of Reporting Form FR Y–15, in the case of applicable bank holding companies, savings and loan holding companies, and GSIBs; Schedule J of Reporting Form FR Y–15 and Schedule T of Reporting Forms FFIEC 002 and FFIEC 002S, in the case of the U.S. operations of foreign banking organizations subject to the supervision or regulation of the Board pursuant to the International Banking Act of 1978 (12 U.S.C. 3101 et seq.*); and the portions of the reports required under proposed § 247.14 relevant to custodial activities, in the case of State-qualified PPSIs that are subject to the Board's oversight pursuant to proposed § 247.51, appropriate to ensure that the Board possesses the information necessary to supervise covered custodians? If other forms of reporting would be helpful, what are they? If other types of information would be helpful, what are they? What are the costs and benefits of more detailed reporting requirements? [similar to OCC question 164]*

5. Self-Custody Hardware and Software Exclusion (Proposed § 247.23)

The proposal implements section 10(e) of the GENIUS Act (12 U.S.C. 5909(e)), which provides that the requirements of section 10 of the Act (12 U.S.C. 5909) do not apply to any person ''solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer's own custody or safekeeping of the customer's payment stablecoins or private keys.'' In proposed § 247.23, the Board proposes to clarify that the requirements of this proposed subpart C do not apply to any covered custodian solely on the basis that such entity engages in the business of providing hardware or software to facilitate a person's or entity's self-custody of their payment stablecoins or private keys. The requirements could nonetheless apply if, for example, an entity controls or holds itself out as controlling such payment stablecoins or private keys, or provides, or holds itself out as providing safekeeping or custodial services, including services that are ancillary or incidental to its custodial powers, for such payment stablecoins or private keys.

*Question 195: Section 10(e) of the GENIUS Act (12 U.S.C. 5909(e)) provides an exclusion from the custodial requirements to any person solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer's own custody or safekeeping of the customer's payment stablecoins or private keys. The Board proposes to clarify that it would not consider certain activities to constitute ''solely'' providing hardware or software to facilitate custody or safekeeping of payment stablecoins or private keys. Should the Board consider implementing any other language to prevent the exception from being used to evade the custodial requirements of the Act? Alternatively, could a Board-supervised institution provide ancillary custodial services to a user of such hardware or software (*e.g.*, facilitating the customer's digital asset and fiat currency exchange transactions, transaction settlement, trade execution, recordkeeping, valuation, tax services, reporting, or other appropriate services) while avoiding the minimum, principles-based requirements of the proposal? [similar to OCC question 161]*

D. Subpart E—Rules Applicable To All Permitted Payment Stablecoin Issuers

Section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)) prohibits any PPSI from providing services to a customer on the condition that the customer (i) ''obtain an additional paid product or service from the [PPSI], or any of its subsidiaries'' (often referred to as tying arrangements), or (ii) ''agree to not obtain an additional product or service from a competitor'' of the PPSI or any of its subsidiaries (often referred to as exclusive dealing arrangements) (together, the ''Tying Prohibition'').[138] In addition, the Stablecoin Certification Review Committee must find that a company seeking approval under section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)) and the affiliates of such company will comply with the Tying Prohibition in order to approve such request. Sections 4(a)(8) and 4(h) of the GENIUS Act (12 U.S.C. 5903(a)(8) and 5903(h)) provide the Board authority to issue such regulations as are necessary to carry out the Tying Prohibition and to prevent evasion thereof. Further, under section 4(a)(8)(B) of the GENIUS Act (12 U.S.C. 5903(a)(8)(B)), the Board, in consultation with other relevant primary Federal payment stablecoin regulators, may by regulation or order, permit such exceptions to the Tying Prohibition as the Board considers will not be contrary to the purpose of the GENIUS Act.

1. Tying Prohibition (Proposed § 247.40)

Consistent with section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)), proposed § 247.40(a) would provide that a PPSI may not provide services to a customer on the condition that the customer obtain an additional paid product or service from the PPSI, or any of its subsidiaries, or agree to not obtain an additional product or service from a competitor of the PPSI.

The Board is also proposing to clarify in the proposed rule that the Tying Prohibition applies to certain companies and their affiliates, consistent with section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)). Proposed § 247.40(b) would state that with respect to any company that has obtained a unanimous vote of the Stablecoin Certification Review Committee pursuant to section 4(a)(12) of the GENIUS Act, neither the company nor its affiliates may provide services to a customer on the condition that the customer (i) obtain an additional paid product or service from the company or its affiliates, or any subsidiary of the company or its affiliates, or (ii) agree to not obtain an additional product or service from a competitor of the company or its affiliates.

The Board notes that GENIUS Act's Tying Prohibition is narrower than similar tying and exclusive dealing prohibitions under section 106 of the BHCAA. For example, unlike these provisions of the BHCAA, the Tying Prohibition of the GENIUS Act applies only to arrangements that place conditions on the *availability* of services provided by a PPSI or its subsidiaries. Therefore, arrangements under which a PPSI varies its pricing in connection with the purchase of an additional paid product or service from a PPSI or its subsidiary would not necessarily violate the GENIUS Act's Tying Prohibition, unless the pricing schedule effectively constrains the availability of a

[138] If a PPSI is an affiliate of a bank, the tying and exclusive dealing prohibitions of section 106 of the Bank Holding Company Act Amendments of 1970 (BHCAA) may prohibit certain arrangements involving the PPSI. *See* 12 U.S.C. 1972.

service.[139] Likewise, the Tying Prohibition is narrower than the BHCAA tying provisions in that it applies only with respect to arrangements wherein a customer is required to obtain an additional product or service from a PPSI or any of its *subsidiaries,* but not from its *affiliates* (except with respect to companies subject to section 4(a)(12) of the Act (12 U.S.C. 5903(a)(12)).

Question 196: The proposed rule implements the Tying Prohibition in section 4(a)(8) of the Act (12 U.S.C. 5903(a)(8)) as set out by statute without codifying any further clarification. Should the Board provide further clarification regarding the application of the Tying Prohibition?

Question 197: Beyond what is included in the **SUPPLEMENTARY INFORMATION**, *should the Board clarify whether any particular type of arrangement is permitted or prohibited under the Tying Prohibition? Should the Board address permitted or prohibited bundling of products and services?*

Question 198: The Board is proposing to apply the Tying Prohibition by rule to any company that has obtained a unanimous vote of the Stablecoin Certification Review Committee pursuant to section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)), as well as such company's affiliates. What are the advantages and disadvantages of this approach? What additional clarifications would be necessary or beneficial regarding the application of the Tying Prohibition to such companies and their affiliates?

2. Tying Exceptions (Proposed § 247.41)

Consistent with section 4(a)(8)(B) of the GENIUS Act (12 U.S.C. 5903(a)(8)(B)), proposed § 247.41(a) would state that the Board may, by regulation or order, permit exceptions to the Tying Prohibition that are not contrary to the purpose of the GENIUS Act. Given the nascence of the payment stablecoin market, the Board is not currently proposing to include any exceptions to the Tying Prohibition in the proposed rule. However, the Board is seeking public comment on whether any exceptions would be appropriate. The Board will consider requests for exceptions from the Tying Prohibition on a case-by-case basis.

Proposed § 247.41(b) would state that the Board would consult with the other primary Federal payment stablecoin regulators, as appropriate, when considering a potential exception to the Tying Prohibition by regulation. The Board would consult with the primary Federal payment stablecoin regulator, if any, of a particular PPSI when considering a potential exception to the Tying Prohibition by order.

Proposed § 247.41(c) would provide that entities subject to the Tying Prohibition may submit a request to the Secretary of the Board to seek an exception under proposed § 247.41(a).[140] Requests and documents submitted with such requests will be made available for inspection and copying upon request, except as provided for in the Board's Rules Regarding Availability of Information, 12 CFR part 261. Any entity making a request under proposed § 247.41 may elect to request confidential treatment for such information pursuant to 12 CFR 261.17. Requests for confidential treatment must be made at the time the information is submitted or within 10 working days thereafter (12 CFR 261.17(a)).

Under proposed § 247.41(c), requests for an exception from the Tying Prohibition must include a detailed description of the proposed arrangement, including (i) the service upon which conditions are being placed and the entity providing such service; (ii) either (a) the additional paid services and products and the entity providing such paid services and products or (b) the additional product or service of the competitor, as applicable; (iii) the relevant contractual terms, including copies (or draft copies, as appropriate) of any contracts, agreements, terms of service, or other documents relevant to the proposed arrangement; (iv) a description of the benefits, if any, that the proposed arrangement would produce for customers or other relevant persons; (v) a discussion of how the proposed arrangement would not be contrary to the purpose of the GENIUS Act; and (vi) in the case of a proposed exception for an arrangement providing services to a customer on the condition that the customer agree to not obtain an additional product or service from a competitor, whether the additional product or service will be offered to customers on competitive terms separate from the service upon which conditions are being placed. These informational and procedural requirements would facilitate the Board's review of any such requests. Proposed § 247.41(d) clarifies that the Board may request additional information, as needed, to assess a request made under the section.

Question 199: The Board is not proposing to promulgate any exceptions to the Tying Prohibition by regulation at this time. Should the Board consider establishing any exceptions by rule? If the Board were to promulgate exceptions to the Tying Prohibition, what exceptions would be appropriate?

Question 200: What factors would be particularly relevant to determining whether an exception would be contrary to the purpose of the GENIUS Act? Should the Board consider issues of competitive parity among different types of PPSIs and/or between PPSIs and other financial institutions?

E. Subpart F—Rules Applicable to State-Qualified Payment Stablecoin Issuers

The Board has a unique relationship with State payment stablecoin regulators and State-qualified PPSIs under the GENIUS Act. For example, section 7(c) of the GENIUS Act (12 U.S.C. 5906(c)) requires State payment stablecoin regulators and the Board to share information on an ongoing basis with respect to State-qualified PPSIs.[141] Additionally, section 7(b) of the Act (12 U.S.C. 5906(b)) permits State payment stablecoin regulators and the Board, by mutual agreement, to enter into memoranda of understanding under which the Board may participate in the supervision, examination, and enforcement of the GENIUS Act with respect to State-qualified PPSIs. The Board plans to engage with the State payment stablecoin regulators directly on the implementation of such GENIUS Act provisions. The sections below discuss other aspects of the Board's GENIUS Act responsibilities pertaining to State-qualified PPSIs—specifically, the Board's backup-enforcement authority during unusual and exigent circumstances and the transition and waiver process for uninsured State-chartered depository institutions.

Question 201: Section 7(b) of the GENIUS Act (12 U.S.C. 5906(b)) provides that the Board and each State payment stablecoin regulator authority may elect, by mutual agreement, to enter into a memorandum of understanding under which the Board may participate in the supervision, examination and enforcement of the GENIUS Act with respect to the State-qualified PPSIs of such State. What considerations should inform the

[139] *Cf.* 12 U.S.C. 1972 (''A bank shall not in any manner extend credit, lease or sell property of any kind, or furnish any service, *or fix or vary the consideration for any of the foregoing,* on the condition or requirement . . .'') (emphasis added).

[140] Requests may be submitted by email to *office-of-the-secretary@frb.gov,* or the email address that would be indicated on the Board's public website.

[141] State bank supervisors and State credit union supervisors are also required to make available information to the Board as the Board determines necessary and relevant under section 10 of the GENIUS Act. 12 U.S.C. 5909(a)(1)(B).

Board's approach to such memoranda of understanding? What are the advantages and disadvantages of Board involvement with State payment stablecoin regulator oversight of State-qualified PPSIs? How should the Board plan to allocate its limited resources with respect to any such memoranda of understanding?

Question 202: Section 7(c) of the GENIUS Act (12 U.S.C. 5906(c)) provides that State payment stablecoin regulators and the Board shall share information on an ongoing basis with respect to a State-qualified PPSI of such State, including a copy of the initial application and any accompanying documents. What types of documents should the Board require State payment stablecoin regulators to share? For example, should the Board require the sharing of State-qualified PPSI financial reporting or State payment stablecoin regulator examination reports? What type of information would be most effective in enabling the Board to administer its unusual and exigent circumstances back-up enforcement authority? How can the Board minimize burden with respect to such reporting, while ensuring it obtains sufficient information to carry out its statutory mandates? What type of information might the Board possess with respect to State-qualified PPSIs that State payment stablecoin regulators may require the Board to share? How can the Board minimize burden with respect to such reporting, while ensuring it obtains sufficient information to carry out its statutory mandates?

1. Unusual and Exigent Circumstances Enforcement Authority (Proposed § 247.50)

Section 7(e)(1)(B) of the GENIUS Act (12 U.S.C. 5906(e)(1)(B)) requires the Board to issue rules to set forth the unusual and exigent circumstances in which the Board may exercise its back-up enforcement authority with respect to any State-qualified PPSI and its institution-affiliated parties (IAPs).[142] The Board proposes to issue § 247.50 to implement section 7(e)(1) of the GENIUS Act (12 U.S.C. 5906(e)(1)). Specifically, proposed § 247.50 would incorporate the GENIUS Act's unusual and exigent circumstances requirements; describe the factors that the Board would consider when determining whether unusual and exigent circumstances exist; specify procedures for the Board to notify and consult with State-qualified PPSIs and their State payment stablecoin regulators; and provide for the administrative review of Board enforcement actions imposed pursuant to this authority. Proposed § 247.50(a) explains that proposed § 247.50 addresses the Board's authority to impose restrictions on any State-qualified PPSI and its IAPs during unusual and exigent circumstances, pursuant to section 7(e)(1) of the GENIUS Act (12 U.S.C. 5906(e)(1)). For the avoidance of doubt, proposed § 247.50 would address ''unusual and exigent circumstances'' only for purposes of section 7(e)(1) of the GENIUS Act (12 U.S.C. 5906(e)(1)); it would not interpret the meaning of that term under any other provision of law, including section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)).[143]

a. General Requirements (Proposed § 247.50(b))

Proposed § 247.50(b) would implement sections 7(e)(1)(A) and (C) of the GENIUS Act (12 U.S.C. 5906(e)(1)(A) and (C)), which provide the Board with back-up authority to bring enforcement actions against any State-qualified PPSI and/or its IAPs, provided that the Board makes four determinations: (i) the Board determines that ''unusual and exigent circumstances'' exist; (ii) the State-qualified PPSI or IAP that is the subject of the enforcement action is in violation of the GENIUS Act; (iii) the Board determines there is reasonable cause to believe that the continuation of an activity by the State-qualified PPSI constitutes a serious risk to the financial safety, soundness, or stability of the State-qualified PPSI; and (iv) the Board provides 48 hours' prior written notice to the applicable State payment stablecoin regulator.

If the Board determines that these conditions are met, the Board may impose such restrictions as the Board determines to be necessary to address the serious risks posed by its identified activity, including, but not limited to, limitations on (i) the redemption of payment stablecoins, (ii) a State-qualified PPSI's affiliate transactions, and (iii) any activities of the State-qualified PPSI that might create a serious risk that the liabilities of its holding company and the affiliates of its holding company may be imposed on the State-qualified PPSI. The restrictions would be issued in the form of a directive, with the effect of a cease-and-desist order that has become final, to the State-qualified PPSI, any of its affiliates, and/or any of its IAPs. For the avoidance of doubt, the Board may also impose other restrictions as the Board determines necessary to address the risk posed by the identified activity.

Question 203: The Board's back-up authority under section 7(e)(1) of the GENIUS Act (12 U.S.C. 5906(e)(1)) enables it to take action against IAPs of State-qualified PPSIs under unusual and existent circumstances and when certain other conditions are satisfied. Under what circumstances might it be appropriate for the Board to exercise such authority with respect to IAPs? What types of restrictions or limitations may be appropriate to apply to such persons?

b. Factors for Unusual and Exigent Circumstances (Proposed § 247.50(c))

Under section 7(e)(1)(B) of the GENIUS Act (12 U.S.C. 5906(e)(1)(B)), the Board ''shall issue rules to set forth the unusual and exigent circumstances'' under which the Board may use its back-up enforcement authority. For purposes of the GENIUS Act, the Board views the term ''unusual and exigent circumstances'' as generally referring to uncommon, urgent situations that require prompt action. The Board does not view its back-up enforcement authority with respect to State-qualified PPSIs as punitive. Rather, the Board views it as an important backstop authority designed to help ensure the safety and soundness of a State-qualified PPSI, as well as broader financial stability. Accordingly, proposed § 247.50(c) indicates that the Board will consider whether any of the following conditions are present with respect to a particular State-qualified PPSI when considering use of its back-up enforcement authority:

- significant fluctuations in the price of payment stablecoins issued by a State-qualified PPSI as measured, for example, by the spread between primary and secondary market prices for payment stablecoins and implied pricing mechanisms (*e.g.,* fluctuations in liquidity pool pricing);
- disruptions in timely redemptions by a State-qualified PPSI;
- deployment by a State-qualified PPSI of nonstandard liquidity management tools to dissuade

[142] The Board refers to this authority as ''back-up'' enforcement authority because section 7(a) of the GENIUS Act (12 U.S.C. 5906(a)) provides that a State payment stablecoin regulator has enforcement authority over State-qualified PPSIs of such state, without imposing conditions of the type imposed on the Board in section 7(e)(1) of the Act (12 U.S.C. 5906(e)(1)).

[143] The context for the Board's determination that ''unusual and exigent circumstances'' exist for purposes of section 7(e)(1) of the GENIUS Act (12 U.S.C. 5906(e)(1)) and section 13(3) of the Federal Reserve Act (12 U.S.C. 343) are highly distinct. The definition provided in this proposed rule is specific to a context in which the term is used as a necessary condition for taking an enforcement action against a specific State-qualified PPSI or its IAPs.

redemptions (*e.g.,* swing pricing, liquidity fees, etc.);

• volatility in the secondary market for cash-equivalent securities (*e.g.,* Treasury bills and Treasury repurchase agreements) that a State-qualified PPSI relies upon to maintain the value of reserve assets;

• actual or likely losses from a State-qualified PPSI's other activities that impair its ability to meet timely redemptions or other obligations;

• disorderly failure, significant impairment to the operations, or substantiated concerns about the imminent disorderly failure, of—

• one or more State-qualified PPSIs;

• one or more reserve custodians relied upon by the State-qualified PPSI; or

• any infrastructure necessary for the transmission or redemption of payment stablecoins issued by the State-qualified PPSI;

• a request with good cause shown by a State-qualified PPSI or the State-qualified PPSI's primary regulator to issue a directive under section 7 of the GENIUS Act (12 U.S.C. 5906); [144] and

• any other factor of a similar nature that evinces the existence of a serious risk to the financial safety and soundness of a State-qualified PPSI or the stability of the U.S. financial system, as determined by the Board.

The Board views these factors as indicative of a serious risk to the financial safety, soundness, or stability of a State-qualified PPSI. Additionally, the proposed list of factors is intended to provide the Board with flexibility to address a range of circumstances that are difficult to forecast given the nascence of the industry. The Board has preliminarily determined that adopting detailed but flexible criteria focused on these considerations, as opposed to a limited set of specific circumstances, would establish an appropriate balance between providing stakeholders with clarity on when the Board would act pursuant to this authority while implementing the GENIUS Act's clear intention to permit the Board to respond to evolving and unforeseeable circumstances.

To illustrate the application of the conditions the Board will consider, the following examples describe instances where the Board believes that ''unusual and exigent circumstances'' may exist:

• a State-qualified PPSI is experiencing a run on redemptions that exceeds, or is likely to soon exceed, its available liquidity;

• a State-qualified PPSI has repeatedly violated its redemption policy, is routinely failing to redeem coins upon request in a ''timely'' manner, or there is other strong evidence of insufficient liquidity management at the State-qualified PPSI;

• a State-qualified PPSI's payment stablecoin price is subject to substantial volatility in the secondary market, which is significant enough to present the risk of a near-term run on the payment stablecoin;

• there is a sudden loss of confidence in banks that hold a State-qualified PPSI's reserve assets that presents reasonable risk of sparking a run on the State-qualified PPSI;

• there is evidence of market disruption or liquidity pressures, especially in relation to a State-qualified PPSI's permissible reserve assets and/or correlated assets; or

• one or more blockchains experience an operational risk event (*e.g.,* cyberattack) that impairs the timely redemption of payment stablecoins or otherwise erodes confidence among payment stablecoin holders, leading to a loss of confidence in the State-qualified PPSI and mass redemptions.

Question 204: To determine whether unusual and exigent circumstances exist, the Board will consider whether certain identified conditions in proposed § 247.50(c) are present with respect to a particular State-qualified PPSI. Are there any other conditions that should be assessed by the Board when considering whether unusual and exigent circumstances exist? If so, what additional conditions should be included and why? For example, should the Board consider whether a State-qualified PPSI has incurred significant unanticipated losses? Should certain conditions be excluded from the list and why? What clarifications, if any, would be helpful with respect to the proposed list of conditions?

Question 205: The proposed rule anticipates that the Board will consider a request with good cause shown by a State-qualified PPSI or a State-qualified PPSI's primary regulator to issue a directive under section 7(e)(1) of the Act (12 U.S.C. 5906(e)(1)). What are the advantages and disadvantages of this approach?

Question 206: What other approaches, if any, should the Board consider in determining whether ''unusual and exigent circumstances'' exist for purposes of the GENIUS Act's back-up enforcement authority? For example, should the Board consider the approach proposed by the OCC in its notice of proposed rulemaking to implement its responsibilities under the GENIUS Act? This would include considering: (i) whether the State-qualified PPSI issuer is, or is expected to imminently be, engaging in an activity (including any act, practice, or omission) that poses an immediate risk to the financial safety, soundness, or stability of the issuer or the financial system of the United States; (ii) the actions of the relevant State payment stablecoin regulator to promptly address the risk to the issuer or the financial system of the United States; (iii) risks presented to payment stablecoin holders; and (iv) any other factors the Board deems appropriate in light of the particular circumstances and consistent with the purposes of the GENIUS Act.

Question 207: Should the Board make public when it determines that unusual and exigent circumstances exist? If so, what information should the Board include (or not include) in any publication regarding unusual and exigent circumstances? Additionally, what should the timing be on such publication? For example, should the Board publish such a determination on a lag, only after it has determined that imminent risks are no longer present? Or should there be a specified timeframe? [similar to OCC question 148]

c. Procedures for Use of Back-Up Enforcement Authority (Proposed § 247.50(d))

Consistent with section 7(e)(1)(A) of the GENIUS Act (12 U.S.C. 5906(e)(1)(A)), the Board is proposing § 247.50(d) to set forth procedures for notifying and consulting with the applicable State payment stablecoin regulator or a State-qualified PPSI before issuing directives under this back-up enforcement authority.

Prior Notice to State Payment Stablecoin Regulators. The Board is proposing § 247.50(d)(1)(i) to provide 48 hours' prior written notice to the State payment stablecoin regulator of a State-qualified PPSI before issuing a directive, which will include the following information: (i) the Board's determination that unusual and exigent circumstances exist; (ii) a brief description of how the State-qualified PPSI is believed to have violated the GENIUS Act; and (iii) a brief description of the activity conducted by the State-qualified PPSI that constitutes a serious risk to the financial safety, soundness, or stability of the State-qualified PPSI. Proposed § 247.50(d)(1)(ii) states that a State payment stablecoin regulator may

[144] As the primary regulator of State-qualified PPSIs, State payment stablecoin regulators may be better positioned to assess the relevant State-qualified PPSI's risks. Thus, a request by the State-qualified PPSI's primary regulator to issue a directive may be indicative of serious risk to the financial safety, soundness, or stability of the State-qualified PPSI.

elect to waive its right to the 48-hour notice period.

Consultations with State-qualified PPSIs and State Payment Stablecoin Regulators. The Board is proposing § 247.50(d)(2) to set forth optional procedures for consulting with a State-qualified PPSI and its State payment stablecoin regulator before issuing a directive under the back-up enforcement authority. Under these procedures, the consultation process would inform, but be separate from, the prior notice required under the GENIUS Act. The consultation process would not preclude the Board from issuing a directive to a State-qualified PPSI or its IAPs with only the required 48-hour notice period to the applicable State payment stablecoin regulator. The proposed consultation process may involve consulting with the State payment stablecoin regulator of a State-qualified PPSI and, if necessary, the State-qualified PPSI itself, if certain conditions are met. Specifically, under proposed § 247.50(d)(2)(i), the Board would only consider engaging in this consultation process if the Board has reason to believe that (i) a State-qualified PPSI is in violation of the GENIUS Act; (ii) the continuation of an activity by the State-qualified PPSI constitutes a serious risk to the financial safety, soundness, or stability of the State-qualified PPSI; or (iii) ''unusual and exigent circumstances'' exist or will soon exist based on the potential presence of conditions described in proposed § 247.50(c). Under proposed § 247.50(d)(2)(ii), the Board may request evidence from the State payment stablecoin regulator or the State-qualified PPSI demonstrating why the Board should not issue a directive. Such evidence could inform the Board's determination of whether use of the back-up enforcement authority is necessary. While the GENIUS Act does not require the Board to consult or coordinate with State payment stablecoin regulators when exercising its back-up enforcement authority (outside of the required prior notice), the Board believes that it would be prudent to do so when time and exigencies allow. As the primary regulator of State-qualified PPSIs, State payment stablecoin regulators may be better positioned to assess the relevant State-qualified PPSI's risks. Further, direct communication with State-qualified PPSIs may be necessary to accurately evaluate and mitigate adverse circumstances affecting the State-qualified PPSI.

Question 208: The Board is proposing to codify procedures for prior notice and the consultation process in its regulations. What are the advantages and disadvantages of this approach? What clarifications, if any, would be helpful with respect to the proposed procedures?

Question 209: The proposed procedures in proposed § 247.50(d)(1)(ii) provide that a State payment stablecoin regulator may elect to waive its right to a 48-hour notice period such that the Board could implement an enforcement action under section 12 U.S.C. 5906(e)(1) on an accelerated basis. What are the benefits and drawbacks of this approach?

Question 210: Should the Board specify a timeframe, such as 24 hours, for a State payment stablecoin regulator or State-qualified PPSI to respond to the Board's inquiry for evidence demonstrating why the Board should not issue a directive under proposed § 247.50(d)(2)(ii)? If so, what should the timeframe be? What are the advantages and disadvantages of such approach?

d. Administrative Review (Proposed § 247.50(e))

Under section 7(e)(1)(D) of the GENIUS Act (12 U.S.C. 5906(e)(1)(D)), the Board may issue a directive to impose restrictions that the Board determines to be necessary, to which the State-qualified PPSI or its IAP that is subject to the directive may object and present to the Board, in writing, the reasons why the directive should be modified or rescinded. If the Board does not affirm, modify, or rescind the directive within ten days of receiving the objection, the directive will automatically lapse.

Proposed § 247.50(e) reiterates the provisions for the administrative review described in section 7(e)(1)(D) of the GENIUS Act (12 U.S.C. 5906(e)(1)(D)), which are applicable to any State-qualified PPSI or any IAP subject to an unusual and exigent circumstances directive issued by the Board.

Question 211: The Board is proposing to reiterate the procedures for administrative review of directives without further clarification. What are the advantages and disadvantages of this approach? What clarifications, if any, would be helpful with respect to the procedures?

2. Transition and Waiver Process for Uninsured State-Chartered Depository Institutions (Proposed § 247.51)

As explained in more detail below, section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)) generally requires a State-qualified PPSI to transition to the Federal regulatory framework of the appropriate Federal payment stablecoin regulator when it surpasses an outstanding issuance value of $10 billion, unless it has received a waiver. Under section 4(d)(1)(A) of the GENIUS Act (12 U.S.C. 5903(d)(1)(A)), not later than 360 days after reaching such threshold, State-qualified PPSIs that are uninsured State-chartered depository institutions (for purposes of this section, ''covered PPSIs'') must transition to the Federal regulatory framework of the ''primary Federal payment stablecoin regulator'' which shall be administered by the appropriate State payment stablecoin regulator and the primary Federal payment stablecoin regulator, acting jointly.

Section 2(25)(C) of the GENIUS Act (12 U.S.C. 5901(25)(C)) defines the term ''primary Federal payment stablecoin regulator'' for these purposes as ''the [FDIC], the [OCC], or the Board.'' The GENIUS Act is ambiguous as to which of these three Federal banking agencies is intended to supervise a covered PPSI that has surpassed the $10 billion outstanding issuance threshold. In the absence of such clarity, a covered PPSI would generally be required to ''cease issuing new payment stablecoins'' when its outstanding issuance reaches $10 billion, as it would not have the ability to transition to the Federal regulatory framework or to seek a waiver as provided in section 4(d)(3) of the GENIUS Act (12 U.S.C. 5903(d)(3)). Thus, for a covered PPSI to continue issuing payment stablecoins, it may effectively be forced to convert to a Federal charter; however, this is contrary to section 4(d)(3)(C)(i) of the GENIUS Act (12 U.S.C. 5903(d)(3)(C)(i)), which states that these statutory provisions do not ''require [State-qualified PPSIs] to convert to a Federal charter.''

The Board believes that the best interpretation of this statutory ambiguity is that the Board is the primary Federal payment stablecoin regulator for covered PPSIs. Under section 7 of the GENIUS Act (12 U.S.C. 5906), the Board has certain authorities relevant to State-qualified PPSIs that are distinct from the other Federal payment stablecoin regulators, including (i) the authority to enter into memoranda of understanding with State payment stablecoin regulators, by mutual agreement, ''under which the Board may participate in the supervision, examination, and enforcement'' of the GENIUS Act with respect to all State-qualified PPSIs (12 U.S.C.§ 5906(b)); (ii) the ability to require State payment stablecoin regulators to share information on an ongoing basis with respect to any State-qualified PPSI (and the obligation to share information in return) (12 U.S.C.§ 5906(c)); and (iii) the ability to take an enforcement action against any State-qualified PPSI in ''unusual and exigent circumstances'' (12 U.S.C.§ 5906(e)(1)).[145]

The Board proposes to issue § 247.51 to implement the GENIUS Act's transition standards for covered PPSIs with an outstanding issuance value of more than $10 billion. Specifically, proposed § 247.51 would require a covered PPSI to notify the Board within five calendar days after the covered PPSI triggers the transition threshold, request a waiver if the covered PPSI seeks to remain supervised solely by the applicable State payment stablecoin regulator, and, if applicable, provide the Board with information necessary to evaluate an associated waiver request. Proposed § 247.51 would also establish a timeframe for the Board's review of the covered PPSI's waiver request. Proposed § 247.51(a)(1) describes the scope of § 247.51 as addressing requirements related to covered PPSI transitioning to the Board's regulatory framework pursuant to section 4 of the GENIUS Act (12 U.S.C. 5903), and (2) defines ''covered PPSI'' for purposes of § 247.51 as a State-qualified PPSI that is an uninsured State-chartered depository institution.

Question 212: Is the term ''covered PPSI,'' as defined in proposed § 247.51(a)(2) sufficiently clear? What additional clarifications should the Board consider regarding the institutions that may become subject to its jurisdiction under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d))?

a. Transition to Federal Oversight

Section 4(d)(1) of the GENIUS Act (12 U.S.C. 5903(d)(1)) addresses the transition of covered PPSIs to Federal oversight and provides the Board with authority to supervise such covered PPSIs, jointly with the relevant State payment stablecoin regulator.[146] A covered PPSI with a consolidated total outstanding issuance of more than $10 billion must transition to the Board's Federal regulatory framework within 360 days after it crosses the $10 billion threshold or cease issuing new payment stablecoins immediately. Proposed § 247.51(b)(1) would implement section 4(d)(1) of the GENIUS Act and would require a covered PPSI that crosses the $10 billion outstanding issuance threshold to transition to the Federal regulatory framework under proposed part 247 and to comply with the provisions of part 247 applicable to Board-supervised PPSIs within 360 days or cease issuing, on a net basis, new payment stablecoins until the covered PPSI's outstanding issuance value is under the $10 billion threshold. The Board proposes to clarify that the covered PPSI would cease issuing new payment stablecoins on a net basis. This is to permit a covered PPSI to freeze, burn, mint and issue new payment stablecoins to the extent necessary to transfer stablecoins from one blockchain to another without increasing the total outstanding issuance of the covered PPSI.

Section 4(h) of the GENIUS Act (12 U.S.C. 5903(h)) authorizes the Board to issue regulations necessary to administer and carry out the GENIUS Act's requirements and prevent evasion thereof. To facilitate an orderly transition to Federal oversight, ensure compliance with the GENIUS Act's transition requirements, and manage agency resources, proposed § 247.51(b)(2)(i) would require a covered PPSI of a payment stablecoin with an outstanding issuance value of more than $10 billion to provide written notification to the Board within five calendar days after reaching such threshold.[147] Proposed § 247.51(b)(2)(ii) provides that the written notification must include the following information: (A) the State or States that currently regulate the covered PPSI; (B) the covered PPSI's outstanding issuance value as of the date of the notice; (C) the date that the covered PPSI reached the $10 billion outstanding issuance value threshold; and (D) an indication of whether and when the covered PPSI has ceased issuing, on a net basis, new payment stablecoins and whether the covered PPSI intends to seek a waiver from transitioning to the Federal regulatory framework. Proposed § 247.51(b)(4) provides clarity as to when a covered PPSI transitions to the Federal regulatory framework. Proposed § 247.51(b)(4)(i) would require a covered PPSI to provide notification to the Board regarding whether it is in compliance with the Federal regulatory framework applicable to Board-supervised PPSIs under proposed part 247. If the covered PPSI is not in compliance with the Federal regulatory framework applicable to Board-supervised PPSIs in proposed part 247, the written notice would need to identify the provisions that the covered PPSI does not comply with, provide the covered PPSI's plan for remediating its noncompliance, and explain why the covered PPSI did not comply with the Federal regulatory framework within the 360-day transition period. Regardless of whether the Board receives such notice, the Board reserves the right to pursue appropriate action to ensure compliance with the GENIUS Act with respect to a covered PPSI that transitions to the Federal regulatory framework administered by the Board. Under proposed § 247.51(b)(4)(ii), a covered PPSI that does not cease issuing new payment stablecoins must transition to the Federal regulatory framework on the earlier of 360 days after reaching the $10 billion outstanding issuance value threshold or the date on which the covered PPSI provides written notification under paragraph (b)(4)(i).

To facilitate an orderly transition process, proposed § 247.51(b)(3)(i) would require a covered PPSI to submit an analysis of its current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile to the Board within 270 days of reaching the $10 billion outstanding issuance value threshold. Covered PPSIs are encouraged to submit a plan promptly to provide ample time to raise additional capital before transitioning to the Board's regulatory framework, if needed. Board-supervised PPSIs, including covered PPSIs that have transitioned to the Board's regulatory framework, must comply with the capital requirements in proposed §§ 247.15–.18. Accordingly, proposed § 247.51(b)(3)(ii) would provide that the Board will review the submitted analysis and evaluate the capital adequacy of the covered PPSI, including whether such covered PPSI is projected to be in compliance with the capital requirements in proposed §§ 247.15–.18 360 days after the covered PPSI reaches

[145] The OCC has similar authority to take enforcement action against State-qualified PPSIs in ''unusual and exigent circumstances,'' but such authority is limited to nonbank State-qualified PPSIs. 12 U.S.C. 5906(e)(2). As used in this **SUPPLEMENTARY INFORMATION**, the term ''nonbank'' has the same meaning as ''nonbank entity'' as defined in section 2(20) of the GENIUS Act (12 U.S.C. 5901(20)). Relatedly, under the GENIUS Act, the OCC is clearly identified as the Federal regulator that would administer the transition process for nonbank State-qualified PPSIs with an outstanding issuance that exceeds $10 billion. 12 U.S.C. 5903(d)(2). The alignment of the entities subject these two statutory authorities provides additional evidence that the Board is the appropriate primary Federal payment stablecoin regulator of covered PPSIs, which are subject only to the Board's back-up enforcement authority. 12 U.S.C. 5906(e)(1).

[146] Section 4(d)(1) of the GENIUS Act (12 U.S.C. 5903(d)(1)) refers to State-qualified PPSIs other than nonbanks (addressed in section 4(d)(2) of the Act). For simplicity, proposed § 247.51 refers to State-qualified PPSIs that are uninsured State-chartered depository institutions as ''covered PPSIs.'' State-chartered depository institution is defined by the Act in proposed § 247.1 to have the meaning given to the term ''State depository institution'' in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)). 12 U.S.C. 5901(29).

[147] The proposal would require a covered PPSI to provide written notification to the Board, regardless of whether it intends to issue new payment stablecoins.

the $10 billion outstanding issuance value threshold (*i.e.,* the covered PPSI's deadline to transition). Proposed § 247.51(b)(3)(iii) would provide that for purposes of complying with the transition requirements under proposed § 247.51(b)(1)(i) of this section, the covered PPSI must comply with the capital requirements in proposed §§ 247.15–.18 by the covered PPSI's deadline to transition. Covered PPSIs that seek to transition early are therefore encouraged to submit their capital analysis to the Board early, to ensure adequate time to address any deficiencies. Proposed § 247.51(b)(3)(iv) would provide that a covered PPSI would not need to submit an analysis of its capital if it receives a waiver under proposed § 247.51(d). As discussed above, a covered PPSI that seeks to transition to the Federal regulatory framework before the end of the 360-day period must certify its compliance with the regulations applicable to Board-supervised PPSIs in part 247, which include capital requirements.

Under proposed § 247.51(c), the Board is proposing to require that a covered PPSI that transitions to the regulatory framework under proposed part 247 must undergo an initial examination at the Board's request or no later than six months after the date on which the covered PPSI provides written notification under proposed § 247.51(b)(4)(i). Because a covered PPSI that transitions to the Federal framework will already be in operation, the Board intends to conduct this examination well before the six-month outer limit proposed to ensure that the issuer can effectively operate under the Federal framework.

Question 213: Is the proposed rule sufficiently clear regarding the Federal regulatory framework that would apply to a covered PPSI if it transitions to the Board's framework under proposed § 247.51?

Question 214: For purposes of determining whether a covered PPSI has crossed the $10 billion outstanding issuance value threshold, should the $10 billion threshold be based on a point of time or using a rolling average over some period of time (e.g., the previous four calendar quarters)? Should the $10 billion threshold take into account the outstanding issuance value of any payment stablecoins issued by non-consolidated affiliates of the covered PPSI? [similar to OCC question 138]

Question 215: Are there any technical, operational, or other factors that would prevent a covered PPSI, as defined in proposed § 247.51(a)(2), from providing written notification within five calendar days as proposed under proposed § 247.51(b)? Should the Board consider alternate timeframes, including shorter timeframes (e.g., within one day) or longer timeframes (e.g., within ten days) for providing written notification? [similar to OCC question 140]

Question 216: Is the requirement to submit an analysis of capital in proposed § 247.51(b)(3) appropriately calibrated? Should the covered PPSI, as defined in proposed § 247.51(a)(2), be required to submit the report sooner after reaching $10 billion in outstanding issuance value (e.g., 180 days, 200 days, 250 days)? [similar to OCC question 145]

Question 217: Is the timeframe for the initial Board examination after transition to the Federal regulatory framework in proposed § 247.51(c) appropriate? Should the timeframe be shorter (e.g., three months, four months) or longer (e.g., nine months, 12 months)? [similar to OCC question 146]

b. Waiver From Federal Supervision

Notwithstanding the transition requirements discussed above, under section 4(d)(3) of the GENIUS Act (12 U.S.C. 5903(d)(3)), the Board may permit a covered PPSI that reaches the $10 billion threshold to remain solely supervised by a State payment stablecoin regulator. In determining whether to issue a waiver from Federal supervision, proposed § 247.51(d)(2) implements the requirement in the statute that provides that the Board must consider four exclusive criteria: (i) the capital maintained by the covered PPSI; (ii) the past operations and examination history of the covered PPSI; (iii) the experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities; and (iv) the supervisory framework, including regulations and guidance, applicable to the covered PPSI with respect to payment stablecoins and digital assets.

To facilitate an orderly waiver process, proposed § 247.51(d)(1) would require a covered PPSI seeking a waiver to submit a written waiver request to the Board within 240 days of reaching the $10 billion outstanding issuance value threshold.[148] Nothing would prohibit a covered PPSI that exceeds the $10 billion threshold from seeking a waiver earlier, and the Board would recommend that covered PPSIs that intend to seek a waiver do so promptly. The request must include information necessary for the Board to evaluate the waiver criteria enumerated in proposed § 247.51(d)(2) and (d)(3), discussed below. For example, such information may include the covered PPSI's reports of condition and examination, financial statements, investor statements, reports that detail significant examination findings, business activities, existence of past or current enforcement orders, and disclosure of any violations of law, as well as other information as requested by the Board. Additionally, the waiver request may describe whether the State payment stablecoin regulator has experience regulating entities that have a similar risk profile. The waiver request may also include information regarding the frequency and depth of the State payment stablecoin regulator's examinations. The Board will review the covered PPSI's waiver request and any associated information in relation to the waiver criteria.

Additionally, proposed § 247.51(d)(3) would incorporate waiver presumption standards for a covered PPSI that submits a waiver request. Consistent with section 4(d)(3)(C) of the Act (12 U.S.C. 5903(d)(3)(C)), the Board will presumptively approve a waiver request if the relevant State payment stablecoin regulator has (A) established a prudential regulatory regime for the supervision of digital assets or payment stablecoins as of April 19, 2025 and which has a framework that has been approved by the Stablecoin Certification Review Committee and (B) approved one or more State-qualified PPSIs to issue payment stablecoins under the supervision of such State payment stablecoin regulator. The waiver presumption is lost if the Board finds, by clear and convincing evidence, that the covered PPSI does not substantially meet the waiver criteria in proposed § 247.51(d)(2) or that the covered PPSI poses significant safety and soundness risks to the financial system of the United States. If a covered PPSI believes it qualifies for the waiver presumption, it must indicate so in the waiver request and provide information sufficient for the Board to evaluate the waiver presumption standards.

Question 218: Should the Board require that a covered PPSI provide additional information in its notice under § 247.51(b)? Should the Board require a covered PPSI to provide specific reports or information in connection with a waiver request, such as the examples listed in the SUPPLEMENTARY INFORMATION *section? If so, please provide examples. [similar to OCC question 141]*

Question 219: The Board is considering whether to implement standards when evaluating the past

[148] The Board may also issue a waiver of its own accord, provided that it has information sufficient to evaluate the statutory criteria for issuing waivers.

operations and exam history of a covered PPSI. For example, the Board may require that, for a covered PPSI to be eligible for a waiver, it must not have been cited for violations or have outstanding supervisory concerns relating to fraud, cybersecurity, technology infrastructure, and operational disruptions within the past examination cycle. Should the Board consider standards related to a covered PPSI's supervisory ratings? [similar to OCC question 142]

Question 220: What would constitute ''clear and convincing'' evidence under which the Board would not approve a waiver request, as described in proposed § 247.51(d)(3)(ii)?

Question 221: Should waivers from Board supervision for covered PPSIs be subject to renewal over some time period (e.g., one or five years) to ensure that the covered PPSI continues to meet the criteria for the waiver? [similar to OCC question 143]

Question 222: Should the Board reserve the right to discontinue a waiver granted under proposed § 247.51(d)? If so, under what circumstances should the Board rescind a waiver? Is 100 days a reasonable period to provide notice to the covered PPSI? [similar to OCC question 144]

Question 223: Under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)), a State-qualified PPSI with total outstanding issuance in excess of $10 billion must transition to the applicable Federal regulatory framework within 360 days or else cease issuing new payment stablecoins until its total outstanding issuance is below the $10 billion threshold. Should the Board adopt a regulation that would provide a mechanism for covered PPSIs that have transitioned to the Board's Federal regulatory framework to transition back to the applicable State regulatory framework if the covered PPSI's outstanding issuance value has decreased below $10 billion? If so, should the mechanism explicitly include factors designed to prevent evasion of the enforcement of the GENIUS Act? For example, what factors should the Board consider to determine whether a covered PPSI intentionally reduced its outstanding issuance value to avoid imminent and adverse Board enforcement or supervisory actions (e.g., the timing or value of the issuer's decrease in its outstanding issuance)? Should the Board use its waiver authority under section 4(d)(3) of the GENIUS Act (12 U.S.C. 5903(d)(3)) to permit covered PPSIs that have transitioned to the Board's Federal regulatory framework to transition back to the applicable State regulatory framework? [similar to OCC question 139]

F. Proposed Amendments to Part 217

Section 4(a)(4)(C)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(C)(iii)) provides that if a Federal banking agency ''imposes, on a consolidated basis, a leverage capital requirement or risk-based capital requirement with respect to an insured depository institution or depository institution holding company . . . that includes, on a consolidated basis, a [PPSI],'' that insured depository institution or depository institution holding company ''shall not be required to hold, with respect to such [PPSI] and its assets and operations, any amount of regulatory capital in excess of the capital that such [PPSI] must maintain under the capital requirements issued pursuant to [section 4(a)(4)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(i))].'' [149] The Board is proposing to amend its capital rule (Regulation Q, 12 CFR part 217) to implement this provision with respect to institutions subject to such rule (Board-regulated institutions), which include State member banks, bank holding companies, and savings and loan holding companies.[150]

1. Proposed Approach

Proposed § 217.22(a)(8) would amend the Board's capital rule to specify that a Board-regulated institution that consolidates a PPSI for purposes of the Board-regulated institution's GAAP financial statements would be required first to deconsolidate the PPSI from the Board-regulated institution's balance sheet.[151] This would effectively exclude the PPSI's assets from the calculation of the Board-regulated institution's standardized total risk-weighted assets, advanced approaches risk-weighted assets, average total consolidated assets, and total leverage exposure, as applicable.

Next, the Board-regulated institution would be required to deduct a dollar amount equal to the total minimum capital the PPSI would be required to hold under its PPSI-level capital requirements from the Board-regulated institution's common equity tier 1 capital. This deduction would prevent the Board-regulated institution from counting capital required to be held by the PPSI for purposes of the Board-regulated institution's regulatory capital requirement, but would allow the Board-regulated institution to include in its consolidated capital any capital at the PPSI in excess of the PPSI's required minimum capital. In addition, basing the Board-regulated institution's deduction on the PPSI's required minimum capital rather than on the capital it actually holds would also prevent the Board-regulated institution from benefiting from any shortfalls of the PPSI below its required minimum capital. The proposal would require the deduction from common equity tier 1 capital only to avoid the complexity of allocating the deduction across multiple forms of capital and because common equity tier 1 capital is the most loss-absorbing form of capital.

The proposed approach would help ensure that, in keeping with the statutory requirement, the amount of regulatory capital the consolidated banking organization would be required to hold would not exceed the sum of the regulatory capital required to be held by the Board-regulated institution (in the absence of the PPSI) and the PPSI.

2. Alternative Approaches

The Board is seeking comment on two alternatives to the proposed approach. Under the first alternative approach, the Board-regulated institution would be required to deconsolidate the PPSI from the Board-regulated institution's balance sheet (as proposed). The Board-regulated institution would then be required to deduct from the Board-regulated institution's common equity tier 1 capital any amount of positive retained earnings that originates from the PPSI to the extent not paid out as dividends to the Board-regulated institution. This deduction would prevent retained earnings of the PPSI from simultaneously being used to satisfy regulatory capital requirements for both the PPSI and the Board-regulated institution.

Next, under this first alternative approach, the Board-regulated institution would be required to exclude a portion of any investment in the PPSI from its regulatory capital calculations.

[149] Section 4(a)(4)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(i)) requires the primary Federal payment stablecoin regulators to establish capital requirements that are ''tailored to the business model and risk profile of [PPSIs]'' and that ''do not exceed requirements that are sufficient to ensure the ongoing operations of [PPSIs].'' *See* section II.B.6 of this **SUPPLEMENTARY INFORMATION** for a discussion of the proposed capital requirements for Board-supervised PPSIs.

[150] For the avoidance of doubt, the Board does not believe there is any obligation on a bank holding company, savings and loan holding company, or State member bank to serve as a source of strength to any subsidiary PPSI.

[151] Deconsolidation, for the purpose of calculating the Board-regulated institution's regulatory capital requirements, refers to the derecognition of the PPSI's assets, liabilities, and equity components from the Board-regulated institution's balance sheet. Instead, the investment in the PPSI is accounted for according to the equity method of accounting as prescribed by GAAP.

This would be accomplished first by requiring the Board-regulated institution to deduct from common equity tier 1 capital an amount equal to its investment in the PPSI (minus the amount of any positive retained earnings) multiplied by the ratio of the Board-regulated institution's total capital over total consolidated assets (excluding assets attributed to the PPSI). Any investment by a Board-regulated institution in a subsidiary PPSI would be funded by some combination of capital and liabilities. Under this alternative approach, the Board-regulated institution would use the ratio of total capital to total consolidated assets multiplied by the Board-regulated institution's investment in its PPSI subsidiary to approximate the amount of capital used to fund such investment.

Finally, under this first alternative approach, the Board-regulated institution would be required to exclude its investment in the PPSI from Board-regulated institution's assets for regulatory capital purposes. This exclusion would also apply to any remaining assets associated with the PPSI, such as receivables from the PPSI.[152]

The Board is also seeking comment on a second alternative approach. As with the proposed approach, this second alternative approach would require the Board-regulated institution to deconsolidate the PPSI from the Board-regulated institution's balance sheet and deduct from the Board regulated institution's capital any amount of positive retained earnings from the PPSI to the extent not paid out as dividends to the Board-regulated institution. This second alternative approach would also exclude investments in (to the extent not deducted) or intercompany receivables from the PPSI from the Board-regulated institution's capital requirement calculations. In contrast to the first alternative approach discussed above, however, investments in the PPSI subsidiary would not be deducted from capital.

Question 224: The Board seeks comment on the proposed amendments to 12 CFR part 217. What are the advantages and disadvantages of the proposed approach, and why? What are the advantages and disadvantages of requiring a Board-regulated institution to deduct the minimum capital that a PPSI would be required to maintain from only common equity tier 1 capital? What changes to the proposed approach should the Board consider—for example, (i) requiring the deduction from tier 1 capital rather than common equity tier 1 capital; (ii) proportionally allocating the amount deducted from the Board-regulated institution's capital to specific regulatory capital components, such as common equity tier 1, additional tier 1, and tier 2 capital, based on the composition of the PPSI's capital stack, (iii) deducting half of the PPSI's required minimum capital from common equity tier 1 capital and the other half from additional tier 1 capital, or (iv) deducting half of the PPSI's required minimum capital from tier 1 capital and the other half from tier 2 capital, similar to 12 CFR 225.22(b)(3)?

Question 225: Under the proposed approach, the Board-regulated institution would be required to deduct a dollar amount equal to the total minimum capital the PPSI would be required to hold under its PPSI-level capital requirements from the Board-regulated institution's common equity tier 1 capital. The Board seeks comment on whether clarification is needed as to how to calculate the amount of such deduction. For example, should the Board specify how the amount of the deduction should be calculated where a PPSI has multiple capital requirements in different units (for example, separate requirements for common equity tier 1, tier 1, and total capital analogous to the risk-based capital requirements for banking organizations)? What would be the advantages and disadvantages of specifying that, in such cases, the deduction should be equal to the amount of the PPSI's largest capital requirement in dollar terms (for example, in this case, the amount of the PPSI's largest capital requirement in dollar terms would be the amount of total capital)? What would be the advantages and disadvantages of specifying how the deduction should be calculated in cases where a PPSI is summing capital requirements that are in different units (for example, a Board-supervised PPSI holding non-reserve assets would have one tangible equity capital requirement for reserve assets and operational risks summed with common equity tier 1, tier 1, and total capital requirements for non-reserve assets)? What would be the advantages and disadvantages of specifying that, in such cases, the deduction should be equal to the sum of the largest capital requirements (for example, in this case, deducting the PPSI's tangible equity capital requirement plus the PPSI's total capital requirement based on non-reserve assets)?

Question 226: The Board seeks comment on whether the calculation of ''required minimum capital'' should include only the dollar amount of capital held to comply with capital requirements applicable to the PPSI, or whether the calculation should also include additional capital, such as capital held because of a capital directive, enforcement action, or supervisory direction. What would be the advantages and disadvantages of these approaches?

Question 227: The Board seeks comment on whether a pool of liquid assets held by the PPSI under an operational backstop requirement should be added to the calculation of ''required minimum capital'' for purposes of the deduction from the Board-regulated institution's capital? What would be the advantages and disadvantages of such an approach?

Question 228: What alternative approaches should the Board consider that would help ensure compliance with section 4(a)(4)(C)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(C)(iii))? What are the advantages and disadvantages of an alternative modification that would require the Board-regulated institution to deduct from its common equity tier 1 capital the amount of capital a PPSI actually holds (rather than the amount it is required to hold)? For example what would be the advantages and disadvantages of the first alternative approach, discussed in section II.F.2 of this **SUPPLEMENTARY INFORMATION**, *which would require, among other things, that the Board-regulated institution deduct from its common equity tier 1 capital an amount equal to its investment in the PPSI (minus the amount of any positive retained earnings) multiplied by the ratio of the Board-regulated institution's total capital over total consolidated assets (excluding assets attributed to the PPSI), as discussed above? What are the advantages and disadvantages of the second alternative modification that would require the Board-regulated institution to deduct investments in (to the extent not deducted) or intercompany receivables from the PPSI from the asset calculations but would not deduct the amount of investments in the PPSI from common equity tier 1 capital calculations of the Board-regulated institution's capital requirements?*

Question 229: What are the advantages and disadvantages of requiring a Board-regulated institution that includes a consolidated PPSI subsidiary to treat a PPSI subsidiary for regulatory capital purposes in the same

[152] The denominators of a Board-regulated institution's capital ratios include standardized total risk-weighted assets and average total consolidated assets and may include advanced approaches total risk-weighted assets and total leverage exposure. *See* 12 CFR 217.10.

manner that it is required to treat a financial subsidiary? This would require the Board-regulated institution to deconsolidate the assets and liabilities of the PPSI subsidiary, exclude the amount of its investment in the PPSI subsidiary from its total risk-weighted assets, average total consolidated assets, and other applicable exposure measures, and deduct the amount of its investment in the PPSI subsidiary from its common equity tier 1 capital. This approach could help ensure that the Board-regulated institution's investment in its PPSI subsidiary does not increase the capital of the Board-regulated institution, thus avoiding any double counting of capital. At the same time, this approach could, at least for some period of time upon establishing a PPSI subsidiary, cause the regulatory capital ratios of a Board-regulated institution that includes a consolidated PPSI subsidiary to be lower than the regulatory capital ratios of an otherwise similar Board-regulated institution that did not establish a consolidated PPSI subsidiary, thus (relative to the proposal) potentially increasing the cost of establishing a PPSI subsidiary. If the Board were to adopt such an approach, what considerations should the Board consider when calibrating the PPSI capital requirement as a percentage of the PPSI's total assets or other denominator, rather than the proposal's fixed minimum capital requirement for PPSIs? What other alternatives should the Board consider that would satisfy the GENIUS Act requirement?

Question 230: The Board is not, at this time, proposing changes to risk-based capital requirements for depository institution holding companies that are significantly engaged in insurance activities (insurance depository institution holding companies). While the proposed changes to part 217 would flow through to the minimum risk-based capital requirements certain insurance depository institution holding companies must calculate, the proposed rule would not amend the building block approach (BBA) calculation. Should the Board amend 12 CFR part 217, subpart J to ensure that the BBA calculation does not impose capital requirements with respect to a consolidated PPSI and its assets and operations in excess of the capital that such PPSI is required to maintain under the capital regulations promulgated under the GENIUS Act? More specifically, the Board could specify that for purposes of the BBA, an insurance depository institution holding company can exclude any requirement that applies to a PPSI subsidiary or its assets or operations. Comments should address the extent to which capital requirements prescribed by state insurance regulators could impose capital requirements on legal entities subject requirements that would exceed the capital requirements applicable to PPSIs under the rules implemented by State and Federal regulators pursuant to the GENIUS Act.

Question 231: Subpart D of the current capital rule does not prescribe a specific risk-weight treatment for exposures to payment stablecoins.[153] *However, the Board could consider, for example, applying a 100 percent risk weight for payment stablecoin exposures where either: (i) the issuing PPSI's non-reserve assets comprise five percent or more of total assets; (ii) the issuing PPSI's non-stablecoin liabilities comprise five percent or more of total liabilities; or (iii) the issuing PPSI does not publicly report or disclose its non-reserve assets and non-stablecoin liabilities. For an exposure to a payment stablecoin where the issuing PPSI's non-reserve assets or non-stablecoin liabilities fall below thresholds (i) and (ii) above, and the issuing PPSI maintains more than five percent of reserve assets in the form of uninsured eligible deposit claims, the Board could consider assigning a 20 percent risk weight to the payment stablecoin exposure to reflect the low credit risk from reserve assets. For an exposure to a payment stablecoin where the issuing PPSI's non-reserve assets or non-stablecoin liabilities fall below the thresholds that would otherwise result in a 20 or 100 percent risk weight, and the issuing PPSI maintains five percent or less of reserve assets in the form of uninsured eligible deposit claims, the Board could consider assigning a five or ten percent risk weight to the payment stablecoin exposure to reflect the minimal but still existing residual credit risk such issuing PPSIs face given the composition of their reserve assets that are highly liquid and generally exhibit very low interest rate and credit risks. What would be the advantages and disadvantages of such an approach? What alternative risk weights and approaches for setting the risk weights should the Board consider? What characteristics or attributes of a PPSI should the Board consider when developing a risk-weight treatment for exposures to payment stablecoins? What approach of determining an exposure amount of a payment stablecoin exposure should the Board consider for a PPSI that holds derivatives contracts with fair values close to zero or that has off-balance sheet exposures? What would be the advantages and disadvantages of converting off balance-sheet exposures into equivalent asset amounts, such as by applying the methodologies used to calculate total leverage exposure? What would be the advantages and disadvantages of distinguishing between PPSIs subject to supervision and regulation by different regulators (federal-supervised PPSIs, state-supervised PPSI, and others) for purposes of setting a risk-weight treatment for payment stablecoin exposures? What would be the advantages and disadvantages of providing equivalent treatment for payment stablecoins issued by U.S. PPSIs and foreign payment stablecoin issuers, as that term is defined in 12 U.S.C. 5901(12), that satisfy the requirements of 12 U.S.C. 5907 and 12 U.S.C. 5916 for purposes of setting a risk-weight treatment for payment stablecoin exposures? Commenters are encouraged to provide supporting rationale and data to support their recommendations.*

G. Proposed Amendments to Parts 208, 211, 225

Section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)) provides that entities regulated by the Board are ''authorized to engage in the payment stablecoin activities and investments contemplated by [the GENIUS] Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions.'' [154] Additionally, section 16(b) of the Act requires the Board to ''review all existing guidance and regulations, and if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments.'' The Board has reviewed its existing guidance and regulations and believes the amendments to the Board's regulations discussed below are necessary to clarify

[153] Under the current capital rule, exposures to payment stablecoins would be credit exposures to the PPSI. Most payment stablecoins are currently issued by firms the exposures of which would be corporate exposures for purposes of the capital rule. *See* 12 CFR 217.2 (''corporate exposure''). Payment stablecoin exposures would likely be subject to a 100 percent risk weight under the current capital rule. *See* 12 CFR 217.32(f). Additionally, some payment stablecoins may be issued by firms that qualify as depository institutions under the current capital rule and could receive a lower risk weight. *See* 12 CFR 217.2 (''depository institution''), 12 CFR 217.32(d).

[154] As discussed in section II.B.1.a of this **SUPPLEMENTARY INFORMATION**, for avoidance of doubt, acting as a custodian is permissible as an agency activity.

the authority of State member banks, uninsured State branches and State agencies of foreign banks, Edge and agreement corporations, and depository institution holding companies to engage in such activities and investments.

1. Proposed Amendment to Part 208

The Board is proposing to amend Regulation H (12 CFR part 208) to include interpretations in proposed § 208.113 regarding the authority of (i) a subsidiary of an insured State member bank to issue payment stablecoins, (ii) an uninsured State member bank to issue payment stablecoins directly, and (iii) a State member bank to engage in certain digital asset related activities.[155]

Paragraph (b) of proposed § 208.113 would clarify that an insured State member bank may own the equity securities of a Board-supervised PPSI, provided that the insured State member bank (i) has a controlling interest and (ii) has received the prior approval of the Board for a subsidiary to issue payment stablecoins pursuant to proposed subpart D of part 247. While State member banks are generally restricted in their ability to own corporate securities as principal,[156] the GENIUS Act specifically empowers an insured State member bank to own a controlling interest in a PPSI that has been approved by the Board.[157]

Paragraph (c) of proposed § 208.113 would address the authority of an uninsured State member bank to issue payment stablecoins directly. Sections 2(23) and (31) of the GENIUS Act (12 U.S.C. 5901(23) and (31)) define the term PPSI to include an entity that is legally established under the laws of a State and approved to issue payment stablecoins by a State payment stablecoin regulator and that is not, among other things, an insured depository institution or subsidiary thereof. Accordingly, an uninsured, State-chartered bank is simultaneously eligible to become a PPSI under the GENIUS Act and to apply to become a member of the Federal Reserve System under the Federal Reserve Act (12 U.S.C. 221 and 321). Paragraph (c) of proposed § 208.113 would clarify that if an uninsured State member bank is also a State-qualified PPSI, the entity is subject to supervision, regulation, and enforcement (i) by the State payment stablecoin regulator and the Board (pursuant to proposed subpart F of part 247), under the provisions of the GENIUS Act and its implementing regulations and, as applicable, the relevant State regulatory framework for State-qualified PPSIs, and (ii) by the Board pursuant to the provisions of the Federal Reserve Act and any other laws and regulations applicable to State member banks.

Consistent with section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), as discussed above in section II.B.1.a of this **SUPPLEMENTARY INFORMATION**, paragraph (d) of proposed § 208.113 would state that a State member bank may engage in certain digital asset-related activities. Paragraph (d) of proposed § 208.113 would state that a State member bank may, in connection with the payment stablecoin activities and investments contemplated by the GENIUS Act or other permissible activities and investments, (i) act as principal or agent with respect to any payment stablecoin; (ii) pay fees to facilitate customer transactions; (iii) pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms; and (iv) hold as principal non-payment stablecoin digital assets necessary to conduct the activities described in (ii) or (iii), provided that such principal holdings shall not exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities.

2. Proposed Amendment to Part 211

The Board is proposing to amend Regulation K (12 CFR part 211) to clarify the permissibility of certain digital asset-related activities for uninsured State branches, State agencies, and Edge and agreement corporations.

Consistent with section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), as discussed above in section II.B.1.a of this **SUPPLEMENTARY INFORMATION**, paragraph (b) of proposed § 211.606 would clarify that an uninsured State branch or State agency of a foreign bank may engage in certain digital asset-related activities. Paragraph (b) of proposed § 211.606 would state that uninsured State branches and State agencies of foreign banks may, in connection with the payment stablecoin activities and investments contemplated by the GENIUS Act or other permissible activities and investments, (i) act as principal or agent with respect to any payment stablecoin; (ii) pay fees to facilitate customer transactions; (iii) pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms; and (iv) hold as principal non-payment stablecoin digital assets necessary to conduct the activities described in (ii) or (iii), provided that such principal holdings shall not exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities. With respect to an Edge or agreement corporation, the proposed rule would amend Regulation K to add proposed § 211.10(a)(20), which would provide that such activities are usual in connection with the transaction of banking or other financial operations abroad.

Question 232: Section 2(11)(C) of the GENIUS Act (12 U.S.C. 5901(11)(C)) indicates that a Federal branch of a foreign bank may become a PPSI, if it is approved by the OCC to issue payment stablecoins. Should the Board amend Regulation K to indicate that an uninsured State branch is permitted to become a PPSI, if approved by its home State,[158] *provided that its home State's certification of substantial similarity has been unanimously approved by the Stablecoin Certification Review Committee? Should State agencies (as defined in the International Banking Act) also be permitted to become State-qualified PPSIs under such conditions? If an uninsured State branch of a foreign bank is permitted to become a State-qualified PPSI, to which Federal regulatory framework should the State-qualified PPSI transition (absent a waiver) when it reaches $10 billion in outstanding stablecoin issuance: the Board's regulatory framework or the OCC's regulatory framework?*

3. Proposed Amendment to Part 225

The Board is proposing to amend Regulation Y (12 CFR part 225) to include an interpretation in proposed § 225.146 regarding the authority of a bank holding company to make controlling investments in certain PPSIs and to engage in certain digital asset-related activities. Under section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), HOLA (12 U.S.C. 1467a(c)(2)(F)(i)), and the Board's Regulation LL (12 CFR 238.54) savings and loan holding

[155] For the avoidance of doubt, a State member bank is also permitted to engage in custody activities, including custody activities related to payment stablecoins, provided such activities are permissible under applicable State law.

[156] 12 U.S.C. 335; 12 U.S.C. 24(Seventh).

[157] This proposal implements section 16(b) of the GENIUS Act and thus addresses only controlling investments by State member banks in PPSIs. Any noncontrolling investments by State member banks in PPSIs would be governed by section 9(20) of the Federal Reserve Act and section 24 of the Federal Deposit Insurance Act, as applicable. State member banks may consult with Federal Reserve staff regarding the circumstances under which they may make noncontrolling equity investments in PPSIs. *See* Frequently Asked Questions about Regulation H, 12 CFR 208.21 Q2 (March, 31, 2021), *https://www.federalreserve.gov/supervisionreg/legalinterpretations/reg-h-frequently-asked-questions.htm.*

[158] A State-qualified PPSI must be ''legally established under the laws of a State and approved to issue payment stablecoins by a State payment stablecoin regulator.'' 12 U.S.C. 5901(31)(A).

companies would also be permitted to make such investments and engage in such activities, subject to the terms, conditions, and limitations placed on bank holding companies with respect to such activities.

Paragraph (b) of proposed § 225.146 would clarify bank holding companies may, directly or indirectly, own the equity securities of a PPSI in certain circumstances. First, a bank holding company may, without the prior approval of the Board, indirectly own the equity securities of a PPSI that is controlled by the bank holding company's subsidiary insured depository institution, provided that such insured depository institution has received the prior approval of the appropriate Federal banking agency (as that term is defined in 12 U.S.C. 1813) under section 5 of the GENIUS Act (12 U.S.C. 5904). Second, a banking holding company may, without the prior approval of the Board, own the equity securities of other PPSIs that are of the kinds and amounts explicitly eligible by Federal statute for investment by a national bank in reliance on section 4(c)(5) of the BHC Act (12 U.S.C. 1843(c)(5)) and the Board's Regulation Y (12 CFR 225.22(d)(4)), provided that the bank holding company controls the PPSI.[159] This is permitted because, under the GENIUS Act, an insured depository institution (including an insured national bank) is specifically empowered to own a controlling interest in a PPSI that has been approved by the appropriate Federal banking agency.[160]

Paragraph (b) of the proposed § 225.146 would also state that a PPSI controlled by a bank holding company would, as a subsidiary of such bank holding company, be subject to supervision, regulation, and enforcement (i) by its primary Federal or State payment stablecoin regulator under the provisions of the GENIUS Act and its implementing regulations, and (ii) by the Board under the applicable provisions of the BHC Act and other laws and regulations applicable to bank holding companies.[161]

Consistent with section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), as discussed above in section II.B.1.a of this **SUPPLEMENTARY INFORMATION**, paragraph (c) of proposed § 225.146 would clarify that a bank holding company may, in connection with the payment stablecoin activities and investments contemplated by the GENIUS Act or other permissible activities and investments, (i) act as principal or agent with respect to any payment stablecoin; (ii) pay fees to facilitate customer transactions; (iii) pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms; and (iv) hold as principal non-payment stablecoin digital assets necessary to conduct the activities described in (ii) or (iii), provided that such principal holdings shall not exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities.[162]

Question 233: What additional clarifications would be beneficial regarding Board-supervised banking organizations' authorities to engage in activities pursuant to section 16(b) of the Act (12 U.S.C. 5915(b))? Are there other limits or conditions that the Board should consider with respect to Board-supervised banking organizations acting as principal or agent with respect to any payment stablecoin?

Question 234: Beyond paying transaction fees or testing a distributed ledger, do Board-supervised banking organizations need to hold digital assets other than payment stablecoins for purposes within the scope of section 16(b) of the Act (12 U.S.C. 5915(b))? If so, under what circumstances would a Board-supervised PPSI need to hold such assets?

Question 235: The proposed rules provides that a Board-supervised banking organization may not hold non-payment stablecoin digital assets in a quantity that exceeds what is reasonably expected to be necessary to meet near term demand for the payment of customer fees or near-term testing of a distributed ledger-based platform. What are the benefits and drawbacks of codifying this limitation? Should the Board calibrate the limitation differently, including by capping it to a percentage of assets or a certain value threshold?

Question 236: The Board is not currently proposing to amend the Board's Regulation LL (12 CFR part 238) to include an interpretation regarding the activities permissible for savings and loan holding companies in connection with the GENIUS Act. What additional clarifications or actions would be beneficial regarding savings and loan holding companies' authorities to engage in the payment stablecoin- and digital asset-related activities discussed in section II.F.3 of this **SUPPLEMENTARY INFORMATION**?

Question 237: What additional clarifications, if any, would be helpful regarding the Board's role and expectations with respect to uninsured State member banks that elect to become State-qualified PPSIs?

H. Proposed Amendments to Part 263

The Board is proposing several revisions to the rules of practice and procedure for adjudicatory proceedings in 12 CFR part 263 to incorporate the Act's procedural requirements with respect to Board-supervised PPSIs.

Section 6(b) of the GENIUS Act (12 U.S.C. 5905(b)) requires the Board to follow certain procedures when bringing an enforcement action or imposing civil money penalties against a Board-supervised PPSI for violations of the GENIUS Act, any regulation or order issued under the Act, or any condition imposed in writing by the Board.

Specifically, section 6(b)(4)(A) of the GENIUS Act (12 U.S.C. 5905(b)(4)(A)) requires the Board to comply with the procedures set forth in paragraphs (b) and (e) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818(b) and (e)) if the Board identifies a violation or attempted violation of the Act or makes a determination with respect to the enforcement authorities enumerated at sections 6(b)(1)–(3) of the Act (12 U.S.C. 5905(b)(1)–(3)).[163] Similarly, section 6(b)(4)(D) of the GENIUS Act (12 U.S.C. 5905(b)(4)(D)) permits the Board to follow the procedures in section 8(c) of the Federal Deposit Insurance Act when the Board

[159] Such holdings may be permissible under other authorities. *See, e.g.,* 12 U.S.C. 1843(c)(8); 12 CFR 225.28(b)(5). The Board is not aware of any provision of law that authorizes bank holding companies to control uninsured, State-chartered depository institutions. *See* 12 U.S.C. 1842(e); 12 CFR 225.4; Fed. Rsrv. Reg. Serv. 4–815 (Oct. 3, 1973).

[160] 12 U.S.C. 5901(23); 5904; *see also* 12 CFR 225.22(e).

[161] *See, e.g., supra* n.34. For avoidance of doubt, a PPSI controlled by a savings and loan holding company would, as a subsidiary of such savings and loan holding company, be subject to supervision, regulation, and enforcement (i) by its primary Federal or State payment stablecoin regulator under the provisions of the GENIUS Act and its implementing regulations, and (ii) by the Board under the applicable provisions of HOLA and other laws and regulations applicable to savings and loan holding companies. PPSIs subject to Board supervision under the BHC Act would be supervised in the same manner as any other subsidiary of a bank holding company. The Board's supervision of subsidiaries of a bank holding company is subject to statutory limitations. *See* 12 U.S.C. 1844(c).

[162] Consistent with section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), the activities enumerated in paragraph (c) of proposed § 225.146 would also be permissible for savings and loan holding companies, subject to the terms, conditions, and limitations placed on bank holding companies with respect to such activities. *See also, supra* n.34.

[163] Section 6(b)(1) through (3) of the Act (12 U.S.C. 5905(b)(1)–(3)) give the Board authority to suspend or revoke the registration of a Board-supervised PPSI, initiate cease-and-desist proceedings, and remove and prohibit institution-affiliated parties.

issues a temporary cease-and-desist order.

Section 6(b)(5)(D) of the GENIUS Act (12 U.S.C. 5905(b)(5)(D)) clarifies that any civil money penalty imposed under the Act may be assessed and collected by the Board pursuant to the procedures set forth in section 8(i)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(2)).

Consistent with the GENIUS Act, the Board proposes to revise § 263.1 to clarify that the rules of practice for hearings in part 263 apply to the following proceedings: suspension or revocation of registration, cease-and-desist, temporary cease-and-desist, removal and prohibition, or civil money penalties under section 6 of the GENIUS Act (12 U.S.C. 5905). Additionally, the Board proposes to revise § 263.450 to clarify that the part 263 procedures for formal investigations apply to formal investigations initiated by the Board pursuant to section 6 of the GENIUS Act (12 U.S.C. 5905).

The Board also proposes several technical revisions. Specifically, the Board proposes to revise the definitions of ''institution'' and ''institution-affiliated party'' in § 263.3 to incorporate Board-supervised PPSIs and actions brought pursuant to the Act.

Question 238: What additional clarifications, if any, are needed regarding the application of the Board's of the Board's Rule of Practice for Hearings with respect to Board-supervised PPSIs?

I. Additional Request for Comment

Question 239: Are there any aspects of the OCC's notice of proposed rulemaking implementing its responsibilities under the GENIUS Act that the Board should consider adopting?

Question 240: A PPSI must be obligated to convert, redeem, or repurchase its issued payment stablecoins for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value. Is additional guidance needed on the accounting treatment for issued payment stablecoins and the associated reserve assets? If so, what considerations should factor into any such guidance (e.g., what legal structures would be relevant to the accounting treatment)? [similar to OCC question 199]

Question 241: What impact would the proposed rule have on credit creation? How can the Board minimize any negative impact to credit creation? [similar to OCC question 200]

Question 242: Should any additional aspects of the proposed rule be adjusted based on the size of the Board-supervised PPSI? For example, are there additional aspects of the proposed rule that should be applied exclusively to Board-supervised PPSIs with outstanding issuance above a certain amount? Should the Board measure the ''size'' of a Board-supervised PPSI by its outstanding stablecoin issuance or is there a better way to measurement? [similar to OCC question 201]

Question 243: Are there any aspects of the proposed rule that the Board should adjust to promote fair competition between banks and non-banks? [similar to OCC question 202]

Question 244: Should the proposed rule explicitly address Board-supervised PPSIs that also issue/redeem the same or similar stablecoins in one or more foreign jurisdictions? Could these Board-supervised PPSIs be subject to additional risks or operational challenges that are not sufficiently addressed by the proposed rule? To what extent should stablecoin holders be able to distinguish between stablecoins issued under the GENIUS Act versus another regulatory regime? If the holder should be able to establish that it is holding a GENIUS Act compliant stablecoin, how should the Board assist the holder in making this determination? For example, should the Board impose required disclosures or technical requirements, such as through smart contracts, including those that use wrappers or other techniques? [similar to OCC question 203]

Question 245: What additional issues could arise with respect to a business model where a foreign affiliate issues or redeems payment stablecoins abroad? How should the Board address these issues? [similar to OCC question 204]

Question 246: Are there any other technical developments in distributed ledger protocols, digital assets, or related technologies that the proposed rule should address to ensure the purposes of the GENIUS Act are being met? For example, should the Board consider automating aspects of reporting or oversight? Should the Board incorporate additional provisions concerning the use of smart contracts when considering compliance with aspects of the proposed rule, such as risk management? Are there dynamics relevant to particular blockchains that could affect liquidity, redemption, operating risk, or run risk that the Board should consider and incorporate into any final rule? [similar to OCC question 205]

Question 247: Are there any particular considerations that the Board should bear in mind or changes that the Board should make with respect to Board-supervised PPSIs that are owned or operated by a consortium of other entities? In cases where the consortium includes both insured State member banks and other entities (e.g., national banks or State non-member banks), which agency should be the primary Federal payment stablecoin regulator (e.g., the primary Federal payment stablecoin regulator of the majority owner or owners)? [similar to OCC question 206]

Question 248: Section 11(h) of the GENIUS Act (12 U.S.C. 5910(h)) provides that the primary Federal payment stablecoin regulators shall perform a study of the potential insolvency proceedings of PPSIs, and issue a report that includes the findings of the study and any legislative recommendations. What are some existing gaps in the bankruptcy laws and rules for PPSIs, including Board-supervised PPSIs? What impediments exist for payment stablecoin holders' ability to be paid out in full? What is the utility of orderly insolvency administration regimes? Are any additional authorities needed to implement such regimes, and what legislative recommendations should regulators make?

Question 249: Section 12 of the GENIUS Act (12 U.S.C. 5912) provides that the primary Federal payment stablecoin regulators, in consultation with the National Institute of Standards and Technology, and other relevant standard-setting organizations, and State bank and credit union regulators, shall assess and, if necessary, prescribe standards for PPSIs to promote compatibility and interoperability with other PPSIs and the broader digital finance ecosystem. What efforts are issuers currently taking to address challenges posed by interoperability? What considerations should the regulators take into account in determining whether standards are necessary? Would the promulgation of standards help to broaden adoption of stablecoins? [similar to OCC question 208]

Question 250: What are risks posed by different types of interoperability solutions and how might PPSIs and regulators manage those risks? How can interoperability solutions aid in addressing risks facing PPSIs? What risks are introduced by cross-chain bridges and other interoperability solutions and how do these risks interact with Bank Secrecy Act/anti-money laundering and sanctions requirements? What steps can be taken to address such Bank Secrecy Act/anti-money laundering and sanctions concerns? [similar to OCC question 209]

Question 251: Is there anything else the Board should do to address potential fraud concerns in the context of a final rule? For example, a bad actor may create fraudulent tokens intended to mimic a payment stablecoin. Are there technical or other requirements the Board should impose to mitigate the potential for such fraudulent tokens to harm consumers? For example, should authentic stablecoins be required to have an electronic signature that can be verified by a recipient? Are there other areas of potential fraud that the Board should be aware of and should attempt to mitigate in the final rule? [similar to OCC question 210]

Question 252: What changes to existing rules should be made in recognition of the GENIUS Act? For example, should the Board revise any relevant regulatory thresholds in its rules, such as the capital or liquidity rules, to provide that stablecoin reserves do not count against relevant thresholds in those rules? [similar to OCC question 211]

Question 253: What types of relationships or transactions could a PPSI that is a subsidiary of a member bank engage in with such parent member bank that could have an adverse effect on the member bank? What specific actions pursuant to sections 23A and 23B of the Federal Reserve Act and the Board's Regulation W (12 CFR part 223) should the Board consider taking to limit potential harm to member banks?

Question 254: Under current law, PPSIs that are subsidiaries of member banks are treated like operating subsidiaries under Regulation W. What would be the advantages and disadvantages of treating PPSI subsidiaries of member banks like financial subsidiaries and designating them as ''affiliates'' under Regulation W, pursuant to section 23A(b)(1)(E) of the Federal Reserve Act? What would be the advantages and disadvantages of treating PPSIs that are subsidiaries of member banks like insured depository institution subsidiaries of member banks, thereby subjecting transactions or relationships between a member bank and its PPSI subsidiary only to (i) the market terms requirements of section 23B of the Federal Reserve Act; and (ii) the prohibition on a member bank's purchase of low-quality assets from its PPSI subsidiary, consistent with the limitations in Regulation W (12 CFR 223.15)?

III. Economic Analysis

A. Introduction

The GENIUS Act sets forth a Federal regulatory framework for payment stablecoin issuance. As discussed in detail in the previous sections of this **SUPPLEMENTARY INFORMATION**, the Board is proposing rules to implement the requirements of the GENIUS Act for Board-supervised PPSIs. The proposal would also establish requirements for Board-supervised entities that engage in providing related custodial or safekeeping services.

This section discusses the economic effects of the proposal, including the likely costs and benefits. While the costs and benefits of the proposal in large part stem from the statutory requirements of the GENIUS Act, certain costs and benefits are affected by the choices the Board makes in connection with implementing such requirements. The economic analysis addresses the costs and benefits resulting from all the requirements in the proposal.

The subsequent discussion is mostly qualitative in nature, with emphasis on the direction of the economic effects and their economic significance, for a few reasons. First, the expected effects of the proposal are hard to quantify because of the nascent nature of the stablecoin market and the associated uncertainty regarding the various factors that would determine the impact of the proposal. For example, the likelihood that a Board-supervised bank creates a PPSI and enters the stablecoin market is hard to predict, as there are currently no PPSIs operating under a uniform Federal framework in the United States. Additionally, no Board-supervised bank currently owns a stablecoin issuer, further limiting the availability of applicable data. Further, some of the economic effects described below, such as increased transparency, financial stability benefits, and enhanced resilience of stablecoins, are intangible in nature and thus difficult to quantify.

The Board welcomes comments on the economic analysis of the proposal, including data or quantitative analysis on relevant benefits and costs.

B. Broad Economic Considerations

Payment stablecoins function as liquid instruments for settlement that are used across trading venues, payment platforms, and institutional digital asset infrastructures. Stablecoins were initially developed for use in digital asset activities, and the bulk of stablecoin use continues to be for such activities. In early 2026, the aggregate market capitalization of stablecoins reached $317 billion,[164] the approximate equivalent of 15 percent of the non-stablecoin crypto market capitalization.[165] However, the role of stablecoins has the potential to expand beyond digital-asset environments, including as a tool for increased use in payment and settlement and as a dollar-denominated store of value.

Within the United States, payment stablecoins are used across centralized exchanges and decentralized finance platforms, and market participants are beginning to use them in payment applications and institutional settlement systems.[166] U.S. market participants account for a large share of global stablecoin issuance, trading volume, and reserve holdings.[167] The United States also serves as the primary jurisdiction for one of the largest stablecoin issuers (Circle), whose reserve assets are mainly cash and short-term U.S. Treasuries.

Stablecoin regulatory frameworks vary substantially,[168] resulting in a market that features high search and monitoring costs for users. Two similar stablecoins in terms of liquidity and fair value may have quite different reserve asset, liquidity, redemption, or risk management policies. Additionally, there are no universal disclosures or standards to protect stablecoin holders from fraud and the risk of loss.[169]

Market participants have cited regulatory uncertainty as a key reason

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[164] Market capitalization as of April 6, 2026. *See* Francesca Carapella, Arazi Lubis & Alexandros Vardoulakis, ''Stablecoins in 2025: Developments and Financial Stability Implications'' (April 8, 2026), *https://www.federalreserve.gov/econres/notes/feds-notes/stablecoins-in-2025-developments-and-financial-stability-implications-20260408.html.*

[165] Staff calculations using data from DeFi Llama and CoinMetrics.

[166] *See* VISA, ''Visa Launches Stablecoin Settlement in the United States, Marking a Breakthrough for Stablecoin Integration'' (December 16, 2025), *https://usa.visa.com/about-visa/newsroom/press-releases.releaseId.21951.html; see also* Anchorage Digital, ''Anchorage Digital Launches Stablecoin Solutions for Banks to Modernize Cross-Border USD Settlement'' (February 19, 2026), *https://www.anchorage.com/insights/anchorage-digital-launches-stablecoin-solutions-for-banks-to-modernize-cross-border-usd-settlement.*

[167] *See* International Monetary Fund, ''Understanding Stablecoins'' 4 (2025), *https://www.imf.org/en/-/media/files/publications/dp/2025/english/usea.pdf.*

[168] *See* Section III.C of this **SUPPLEMENTARY INFORMATION.**

[169] *See* European Central Bank, ''Stablecoins' role in crypto and beyond: functions, risks and policy'' (July 2022), *https://www.ecb.europa.eu/press/financial-stability-publications/macroprudential-bulletin/html/ecb.mpbu202207_2~836f682ed7.en.html;* Financial Stability Board, ''Thematic Review on FSB Global Regulatory Framework for Crypto-asset Activities'' (2025), *https://www.fsb.org/uploads/P161025-1.pdf.*

for not entering this market,[170] potentially reducing the supply of payment stablecoins. Increased competition in the supply of stablecoins is likely to improve user experience. In addition, increased competition may reduce the likelihood of episodes of market instability by reducing market concentration and offering alternatives with the standards of transparency and risk management that this proposal would provide. As detailed below, the market for stablecoin issuance can be currently described as duopolistic with a long tail of smaller participants. The aforementioned barriers to entry on the supply side, coupled with the benefits stemming from broad adoption and the associated liquidity, create a market where a significant number of users opt for the two leading stablecoin providers.

The proposal would provide a regulatory framework that would increase the transparency of Board-supervised PPSIs for both stablecoin holders and regulators. In addition, by providing regulatory clarity, the proposal would create incentives for new participants to enter the market. Finally, the proposal would establish clear standards that are calibrated to help ensure payment stablecoins are a safe and sound financial product and help protect their users from loss.

C. Baseline

Reflecting the current regulatory framework and the associated absence of PPSIs, the proposal's economic analysis considers a pre-statutory baseline under which the GENIUS Act is not enacted. Under this baseline, insured State member banks do not issue payment stablecoins directly or through a subsidiary given the lack of regulatory clarity and the high barriers to entry surrounding such activities. While a few State member banks currently engage in stablecoin-related activities, they do not issue payment stablecoins directly or through a subsidiary.[171]

Before the passage of the GENIUS Act, there was no comprehensive Federal framework governing payment stablecoin issuance. To date, payment stablecoin issuance has been subject to State regulations and money transmission laws, as well as Federal anti-money laundering and sanctions laws. The New York Department of Financial Services (NYDFS) Guidance on the Issuance of U.S. Dollar-Backed Stablecoins is currently the most relied-upon standard for payment stablecoins in the United States.[172] NYDFS oversees several prominent stablecoin issuers.

The NYDFS guidance, updated in 2022, includes conditions that U.S. dollar-backed payment stablecoins be fully backed by a reserve composed of safe, highly liquid assets. The guidance also requires that reserve assets be kept separate from the issuer's own operating funds and must be held in custody by certain eligible entities. Furthermore, issuers must provide a clear and conspicuous redemption policy. Issuers must also provide monthly, independent, third-party attestations of their reserve assets to the public. Separate NYDFS guidance requires that organizations engaged in virtual currency-related activities, which include services related to payment stablecoins, submit detailed information about their enterprise risk management frameworks to NYDFS.[173]

In addition to NYDFS, other States have established laws and regulations governing stablecoin issuers.[174] For example, Wyoming has established reserve requirements for issuers that require full backing (100 percent–102 percent of reserve assets) by highly-liquid, low risk assets.[175] Similarly, the State of Nebraska has established reserve requirements for issuers that require full backing (100 percent of reserve assets) by highly-liquid, low risk assets.[176]

Internationally, some jurisdictions have already implemented regulatory frameworks for payment stablecoins (for example, the European Union (2023), Japan (2023), United Arab Emirates (2024), and Singapore (2023)). Other jurisdictions, such as the United Kingdom and Hong Kong, are developing their frameworks. According to the Financial Stability Board,[177] G20 jurisdictions have broadly adopted two approaches to regulate financial stability risks of digital asset activities. The first approach extends existing financial regulations to encompass digital assets, while the second approach introduces customized regulatory frameworks tailored to the unique features of digital assets. The GENIUS Act follows the second approach.

In early 2026, the market capitalization of stablecoins was approximately $317 billion, with U.S. dollar-denominated payment stablecoins representing most of this value.[178] This concentration reflects the continued dominance of the U.S. dollar as the preferred reference currency for digital asset transactions.

The global stablecoin market at the end of 2025 was characterized by a high degree of concentration, with a small number of U.S. dollar-denominated instruments accounting for most of the supply and transaction volume. From a competitive point of view, the market exhibits high concentration with two leading providers and a long tail of smaller participants. This market structure reflects the network effects attendant to stablecoin issuance: once a stablecoin reaches a certain scale, each new stablecoin issued generates more adoption and utility than the previous one, creating a reinforcing loop and making it harder for smaller competitors to break through.[179] As of the second half of 2025, the top two stablecoin issuers represented a dominant share of the market: [180] The value of outstanding Tether (USDT) stood in the range of

[170] *See, e.g.,* GFMA, AFME, ASIFMA, et al., ''The Impact of Distributed Ledger Technology in Capital Markets'' (2025), *https://www.gfma.org/wp-content/uploads/2025/08/1.-full-report-impact-of-dlt-in-cap-mkts-final-1.pdf.*

[171] For example, some State member banks provide services to stablecoin arrangements, including managing reserve assets. However, State member banks do not issue payment stablecoins directly.

[172] *See* New York Department of Financial Services, ''Virtual Currency Guidance'' (2022), *https://www.dfs.ny.gov/industry_guidance/industry_letters/il20220608_issuance_stablecoins.* NYDFS has proposed new regulations in connection with the GENIUS Act that are not currently in effect. New York Department of Financial Services, Proposed New 23 NYCRR 202, *https://www.dfs.ny.gov/industry_guidance/regulatory_activity/financial_services.*

[173] *See* New York Department of Financial Services, ''Industry Letter Regarding Prior Approval for Covered Institutions' Virtual Currency-Related Activity'' (2022), *https://www.dfs.ny.gov/system/files/documents/2025/04/il20221215_prior_approval_rev.pdf.* As of February of 2026, the list of payment stablecoins approved by the NYDFS include the following U.S. dollar denominated payment stablecoins: Gemini Dollar (GUSD), GMO USD (ZUSD), Ripple USD (RLUSD) and WisdomTree Dollar (USDW). *See* New York Department of Financial Services, ''Virtual Currency Business Licensing,'' *https://www.dfs.ny.gov/virtual_currency_businesses#:~:text=When%20you%20first%20log%20in,discontinue%20the%20Greenlist%20process%20entirely.*

[174] *See, e.g.,* Wyoming (Wyo. Stat. § 13–12–101, *et seq.* (the ''Special Purpose Depository Institutions Act'') and Wyo. Stat. § 34–29–101, *et seq.*) and Nebraska (Neb. Rev. St. § 8–3001, *et seq.* (the ''Nebraska Financial Innovation Act'')).

[175] Wyo. Stat. 13–12–105, 13–12–106.

[176] Neb. Rev. St. § 8–3009.

[177] *See* Financial Stability Board, ''Thematic Review on FSB Global Regulatory Framework for Crypto-asset Activities'' (2025), *https://www.fsb.org/uploads/P161025-1.pdf.*

[178] See *supra* n.164.

[179] *See* Bruno Jullien, Alessandro Pavan & Marc Rysman, ''Two-sided Markets, Pricing, and Network Effects'' (July 2021), *https://faculty.wcas.northwestern.edu/apa522/Two-Sided-Market-and-Network-Effects.pdf#:~:text=As%20a%20product%20with%20network%20effects%20diffuses,effects%20can%20protect%20platform%20owners%20from%20entry.*

[180] *See* Emir Abyazov, ''Stablecoin Market Surpasses 300 Billion and Keeps Growing'' (October 3, 2025), *https://coinpaper.com/11431/stablecoin-market-surpasses-300-billion-and-keeps-growing.*

$173–187 billion as of October 2025, corresponding to roughly 58 percent of total stablecoin supply; USD Coin (USDC) issued by Circle has the second largest share of the market, with circulating supply of approximately $70–75 billion in late 2025, representing about 24–25 percent of global stablecoin capitalization. A third tier of stablecoins accounts for 15 to 20 percent of the market. Examples of such stablecoins include Paxos Trust (USDP), Gemini Trust (GUSD), and Paxos Trust for PayPal (PYUSD).

The stablecoin market in the United States also features stablecoin-as-a-service (SCaaS) arrangements. These arrangements allow companies to launch branded stablecoins using pre-built technology from certain third-party providers. SCaaS arrangements include compliance, custodial services, and blockchain infrastructure.

1. Affected Parties

a. Regulated Entities That Issue Payment Stablecoins: Board-Supervised PPSIs

Under the GENIUS Act, the Board is responsible for regulating and supervising PPSIs that are (i) subsidiaries of insured State member banks and (ii) State-qualified PPSIs that are uninsured depository institutions with more than $10 billion in outstanding stablecoin issuance, unless they receive a waiver.

The GENIUS Act and the proposal would allow insured State member banks to form PPSI subsidiaries with the Board's prior approval. As of December 31, 2025, the Federal Reserve System regulated 703 insured State member banks,[181] including four that are part of GSIBs and 10 that are State member banks within large and foreign banking organizations (LFBO).[182] Subsidiaries of all 703 insured State member banks would have the potential to seek Board approval for a subsidiary to issue payment stablecoins.

b. PPSIs Regulated by Other Agencies (Non-Board-Supervised PPSIs)

Certain PPSIs may be regulated by the OCC, the FDIC, NCUA, or State authorities.[183] By providing regulatory clarity, the proposal would encourage the formation of Board-supervised PPSIs. The stablecoins issued by Board-supervised PPSIs could become potential competitors to stablecoins issued by non-Board-supervised PPSIs, which could impact the earnings and growth potential of the former.

c. Stablecoin End Users

According to the IMF, most stablecoins are still used primarily to settle digital asset trades in traditional currencies.[184] Therefore, most stablecoin users are individuals who trade digital assets and firms, such as exchanges, that provide related services to them. One study highlights substantial growth in the use of stablecoins by retail investors recently.[185]

Nonetheless, an industry survey from 2025 shows growing interest in stablecoins from traditional corporations and financial institutions.[186] For example, out of a sample of 350 firms surveyed by Ernst and Young (250 corporates and 100 financial institutions), 13 percent had already used stablecoins, and 65 percent expected their interest in using stablecoins to rise. Interest in using stablecoins stemmed from potential uses, such as cross-border payments (including payment to suppliers).

Stablecoin end users should generally benefit from more standardized regulations for stablecoins. By establishing standards for, among other things, reserve assets, redemption rights, and capital requirements, the proposal would help protect end-users from loss and generally provide confidence about payment stablecoins' safety and soundness.

d. Board-Supervised Providers of Custodial Services

Section 10 of the GENIUS Act (12 U.S.C. 5909) establishes requirements for Board-supervised entities seeking to provide custodial or safekeeping services for payment stablecoin reserve assets, payment stablecoins used as collateral, or the private keys used to issue payment stablecoins. Section II.C.2 of this **SUPPLEMENTARY INFORMATION** discusses these requirements.

The current market for custody of reserve assets features participants from both the ''traditional'' banking (for example, BNY Mellon, State Street) and ''crypto-native'' sectors (for example, Paxos Trust Company). For example, the majority of USDC's reserve assets are held in custody at BNY Mellon and managed by BlackRock,[187] with the remainder mostly held at other GSIBs.[188] Custody services are also one of the ancillary services that SCaaS providers offer to potential entrants to the stablecoin issuance market.

An expanded role of payment stablecoin custodians stemming from GENIUS Act implementation would catalyze the expansion of the custody market, potentially incentivizing new entrants to it.

e. U.S. Treasury Market Participants

The U.S. Treasury market is the world's largest and most liquid sovereign debt market, with a market structure that features multiple types of participants.[189] The proposal permits a Board-supervised PPSI to hold, as part of its reserve assets, Treasury bills, notes, or bonds with an initial or remaining maturity of 93 days or less; money received under certain overnight repurchase agreements backed by Treasury bills with a maturity of 93 days or less; and certain overnight reverse repurchase agreements that are collateralized by Treasury notes, bills, or bonds.[190] It also permits Board-supervised PPSIs to hold interests in investment companies or other funds that invest in these assets. These provisions could create linkages between PPSIs and U.S. Treasury market participants, including primary dealers, buy-side investors, and sell-side intermediaries.[191]

[181] Of these 703 banking organizations, 647 are State member banks under the Community Banking Organization (CBO) program and 43 are State member banks under the Regional Banking Organization (RBO) program.

[182] Call Report Data, December 31, 2025.

[183] 12 U.S.C. 5901(11), (23), (31); 5903(c), (d); 5904.

[184] *See* Tobias Adrian, Marcello Miccoli & Nobuyasu Sugimoto, ''How Stablecoins Can Improve Payments and Global Finance'' (December 4, 2025), *https://www.imf.org/en/blogs/articles/2025/12/04/how-stablecoins-can-improve-payments-and-global-finance.*

[185] Retail investors are defined as ''investors with net weekly holdings of stablecoins in their wallets that do not exceed $1000 in value.'' See Francesca Carapella, Arazi Lubis & Alexandros Vardoulakis, ''Stablecoins in 2025: Developments and Financial Stability Implications'' (April 8, 2026), *https://www.federalreserve.gov/econres/notes/feds-notes/stablecoins-in-2025-developments-and-financial-stability-implications-20260408.html.*

[186] *See* Ernst & Young, ''Stablecoins in Focus: Navigating the New Digital Financial Landscape'' (September 2025), *https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/insights/financial-services/documents/cs-eyp-stablecoin-survey.pdf.*

[187] The proposal only affects Board-supervised entities. State Street and BNY Mellon are Board-supervised entities, while BlackRock and Paxos are not.

[188] *See* Circle, ''Banks,'' *https://www.circle.com/banks.*

[189] *See* U.S. Department of Treasury et al., ''Enhancing the Resilience of the U.S. Treasury Market: 2024 Staff Progress Report '' (September 20, 2024), *https://home.treasury.gov/system/files/136/2024-IAWG-report.pdf.*

[190] *See* 12 U.S.C. 5903(a)(1)(A).

[191] Primary Dealers are trading counterparties of the New York Federal Reserve Bank in its implementation of monetary policy. Buy-side investors, which includes mutual funds, pension funds, insurance companies, banks, foreign sovereigns, and the Federal Reserve, among others, will compete with PPSIs for short-term Treasury securities both in the primary and secondary markets. Sell-side intermediaries, which includes inter-dealer brokers, electronic trading platforms,

Continued

D. Proposal

The proposal implements the Board's responsibilities under the GENIUS Act. Section II.B of this **SUPPLEMENTARY INFORMATION** proposes regulations applicable to Board-supervised PPSIs to implement certain provisions in section 4 of the GENIUS Act (12 U.S.C. 5903), including regulations regarding permissible and prohibited activities, reserve asset requirements, redemptions and fees, risk management standards, supervision and audits, and capital. Section II.C of this **SUPPLEMENTARY INFORMATION** implements section 10 of the GENIUS Act (12 U.S.C. 5909) by proposing requirements on Board-supervised persons providing custodial or safekeeping services for payment stablecoin reserve assets, payment stablecoins used as collateral, or the private keys used to issue payment stablecoins. Section II.D of this **SUPPLEMENTARY INFORMATION** proposes a tying prohibition on all PPSIs to implement section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)). Section II.E of this **SUPPLEMENTARY INFORMATION** implements the Board's back-up enforcement authorities with respect to State-qualified PPSIs, and the transition provisions for State-qualified PPSIs that are uninsured State-chartered depository institutions with an outstanding issuance of $10 billion. Finally, sections II.F–II.G of this **SUPPLEMENTARY INFORMATION** amend certain elements of the Board's regulations for banking organizations to reflect particular requirements of the GENIUS Act.

In addition, as detailed in section II.F of this **SUPPLEMENTARY INFORMATION**, the proposal would include an amendment to the Board's capital rule, 12 CFR part 217, which would ensure that banking organizations that consolidate a PPSI subsidiary would not be required to hold any additional capital with respect to such PPSI and its assets and operations in excess of the capital that such PPSI is required to maintain under the capital regulations promulgated under the GENIUS Act. Under the baseline, Board-regulated institutions do not consolidate PPSIs; accordingly, this amendment does not have any impact.

E. Reasonable Alternatives

This section discusses potential alternatives to the Board's proposed capital and reserve asset diversification requirements for Board-supervised PPSIs. The GENIUS Act provides a detailed statutory framework that limits the Board's regulatory discretion.[192] This analysis of reasonable alternatives therefore focuses on specific provisions where the statute permits flexibility in implementation choices.

1. Internal Models-Based Capital Requirements

An alternative to the approach proposed by the Board would be to propose internal models-based capital requirements for Board-supervised PPSIs. Under such an approach, a Board-supervised PPSI would determine the required amount of capital consistent with the principles articulated by the Board's rule. This alternative would allow covered firms to use their own models to calculate their capital requirements and would be congruent with the principles-based risk management requirements in the proposal. This alternative would also be consistent with the GENIUS Act requirements that the Board establish capital requirements that are tailored to the business model and risk profile of a Board-supervised PPSI and do not exceed requirements sufficient to ensure the ongoing operations of the Board-supervised PPSI.

For example, the Basel III capital proposal for large banking organizations permits covered firms to use an internal-models-based approach to estimate capital requirements for market risk.[193] Within this framework, firms use their own data and models to estimate requirements.

This approach could provide certain benefits. By allowing firms to develop models specific to own their business models and risks, it would potentially allow for more risk-sensitive capital requirements than a standardized approach. Such an approach could better reflect the dependency across risks and be well-integrated with a firm's risk and capital management practices.

However, this approach also entails certain costs.[194] For instance, Board-supervised PPSIs would need to invest in building and implementing models to calculate such capital requirements, which results in compliance costs. Also, this approach would likely lead to different capital requirements for similar risks across covered firms when compared with the proposal's standardized credit risk and operational risk charges, potentially affecting competition among them. And in cases where internal-models based requirements are inappropriately calibrated—for example because of the Board-supervised PPSI not having sufficient data to properly assess risk—the estimated capital requirements may be insufficient to cover unexpected losses.

Further, a well-calibrated standardized risk-based capital framework would help promote consistency and transparency across Board-supervised PPSIs, which would enhance market discipline. In addition, a standardized capital framework would make monitoring and enforcement by supervisors more effective.

2. Simpler Operational Risk Requirement

Alternatively, the standardized operational risk capital requirement could be made simpler. For example, the operational risk capital requirement can be made equal to a flat 1 or 2 percent of stablecoin issuance plus a certain percentage of non-reserve revenues. Relative to the proposal, this approach would remove the varying marginal requirements on stablecoin issuance and the effect of losses on operational risk requirements—thereby lowering the associated data collection requirements. This approach would also ensure that increases in stablecoin issuance receive equal marginal operational risk capital requirements regardless of the scale of the firm.

However, this simpler approach may not be as risk sensitive as the proposal. If historical operational losses prove predictive of future operational losses for Board-supervised PPSIs, then the removal of the loss component would reduce the risk sensitivity. Also, by not differentiating requirements according to a Board-supervised PPSI's operational loss experience, such an approach would not introduce incentives for these firms to reduce their operational risk exposure.

Risk sensitivity might also be reduced under this alternative if operational risks scale less than proportionally with

and high-frequency trading firms, are important liquidity providers in the Treasury markets and will interact with PPSIs to accommodate the reserve asset needs of PPSIs.

[192] For example, sections 4(a)(4)(A)(i) and (iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(i) and (iii)) require the Board to issue regulations implementing capital requirements and reserve asset diversification, including deposit concentration at banking institutions and interest rate risk management standards, that ''are tailored to the business model and risk profile of [PPSIs]'' and ''do not exceed [requirements/standards] that are sufficient to ensure the ongoing operations of [PPSIs].'' Further, if the Board determines that a capital buffer is necessary to ensure the ongoing operations of a PPSI, it may include buffers that are tailored to the business model and risk profile of PPSIs.

[193] See 91 FR 14952 (March 27, 2026).

[194] For a discussion of the downsides of using internal models for credit and operational risk in bank capital requirements, see section II.C of the joint agency proposal on regulatory capital rule. 91 FR 14952, 14958–59 (March 27, 2026).

outstanding issuance value. For example, successful theft and transfer of a larger amount of stablecoin may be more challenging than smaller amounts, thereby implying that the operational risk associated with such fraudulent activities may grow less than proportionally with stablecoin issuance (see section II.B.6.b.iii of this **SUPPLEMENTARY INFORMATION** for additional discussion and see comments to Treasury's Advance Notice of Proposed Rulemaking).[195]

3. Require an Operational Backstop

Another potential alternative would be to also adopt an operational backstop such as that proposed by the OCC[196] in its proposed rules related to GENIUS Act implementation. An operational backstop is a designated amount of highly liquid assets to maintain the ongoing operation of the Board-supervised PPSI during a business disruption.

The assets of the proposed operational backstop would be independent of the de novo or ongoing capital requirements and from reserve assets. The amount of the operational backstop would be based on the Board-supervised PPSI's total expenses as reported in a predetermined number of recent quarterly reports.

The intended benefit of the operational backstop would be to further help ensure that, if a business disruption impacts operations of a Board-supervised PPSI, a liquid pool of identifiable assets would exist to enable the Board-supervised PPSI to meet its short-term liquidity needs. This could help stabilize the Board-supervised PPSI after the disruption, and enable it to resume normal operations. One limitation of this approach is that the operational backstop could be financed by short-term funding, posing a potential liquidity risk.

The proposal's capital requirements and requirements on reserve assets, however, would help ensure the ability of the Board-supervised PPSI to continue operations through a business disruption. As such, the marginal benefits of the operational backstop would be limited.

4. Reserve Asset Requirements With Prescriptive Conditions

As an alternative to the proposal's principles-based reserve asset requirements, one could propose a set of reserve asset requirements with specific limits on certain types of assets. This alternative could mirror OCC's Safe Harbor/Option B requirements. Specifically, on each business day, a Board-supervised PPSI would have to maintain the following:[197]

- At least 10 percent of its required reserve assets as deposits, insured shares, or reserve bank balances.
- At least 30 percent of its reserve assets as deposits; insured shares; reserve bank balances; or amounts receivable within 5 business days on pending sales of reserve assets, maturing reserve assets, or other maturing transactions.
- No more than 40 percent of reserve assets at any one eligible financial institution (as that term is defined by the OCC in its GENIUS Act notice of proposed rulemaking).
- No more than five percent of reserve assets that are deposits at any ''one eligible financial institution.''
- Weighted average maturity of all reserve assets of no more than 20 days.

By capping assets at 40 percent per institution and deposits at five percent per institution, this alternative would help reduce concentration risk by limiting the exposure of a Board-supervised PPSI to a single bank or financial institution, as applicable. However, the proposal's principles-based standards provide greater flexibility that would allow Board-supervised PPSIs to tailor their reserve asset diversification strategy to reflect their specific business model and risk profile.

5. Reserve Asset Requirements That Limit Exposure to One Eligible Financial Institution

Alternatively, the Board could adopt other reserve asset requirements to limit counterparty risk. For example, the FDIC proposed a reserve asset diversification requirement that would limit the exposure of a PPSI to any one eligible financial institution (as that term is defined by the FDIC in its GENIUS Act notice of proposed rulemaking) to no more than 40% of its reserve assets, across all the stablecoins issued by the PPSI.[198]

This alternative would reduce concentration risk and provide a simple measurable standard and would therefore be relatively easy to administer. Nonetheless, the Board's proposed principles-based standard provides greater flexibility to Board-supervised PPSIs while still addressing concentration risks.

F. Benefits of the Proposal

By providing sensible guardrails and regulatory clarity, the proposal would result in a more resilient stablecoin market and increase protection for stablecoin users. By doing so, the proposal could facilitate growth of this market. As described below, this growth could increase demand for U.S. financial products and help enhance operational efficiencies in financial markets.

1. Enhanced System Resilience

The proposal is likely to improve market resilience. Stablecoin adoption could grow significantly in the next few years. Absent the proposal, some of the growth could come from stablecoin issuers that fail to maintain one-to-one reserve backing or that do not finance themselves with sufficient capital to sustain unexpected losses and, thus, pose a greater risk of loss to stablecoin holders. Further, this growth could involve interaction between payment stablecoins and swaths of the traditional financial system, which, in turn, could lead to new systemic risks if the stablecoins themselves are vulnerable. Absent the proposal, complex intermediation chains and vertical integration in the stablecoin ecosystem result in opacity and transparency challenges for market participants.[199] The proposal would reduce those risks by establishing clear standards designed to ensure that payment stablecoins remain fully backed, and regular disclosure requirements increase transparency for market participants.

2. More Resilient Stablecoins

The proposal would enhance the resilience of stablecoins by increasing protection and transparency for users. In addition, by improving regulatory clarity, the proposal may encourage entry into and enhance competition in what is currently a concentrated market.

a. Protecting Payment Stablecoin Holders

Maintaining the one-to-one requirement for payment stablecoins. Arguably, the most important issue for

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[195] *See* 90 FR 45159 (September 19, 2025); *see also* 90 FR 47251 (October 1, 2025).

In its comment letter, Circle internet Group states that ''[b]ecause reserve assets are constrained to short-duration, high-quality instruments, marginal balance-sheet risk does not scale linearly with token circulation and is heavily dependent on operational, technology, and infrastructure risk''. *See* Circle, ''Request for Comment on Implementation of the GENIUS Act'' (November 4, 2025), *https://downloads.regulations.gov/TREAS-DO-2025-0037-0259/attachment_1.pdf.*

[196] *See* 91 FR 10202 (March 2, 2026).

[197] *Id.*

[198] *See* 91 FR 18534, 18572 (April 10, 2026).

[199] See Francesca Carapella, Arazi Lubis & Alexandros Vardoulakis, ''Stablecoins in 2025: Developments and Financial Stability Implications'' (April 8, 2026), *https://www.federalreserve.gov/econres/notes/feds-notes/stablecoins-in-2025-developments-and-financial-stability-implications-20260408.html.*

holders of payment stablecoins is that the instruments maintain their par value. Key features of stablecoins include that they operate as digital cash and can be readily exchanged for fiat currency. Such features are threatened when there is a mismatch between the par value of outstanding stablecoins and the reserve assets backing the stablecoin, potentially exposing holders of payment stablecoins to the risk of loss. The proposal would help maintain the one-to-one requirement by, among other things, limiting reserve assets to assets with minimal financial risks.

Improvements in transparency of reserve assets. The proposal would require all Board-supervised PPSIs to publish monthly the total number of outstanding payment stablecoins they have issued and the fair value and composition of their reserve assets, including the average tenor and geographic location of custody of each category of reserve asset. In addition, the proposal would require Board-supervised PPSIs to have this report examined by a registered public accounting firm prior to publication and certified by the Board-supervised PPSI's Chief Executive Officer and Chief Financial Officer.[200] The monthly disclosure requirement would reduce information asymmetries between Board-supervised PPSIs and payment stablecoin holders, allowing the market to differentiate across payment stablecoin issuers by the quality of their reserve requirements.

Enhanced custodial requirements. The GENIUS Act would require entities that custody payment stablecoin reserve assets to be subject to supervision or regulation by a Federal or State financial regulator, to treat covered assets as customer property, to separately account for and not commingle covered assets unless permitted under a listed exception, and to provide their supervisor with certain regulatory information. The proposal implements these requirements with respect to Board-supervised custodians.

Altogether, these requirements protect customer funds held in custody and improve the visibility that regulators have over the activities and conduct of covered custodians. Similarly, these custodial requirements would help ensure that the reserve assets backing payment stablecoins are protected, which in turn protects payment stablecoin holders.

Clarity in redemption policies. Under the proposal, payment stablecoin holders would have the right to redeem their payment stablecoins for fiat currency within two business days following the date of the requested redemption.[201] Holders would also have detailed information about the redemption process. This additional clarity provides certainty to transactions and improves the efficiency of stablecoins as a cash equivalent instrument.

Clear delineation of permissible and prohibited activities by PPSIs. Under the proposed requirements, Board-supervised PPSIs would be limited in the scope of activities that they can undertake in parallel to issuing payment stablecoins. Activities such as rehypothecating, pledging, or reusing reserve assets expose a Board-supervised PPSI's reserve assets to additional financial risks, including those posed by stress at a counterparty. Limiting these activities helps protect payment stablecoin holders from such risks. Moreover, limiting Board-supervised PPSIs to engaging in payment stablecoin-related activities prevents Board-supervised PPSIs from taking on risks outside the business of issuing stablecoins, helping limit the exposure of stablecoin end users to such risks. The prohibitions on deceptive marketing, representations, or naming would reduce the risk that stablecoin end-users mistakenly believe a payment stablecoin is insured by the FDIC, backed by the full faith and credit of the United States, or issued by the Federal government, among other things.

Protecting Board-supervised PPSI from risky transactions with insiders or affiliates. The proposal[202] addresses insider and affiliate transactions and would ensure that transactions between the Board-supervised PPSI and insiders or affiliates do not pose a significant risk of material financial loss to the PPSI.[203] By requiring transactions to be conducted on terms at least as favorable to the PPSI as those prevailing for comparable arm's-length transactions, the proposal would mitigate risks of self-dealing and conflicts of interest that could otherwise deplete the reserve assets backing outstanding stablecoins.

The provision would also help address the moral hazard inherent in situations where insiders have access to preferential terms or can extract value from the Board-supervised PPSI to the detriment of stablecoin end users or other stakeholders. By establishing the "same or more favorable" standard analogous to Regulation O's requirement that insider loans be made on substantially the same terms as those prevailing for comparable transactions with non-insiders, the proposal would ensure that insiders cannot exploit their positions for personal financial advantage.

b. Increased Competition

In addition to the protections described above, the proposal would likely increase competition in the market for payment stablecoin issuance. As discussed in section III.C of this **SUPPLEMENTARY INFORMATION**, the current market for payment stablecoins is dominated by two providers. The proposal would help increase competition in stablecoin issuance by providing regulatory clarity to potential new entrants. Enhanced competition among stablecoin issuers could support innovation in this market, generating potential benefits to stablecoin end users.

In addition, the tying prohibitions described in section II.D.1 of this **SUPPLEMENTARY INFORMATION** prevent PPSIs from using their market power in one stablecoin-related market to gain a competitive advantage in another stablecoin-related market. This set of requirements would protect customer choice and reduce barriers to entry, as new competitors can enter specific markets without having to worry about competing in additional products. This set of requirements would also encourage price transparency, which is reduced when products are bundled. Finally, increased competition among PPSIs would encourage broader adoption of stablecoins and new use cases.

The proposal's principles-based approach to reserve asset diversification may also promote competition by reducing barriers to entry. Unlike prescriptive numerical standards that may favor firms with existing scale and established counterparty relationships, the flexible framework allows new Board-supervised PPSIs to develop reserve asset strategies tailored to their specific circumstances and business models. Unlike prescriptive percentage-based limits, which may become inappropriate as market conditions shift, a principles-based approach enables real-time risk assessment and portfolio adjustments. A principles-based approach also acknowledges that normal variations in reserve asset composition may occur due to inflows of cash to purchase payment stablecoins, outflows of cash to facilitate redemption of payment stablecoins, and

[200] *See* Section II.B.2.d of this **SUPPLEMENTARY INFORMATION**.

[201] *See* Section II.B.3 of this **SUPPLEMENTARY INFORMATION**.

[202] *See* proposed § 247.13(a)(7).

[203] With respect to a Board-supervised PPSI that is a subsidiary of an insured State member bank, these restrictions do not apply to transactions with such insured State member bank.

the regular maturity of permissible investments (*e.g.,* overnight repo and Treasury securities).

3. Increased Demand for U.S. Financial Products

Increasing adoption of payment stablecoins coupled with the reserve asset requirements set forth in section II.B.2 of this **SUPPLEMENTARY INFORMATION** could increase the demand for U.S. financial products, particularly U.S. Treasuries.[204] By specifying short-term Treasury bills and repurchase agreements secured by Treasuries as required reserve assets, the proposal creates structural demand for such securities. These provisions could have potential benefits for the funding of the U.S. government via increased demand for short-term government debt.[205]

The proposal is also likely to increase demand for U.S. dollars, with attendant benefits. The expected increased resiliency of payment stablecoins resulting from policies such as the proposal's reserve assets requirement and capital requirements could encourage foreign investor demand for payment stablecoins that, in turn, would allow a broader set of transactions to be denominated in U.S. dollars.

4. Enhanced Operational Efficiencies in Financial Markets

Payment stablecoins also have the potential to bring new operational efficiencies to financial markets. Realizing these efficiencies depends on establishing robust reserve asset standards and capital requirements for PPSIs, such as those contained in the proposal. These requirements support broader institutional adoption by ensuring stablecoins maintain their value and operational resilience, helping realize operational benefits. For instance, payment stablecoins offer instant settlement functionality. Payment stablecoins are also programmable and can be used, among other things, to facilitate post-trade processes. For example, the CFTC has acknowledged potential benefits of digital assets in collateral management and has taken steps to modernize its regulatory framework to allow for the use of digital assets, including payment stablecoins, as collateral in derivatives markets.[206] Such regulatory acceptance of stablecoins as collateral is predicated on issuers meeting stringent reserve and capital standards that minimize risk. Also, an industry-wide study has examined the benefits of using digital ledger technologies across the full asset trading lifecycle, including issuance, trading, settlement, and servicing.[207] The report estimated significant cost savings across a range of financial market activities. Many such use cases are facilitated or enhanced by stablecoin usage.

As the financial services industry develops new instruments, technologies, and custodial arrangements, a principles-based approach to reserve asset requirements allows Board-supervised PPSIs to adopt these innovations efficiently. This is particularly important in the digital asset ecosystem where new custody solutions, settlement mechanisms, and liquidity management tools continue to emerge.

G. Costs of the Proposal

Implementation of the new GENIUS Act requirements would create costs that would be borne mainly by Board-supervised PPSIs and Board-supervised custodians. These market participants would have to ensure that they conform to the proposal's capital, disclosure regime, reserve asset policies, and risk management frameworks.

The degree to which these additional costs could be passed on from Board-supervised PPSIs to end users in the form of fees and other charges would partially depend on the market power of Board-supervised PPSIs,[208] the future growth of the stablecoin issuance market, and how the proposal would affect both the level of competition across PPSIs and the competition between PPSIs and other payment alternatives. These same considerations apply to service providers that custody payment stablecoins.

1. Costs of the Proposal's Reserve Asset Requirements for Board-Supervised PPSIs

The Board's proposed reserve asset diversification requirements are principles-based, and therefore do not provide specific quantitative limits. Instead, Board-supervised PPSIs will have to interpret how the principles apply to their individual circumstances, which could involve developing models or processes and procedures. These efforts could involve additional costs to Board-supervised PPSIs. Moreover, the proposed principles-based approach could entail certain risks that could be mitigated by a more prescriptive standard. While eligible reserve assets are highly safe and liquid, unexpected events may result in a loss to the Board-supervised PPSI. Nonetheless, the proposed approach embodies a reasonable balance of principles-based supervision that would allow Board-supervised PPSI to apply the requirements in a manner consistent with their business model.

Moreover, the applicable disclosure and audit requirements for reserves mitigates these risks and provides for monitoring by payment stablecoin holders. The mandated monthly reserves disclosures will permit payment stablecoin holders to identify and evaluate Board-supervised PPSIs with reserve practices consistent with their business models, thus promoting market discipline.

2. Costs of the Proposal's Compliance Requirements

Costs of the proposal's redemption and fees requirements. As discussed in section II.B.3 of this **SUPPLEMENTARY INFORMATION**,[209] a Board-supervised PPSI must publicly disclose its redemption policy with specific details. Having a maximum redemption timeframe of two days may represent an additional cost to Board-supervised PPSIs when compared to no redemption deadline because, all things being equal, the shorter redemption window increases the need for liquid reserve assets.[210] Limiting the redemption period to two days may also create operational costs of meeting redemption requests in a timely manner, including relationships with financial institutions that allow for prompt settlement of transactions, and the ability to meet redemption surges.

Costs of the proposal's risk management standards. Compliance

[204] *See* Yesha Yadav & Brendan Malone, ''Stablecoins and the US Treasury Market'' (June 10, 2025), *https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5286924.*

[205] Rashad Ahmed and Inaki Aldasoro find that a 2-standard deviation inflow into stablecoins lowers 3-month Treasury bill yields by 2.5–3.5 basis points (bps), with limited to no spillover effects on other tenors. See Rashad Ahmed & Inaki Aldasoro, ''Stablecoins and safe asset prices,'' BIS Working Paper No. 12 (February 2025), *https://www.bis.org/publ/work1270.pdf.*

[206] *See* Commodity Futures Trading Commission, ''Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative'' (September 23, 2025), *https://www.cftc.gov/PressRoom/PressReleases/9130-25.*

[207] *See, e.g.,* GFMA, AFME, ASIFMA, et al., ''The Impact of Distributed Ledger Technology in Capital Markets'' (2025), *https://www.gfma.org/wp-content/uploads/2025/08/1.-full-report-impact-of-dlt-in-cap-mkts-final-1.pdf.*

[208] *See* RBB Economics, ''Cost pass-through: theory, measurement, and potential policy implications'' (February 2014), *https://www.gov.uk/government/publications/cost-pass-through-theory-measurement-and-policy-implications.*

[209] *See* proposed § 247.12.

[210] Under proposed § 247.12(b)(2), redemptions may not exceed two business days following the date of the requested redemption.

with the proposal's risk management standards would entail additional costs in the form of the specialized labor needed to comply with these principles-based requirements and standards. These costs are tempered, however, by the proposed provision allowing subsidiaries of State member banks to be deemed to be in compliance with the risk management requirements in section II.B.4.c of this **SUPPLEMENTARY INFORMATION** if the Board-supervised PPSI participates in the enterprise-wide risk management framework of its parent State member bank or consolidated banking organization, provided that such framework is in compliance with applicable requirements. Most Board-supervised banking organizations use such enterprise-wide risk management frameworks.

Board-supervised PPSIs would also incur costs to establish policies, procedures, and systems to identify covered transactions, determine whether terms are at least as favorable to the Board-supervised PPSI as those for comparable transactions with non-insiders, and document the basis for such determinations. Moreover, for Board-supervised PPSIs that are part of larger financial groups, the provision may restrict intra-group arrangements with affiliates that could serve helpful business purposes without posing undue risk to the Board-supervised PPSI.

Costs of the proposal's audit and reporting requirements. The proposal would require a Board-supervised PPSI to report applicable information to supervisors,[211] disclose the composition of reserve assets at a monthly frequency and be subject to period audits.[212] These costs entail hiring compliance staff, setting up information systems to comply with the proposal's reserve asset reporting requirements, and payment of fees to outsider providers, including auditors.

3. Costs of the Proposal's Capital Requirements

The proposal establishes capital requirements for Board-supervised PPSIs as discussed in section II.6 of this **SUPPLEMENTARY INFORMATION.** Regulatory capital is a costly form of funding, particularly relative to inexpensive funding in the form of stablecoin issuance, and this requirement would likely lower the profitability of Board-supervised PPSI.[213] That said, regulatory capital helps ensure the safe and sound operations of a Board-supervised PPSI. Furthermore, unlike insured banks, a PPSI's low cost of funding is heavily contingent on its solvency. To the extent that a sound capital level is required to compete successfully for the inexpensive funding, the marginal cost of the requirement is reduced.

The proposed regulatory capital requirements would be commensurate to the scale of financial risks faced by Board-supervised PPSIs. Specifically, operational risk capital requirements are expected to be greater for larger Board-supervised PPSIs given potential for large operational loss events, and for Board-supervised PPSIs with a worse record of past operational losses. The capital requirement for uninsured eligible deposit claims would incentivize Board-supervised PPSIs to reduce their exposure to such reserve assets. Further, the capital requirement for under-collateralized reverse repurchase agreements could incentivize Board-supervised PPSIs to engage in reverse repo transactions with standardized haircuts. Overall, requirements would be higher for PPSIs with higher risks and, therefore, the proposal would impose higher costs on those firms.

4. Costs of the Proposal's Requirements for Covered Custodians

Section II.C of this **SUPPLEMENTARY INFORMATION** would also create new requirements on Board-supervised banking organizations seeking to provide custodial or safekeeping services for payment stablecoin reserve assets, the payment stablecoins used as collateral, or the private keys used to issue payment stablecoins. The Board expects that institutions acting as custodians for payment stablecoin reserve assets and other covered assets would likely already be specialized custodial institutions for other asset classes or already provide custodian services for digital assets, including stablecoins. In which case, the marginal costs of the proposal's requirements would be small. If custody requirements for payment stablecoin reserve assets and other covered assets differ from existing requirements, Board-supervised custodians may experience some additional costs under the proposal.

As mentioned in section II.C of this **SUPPLEMENTARY INFORMATION**, for specific classes of covered custodians the proposal relies on the reporting that these organizations already provide on their custodial operations. This minimizes additional reporting costs faced by covered custodians.

H. Conclusion

The proposal would implement the requirements of the GENIUS Act for Board-supervised PPSIs. By doing so, it would provide regulatory clarity to potential issuers and put in place a framework that would support growth of this market. The safeguards in the proposal, including principles-based reserve asset diversification requirements, and requirements on disclosure and capital, would facilitate the safe and sound operation of Board-supervised PPSIs. In addition, these requirements would help protect holders of payment stablecoins issued by Board-supervised PPSIs from loss. The proposal could also generate certain ancillary benefits, such as increased demand for U.S. financial assets. While meeting the requirements in the proposal would entail some costs by Board-supervised PPSI, such as the costs associated with the capital and disclosure requirements, they would presumably enter the market only if the expected payoffs from doing so exceed these costs.

Based on the above analysis, the Board concludes that the benefits of the proposal justify the costs.

IV. Regulatory Analysis

A. Paperwork Reduction Act

Certain provisions of the proposed rule contain "collections of information" within the meaning of the Paperwork Reduction Act (PRA) of 1995.[214] In accordance with the requirements of the PRA, the Board 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 Board has reviewed the proposed rule under authority delegated to the Board by the OMB. The proposed rule contains a new information collection and revisions to current information collections subject to the PRA. To implement these requirements, the Board would implement (1) the Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation UU (FR UU; OMB No. 7100–NEW); (2) revise and extend for three years the Reporting, Recordkeeping, and Disclosure

[211] Including confidential weekly reporting and quarterly reports of financial condition, as described in § 247.14(h) and § 247.14(i), correspondingly.

[212] *See* Section II.B.5 of this **SUPPLEMENTARY INFORMATION.**

[213] *See* Malcolm Baker & Jeffrey Wurgler, "Do Strict Capital Requirements Raise the Cost of Capital? Bank Regulation, Capital Structure and the Low-Risk Anomaly," 105 Am. Econ. Rev. (Papers & Proc.) 315 (May 2015).

[214] 44 U.S.C. 3501–3521.

Requirements Associated with Regulation Q (FR Q; OMB No. 7100–0313); and (3) revise and extend for three years the Reporting, Recordkeeping, and Disclosure Requirements Associated with Market Risk Capital Rules (FR Q–2; OMB No. 7100–0314).

Comments are invited on:

(a) whether the collections of information are necessary for the proper performance of the Board's functions, including whether the information has practical utility;

(b) the accuracy of the estimates of the burden of the information collections, including the validity of the methodology and assumptions used;

(c) ways to enhance the quality, utility, and clarity of the information to be collected;

(d) ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments on aspects of this document that may affect reporting, recordkeeping, or disclosure requirements and burden estimates should be sent to the addresses listed in the **ADDRESSES** section. A copy of the comments may also be submitted to the OMB desk officer: By mail to U.S. Office of Management and Budget, 725 17th Street NW, #10235, Washington, DC 20503 or by facsimile to (202) 395–5806, Attention, Federal Banking Agency Desk Officer.

Proposed Implementation of the Following Information Collection

Collection Title: Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation UU.

Collection Identifier: FR UU.

OMB Number: 7100–NEW.

General Description of Collection: The FR UU collection comprises the information requirements of the proposed Regulation UU that would be found in 12 CFR part 247. This information would be used to carry out the Board's responsibilities under the GENIUS Act, including (i) to establish regulatory framework applicable to Board-supervised PPSIs, including requirements related to reserves, capital, activities, and risk management, as discussed in sections II.B and II.H of this **SUPPLEMENTARY INFORMATION**; (ii) to implement rules regarding State-qualified PPSIs setting forth (a) the unusual and exigent circumstances in which the Board may exercise its back-up enforcement authority with respect to any State-qualified PPSI, and (b) the transition and waiver process for covered PPSIs with an outstanding issuance value of more than $10 billion, as discussed in section II.F of this **SUPPLEMENTARY INFORMATION**; (iii) to implement rules for Board-supervised entities seeking to provide custodial services for reserves backing payment stablecoins and certain other assets, as discussed in section II.C of this **SUPPLEMENTARY INFORMATION**; (iv) to make certain changes to its rules for banking organizations, including bank capital requirements and activities rules, to facilitate banking organization participation in payment stablecoin activities, as discussed in sections II.F and II.G of this **SUPPLEMENTARY INFORMATION**; and (v) to promulgate a framework related to the GENIUS Act's prohibition on tying, which would apply to all PPSIs (including PPSIs for which the Board is not the primary regulator), as discussed in section II.E of this **SUPPLEMENTARY INFORMATION**.

Current Actions: The proposed rule includes reporting, recordkeeping, and disclosure requirements, as follows:

Reporting Requirements

Section II.B.5.d of this **SUPPLEMENTARY INFORMATION** would state that Board expects to include a condition regarding changes in control of a Board-supervised PPSI in any approval of an application by a State member bank seeking approval for a subsidiary to issue payment stablecoins under subpart D of part 247 (separately proposed by the Board). The condition would impose a requirement that the Board-supervised PPSI, and all officers, directors, and principal shareholders of the Board-supervised PPSI, cause any person seeking to acquire control of the Board-supervised PPSI to follow the procedures of the Change in Bank Control Act (12 U.S.C. 1817(j)) and the Board's Regulation Y (12 CFR part 225) as if the Board-supervised PPSI was an insured depository institution.

Proposed § 247.10(c)(4)(iii) would provide that a Board-supervised PPSI may rebut the presumption that a remuneration arrangement violates the Remuneration Prohibition in proposed § 247.10(c)(4)(i) by submitting written materials that, in the Board's judgment, demonstrate that the contract, agreement, or other arrangement is not prohibited under proposed § 247.10(c)(4) and is not an attempt to evade theRemuneration Prohibition.

Proposed § 247.11(d) would provide that by noon on the last day of each month, a Board-supervised PPSI must publish the monthly composition of the Board-supervised PPSI's reserves held pursuant to the GENIUS Act as of noon on the last day of the previous month on the website of the Board-supervised PPSI, using a format substantially similar to the template provided in Table 1 to proposed § 247.11(d), containing: (1) the total number of outstanding payment stablecoins issued by the Board-supervised PPSI; and (2) the amount and composition of the reserves described in proposed § 247.11(a)(1), including the average tenor and geographic location of custody of each category of reserve instruments.

Proposed § 247.11(e)(2) would provide that the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of a Board-supervised PPSI must submit a certification as to the accuracy of the monthly reserve composition report required under proposed § 247.11(d) to the Board.

Proposed § 247.11(f)(1)(i) would provide that if, at any time, a Board-supervised PPSI fails to satisfy the one-to-one requirement in proposed § 247.11(a)(1)(iii), the Board-supervised PPSI must submit, within 24 hours of such a failure, notification to the Board through its Federal Reserve Bank of such a failure

Proposed § 247.11(f)(1)(ii) would provide that if, at any time, a Board-supervised PPSI fails to satisfy the one-to-one requirement in proposed § 247.11(a)(1)(iii), the Board-supervised PPSI must, within 24 hours of such a failure, submit a plan describing how the Board-supervised PPSI will return to compliance with such requirement.

Proposed § 247.11(g) would require that if at any point the Board determines that a Board-supervised PPSI has not demonstrated that it meets the reserve asset requirements in proposed § 247.11(a)–(c), the Board may require the PPSI to submit a plan describing how it will attain compliance, as well as the timeline for the plan.

Proposed § 247.14(k) would provide that not later than 180 days after the approval of an application under subpart D of part 247 (separately proposed by the Board), and on an annual basis thereafter, a Board-supervised PPSI must submit to the Board a certification by its board of directors that the Board-supervised PPSI has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the Board-supervised PPSI from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

Proposed § 247.14(*l*)(2)(ii) would require a Board-supervised PPSI with more than $50 billion in outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) to submit audited financial statements annually, within 120 days after the end of its fiscal year, to the Board.

Proposed § 247.14(*l*)(2)(iii) would provide that if a Board-supervised PPSI with more than $50 billion in outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) fails to timely file all or any portion of the financial statement described in proposed § 247.14(*l*)(2)(ii), it must submit a written notice of late filing to the Board and such notice must (i) disclose the Board-supervised PPSI's inability to timely file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail, (ii) include the date by which the financial statement will be filed, and (iii) be filed on or before the deadline for filing the financial statement.

Proposed § 247.15(c) provides that if a Board-supervised PPSI fails to satisfy its minimum capital requirements in proposed § 247.15(b) as of the end of a quarter, it must, within 5 business days of the end of such quarter, submit a capital plan to the Board that: (i) provides a detailed strategy for restoring its capital levels to ensure that it meets or exceeds the minimum capital requirements under § 247.15(b), and (ii) is feasible for returning the Board-supervised PPSI to compliance within one quarter given general market conditions and the Board-supervised PPSI's specific circumstances.

Proposed § 247.41(c) would provide that entities subject to the tying prohibition in proposed § 247.40 may submit a request to the Secretary of the Board to seek an exception from such prohibition. Any entity seeking an exception must provide a detailed description of the proposed arrangement, including: (1) the service upon which conditions are being placed and the entity providing such service; (2) either (i) the additional paid services and products and the entity providing such paid services and products or (ii) the additional product or service of the competitor, as applicable; (3) the relevant contractual terms, including copies (or draft copies, as appropriate) of any contracts, agreements, terms of service, or other documents relevant to the proposed arrangement; (4) a description of the benefits, if any, that the proposed arrangement would produce for customers or other relevant persons; (5) a discussion of how the proposed arrangement would not be contrary to the purpose of the GENIUS Act; and (6) in the case of a proposed exception for an arrangement providing services to a customer on the condition that the customer agree to not obtain an additional product or service from a competitor, whether the additional product or service will be offered to customers on competitive terms separate from the service upon which conditions are being placed.

Proposed § 247.50(e) would provide that, after a directive under proposed § 247.50(b) is issued, a State-qualified PPSI, or any institution-affiliated party of the State-qualified PPSI subject to the directive, may object and present to the Board, in writing, the reasons why the directive should be modified or rescinded; if, after 10 days after the receipt of a response described in proposed § 247.50(e)(1), the Board does not affirm, modify, or rescind the directive, the directive shall automatically lapse.

Proposed § 247.51(b)(2) would require a State-qualified PPSI that is an uninsured State-chartered depository institutions (for purposes of this section, "covered PPSI") with an outstanding issuance value of more than $10 billion to provide written notification to the Board within five calendar days after reaching such threshold. Such written notification must include the following information: (A) the State or States that currently regulate the covered PPSI; (B) the covered PPSI's outstanding issuance value as of the date of the notice; (C) the date that the covered PPSI first reached the $10 billion outstanding issuance value threshold; and (D) an indication of whether and when the covered PPSI ceased issuing, on a net basis, new payment stablecoins and whether the covered PPSI intends to seek a waiver pursuant to proposed § 247.51(d).

Proposed § 247.51(b)(3) would require a covered PPSI, within 270 days of reaching the $10 billion outstanding issuance value threshold, to submit an analysis of the covered PPSI's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile.

Proposed § 247.51(b)(4) would provide that for purposes of complying with proposed § 247.51(b)(1)(i), a covered PPSI must provide written notification to the Board regarding whether it is in compliance with the Federal regulatory framework applicable to Board-supervised PPSIs under proposed part 247. If the covered PPSI is not in compliance with the Federal regulatory framework applicable to Board-supervised PPSIs under the proposal, the notice would be required to identify the provisions with which the covered PPSI does not comply, provide the covered PPSI's plan for remediating its noncompliance, and explain why the covered PPSI did not comply with the Federal regulatory framework within the 360-day transition period.

Proposed § 247.51(d) would provide that a covered PPSI seeking to remain solely supervised by a State payment stablecoin regulator must submit to the Board a written waiver request containing information necessary to evaluate such request under proposed § 247.51(d)(2)–(3) within 240 days of reaching the $10 billion outstanding issuance value.

Recordkeeping Requirements

Section II.B.2.a of this **SUPPLEMENTARY INFORMATION** would state that to comply with proposed § 247.11(a)(1)(i), Board-supervised PPSIs must maintain appropriate records to ensure documented ownership and legal entitlement to individual reserve assets.

Proposed § 247.11(a)(2) would provide that a Board-supervised PPSI must record the fair value of reserve assets required under proposed § 247.11(a)(1) at a minimum of once each calendar day at 5:00 p.m. in the time zone of the Board-supervised PPSI's Federal Reserve Bank.

Proposed § 247.13(a)(1) would provide that a Board-supervised PPSI must have internal controls and information systems to support effective risk management that are tailored to the size and complexity of the Board-supervised PPSI and the nature, scope, and risk of its activities. The internal controls and information systems must provide for: (i) an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies; (ii) effective risk assessment; (iii) timely and accurate financial, operational, and regulatory reporting, including with respect to the reports required under this part; (iv) adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and (v) compliance with applicable laws and regulations.

Proposed § 247.13(a)(2) would provide that a Board-supervised PPSI must have an internal audit system that is tailored to the size and complexity of the Board-supervised PPSI and the nature, scope, and risk of its activities and that provides for, among other things, adequate documentation of tests and findings and any corrective actions.

Proposed § 247.13(b) would require a Board-supervised PPSI to implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks, that complies with the requirements set out in proposed § 247.13(b).

Proposed § 247.14(f) would require a Board-supervised PPSI to maintain a complete set of books and records in English.

Proposed § 247.14(g) would require Board-supervised PPSIs to develop and implement a record retention policy that ensures the Board-supervised PPSI can demonstrate compliance with all the GENIUS Act, proposed part 247, and all applicable laws and regulations.

Proposed § 247.17(a)(2)(iii) would require, for purposes of netting sets under the capital requirement for reverse repurchase agreements, Board-supervised PPSIs to conduct a sufficient legal review to conclude with a well-founded basis (and maintain sufficient documentation of that legal review) that certain netting and repo-related agreements meet the applicable requirements of proposed § 247.17(a)(2)(iii)(B)(*4*) and (C)(*2*), respectively, and are legal, valid, binding, and enforceable under applicable law in the relevant jurisdictions.

Proposed § 247.18(c)(1)(i) would require Board-supervised PPSIs to have operational loss event data collection processes that must satisfy several criteria.

Proposed § 247.18(c)(1)(ii) would require Board-supervised PPSIs to have documented procedures for the identification and collection of internal loss event data.

Proposed § 247.21(a) would require a covered custodian, as defined in proposed § 247.20, to separately account for the covered assets of a covered customer and to treat and deal with those covered assets as belonging to such covered customer and not as the property of the covered custodian.

Proposed § 247.21(b)(1) would require covered custodian to take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial or safekeeping services.

Disclosure Requirements

Proposed § 247.11(d) would provide that by noon on the last day of each month, a Board-supervised PPSI must publish the monthly composition of the Board-supervised PPSI's reserves held pursuant to the GENIUS Act as of noon on the last day of the previous month on the website of the Board-supervised PPSI, using a format substantially similar to the template provided in Table 1 to proposed § 247.11(d), containing: (1) the total number of outstanding payment stablecoins issued by the Board-supervised PPSI; and (2) the amount and composition of the reserves described in proposed § 247.11(a)(1) of this section, including the average tenor and geographic location of custody of each category of reserve instruments.

Proposed § 247.11(e)(1) would require a Board-supervised PPSI to publish a registered public accounting firm's examination report of the monthly composition report required under proposed § 247.11(d) on its public website at the same time as such report.

Proposed § 247.12(a), (b)(1) would provide that a Board-supervised PPSI must publicly disclose its redemption policy and include, at a minimum, the following information: (i) the timeframe in which the Board-supervised PPSI will redeem payment stablecoins and the timeframe under which the Board-supervised PPSI is required to redeem payment stablecoins under proposed § 247.12(b)(2); (ii) a statement explaining the limitation in proposed § 247.12(b)(3); (iii) a statement explaining the scenarios under proposed § 247.12(c) and (d) proposed § 247.12(b)(2); (iv) a statement with clear instructions on how a customer can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin; and (v) the minimum number of payment stablecoins, if any, that the Board-supervised PPSI will redeem, provided that the Board-supervised PPSI must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding. A Board-supervised PPSI's redemption policy must provide: (i) clear and conspicuous procedures for timely redemption of outstanding payment stablecoins; (ii) that timely redemption may not exceed two business days following the date of the requested redemption; and (iii) that any discretionary limitations on timely redemptions may only be imposed by the Board or, in the case of a State-qualified PPSI, by the Board or the State payment stablecoin regulator, as applicable.

Proposed § 247.12(e)(1) would require a Board-supervised PPSI to publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to customers, readily understandable by customers, and not mixed in with other information: (i) the name of the Board-supervised PPSI that issues the payment stablecoin; (ii) that the Board-supervised PPSI is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value; (iii) the link to the monthly composition report of the relevant Board-supervised PPSI's reserves required under proposed § 247.11(d); and (iv) all fees associated with purchasing or redeeming payment stablecoins. Proposed § 247.12(e)(3) would require a Board-supervised PPSI to publish the disclosures in proposed § 247.12(e)(1) on the Board-supervised PPSI's website.

Proposed § 247.12(e)(2) would require a Board-supervised PPSI to update the disclosures in proposed § 247.12(e)(1)(iv) if there are any changes in fees associated with purchasing or redeeming payment stablecoins and provide customers at least seven calendar days' prior notice of the change, including by securely delivering the notice to current customers for which the Board-supervised PPSI has contact information. Proposed § 247.12(e)(3) would require a Board-supervised PPSI to publish any updates made in accordance with proposed § 247.12(e)(2) on the Board-supervised PPSI's website.

Proposed § 247.12(e)(4) would provide that a Board-supervised PPSI must include the disclosures in proposed § 247.12(e)(1) and any updates made in accordance with paragraph proposed § 247.12(e)(2) of this section in any customer agreements that it provides.

Proposed 247.14(*l*)(1) would require Board-supervised PPSI with more than $50 billion in outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) to prepare, in accordance with GAAP, an annual financial statement that must include the disclosure of any related party transactions, as defined by GAAP. A registered public accounting firm must perform an audit of the financial statements. The audit must be conducted in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board, including those relating to auditor independence, internal controls, and related party transactions.

Proposed 247.14(*l*)(2)(i) would require a Board-supervised PPSI with more than $50 billion in outstanding issuance value, that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) to make its audited financial statements publicly available on the Board-supervised PPSI's website.

Frequency: Daily, monthly, annually, and event-generated.

Respondents: Permitted payment stablecoin issuers, covered custodians, and other companies.

Total estimated number of respondents: 5 (20 for sections 247.21(a) and (b)(1)).

Estimated average hours per response:

Initial Setup

Reporting
- Preamble II.B.5.d–10.
- Section 247.10(c)(4)(iii)–0.5.
- Section 247.11(f)(1)(i)–1.
- Section 247.11(f)(1)(ii)–4.
- Section 217.11(h)–4.
- Section 247.14(*l*)(2)(ii)–480.
- Section 247.15(c)–10.
- Section 247.41(c)–1.
- Section 247.50(e)–1.
- Section 247.51(b)(2)–4.
- Section 247.51(b)(3)–40.
- Section 247.51(b)(4)–8.
- Section 247.51(d)–8.

Recordkeeping
- Section 247.17(a)(2)(iii)–16.

Disclosure
- Sections 247.12(a) and (b)(1)–8.
- Section 247.12(e)(1)–8.
- Section 247.12(e)(2)–8.
- Section 247.12(e)(4)–8.

Ongoing

Reporting
- Section 247.11(d)–3.3.
- Section 247.11(e)(2)–0.7.
- Section 247.14(k)–80.
- Section 247.14(*l*)(2)(ii)–40.
- Section 247.14(*l*)(2)(iii)–8.

Recordkeeping
- Preamble II.B.2.a–40.
- Section 247.11(a)(2)–1.27.
- Section 247.13(a)(1)–80.
- Section 247.13(a)(2)–80.
- Section 247.13(b)–160.
- Section 247.14(f)–40.
- Section 247.14(g)–40.
- Section § 247.17(a)(2)(iii)–4.
- Section 247.18(c)(1)(i)–100.
- Section 247.18(c)(1)(ii)–30.
- Section 247.21(a)–8.
- Section 247.21(b)(1)–8.

Disclosure
- Section 247.11(d)–3.3.
- Section 247.11(e)(1)–3.3.
- Section 247.12(e)(2)–8.
- Section 247.14(*l*)(1)–160.
- Section 247.14(*l*)(2)(i)–8.

Total estimated annual burden hours: 10,338 (2,706 hours for initial setup and 7,632 hours for ongoing compliance).

Total cost: $768,630.

Methodology and assumptions: There is considerable uncertainty regarding the number of firms that would elect to engage in the activities or make the investments that would cause the firms to come within the scope of the requirements of this proposed rule.

• *Rules applicable to Board-supervised PPSIs.* The Board is not aware of any method of determining the number of Board-supervised PPSIs that may come into existence, given that there are no such entities at this time and it is difficult to predict how this market will develop. The Board considered the estimates of the number of PPSI respondents in the notices of proposed rulemaking issued by other Federal payment stablecoin regulators, the number of insured State member banks compared to the number of other IDIs, and the existing market of state-regulated payment stablecoin issuers. As a result, the Board has assumed that it would supervise five Board-supervised PPSIs. The population of Board-supervised PPSIs that are subsidiaries of State member banks could be higher or lower depending on market demand, strategic operational choices of eligible institutions, and future developments in the digital landscape. For reporting, recordkeeping, and disclosure requirements that would apply to less than all Board-supervised PPSIs (such as requirements that depend on actions or choices in the discretion of the Board-supervised PPSI), the Board assumes that one Board-supervised PPSI would be subject to the requirement, in order to reflect the potential burden of each requirement subject to the PRA.

• *Tying Prohibition Applicable to All PPSIs.* Subpart E of the proposed rule would apply to (i) all PPSIs pursuant to section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)), and (ii) any company, and certain of its subsidiaries and affiliates, that has obtained a unanimous vote of the Stablecoin Certification Review Committee pursuant to section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)). The Board is not aware of any method of determining number of firms that would be subject to subpart E of the proposed rule. There is considerable uncertainty regarding the number of PPSIs that would be approved by the various Federal and State regulators with licensing authority under the GENIUS Act and would thereby become subject to the tying prohibition in section 4(a)(8) of the Act (12 U.S.C. 5903(a)(8)). Further, it is not possible to determine how many companies would obtain a unanimous vote of the Stablecoin Certification Review Committee under section 4(a)(12) of the GENIUS Act and therefore be subject, together with certain of the company's subsidiaries and affiliates, to subpart E of the proposed rule. The Board considered the estimates of the number of PPSI respondents in the notices of proposed rulemaking issued by other Federal payment stablecoin regulators and the existing market of state-regulated payment stablecoin issuers. The Board assumed that a small fraction of firms subject to the tying prohibition in proposed § 247.40 would submit a request to seek an exception from such prohibition under proposed § 247.41(c), and thus has assumed five firms may seek an exception under that provision.

• *Rules Applicable to Board-Supervised Custodians.* There is considerable uncertainty regarding the number of firms that would engage in custodial or safekeeping activities that would be subject to subpart C of the Board's proposed rule.[215] It is possible

[215] Subpart C of the proposed rule would apply to covered custodians, which would generally include (i) a State member bank; (ii) a Board-supervised PPSI; (iii) a bank holding company (as defined in section 2(a) of the BHC Act (12 U.S.C. 1841(a)); (iv) a savings and loan holding company (as defined in section 10(a)(1) of HOLA (12 U.S.C. 1467a(a)(1)); (v) a subsidiary of a bank holding company or a savings and loan holding company that is not (a) a national bank or depository institution subject to supervision by the OCC or FDIC; (b) a PPSI subject to supervision by another primary Federal payment stablecoin regulator, (c) an entity subject to functional regulation by the SEC or CFTC, or (d) an entity, other than a State member bank, subject to supervision by a State bank supervisor, as defined in section 3(r) of the Federal Deposit Insurance Act (12 U.S.C. 1813(r)); (vi) the U.S. operations of foreign banking organizations subject to the supervision or regulation of the Board pursuant to the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*); and (vii) any corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*) or having an agreement with the Board under section 25 of the Federal Reserve Act (12 U.S.C. 601 *et seq.*) (*i.e.,* Edge Act and Agreement corporations).

that many of the firms the Board supervises could elect to provide custodial services to PPSIs. However, it is most likely that Board-supervised firms that are already significantly engaged in custodial activities would seek to offer custodial services to PPSIs with respect to their reserve assets. Because the acceptance of cash represented by deposit liabilities is excepted from the substantive requirements of subpart C of the proposed rule, insured state member banks that accept PPSI reserves as principal in a deposit relationship would not be considered ''covered custodians'' under subpart C of the proposed rule. As a result, the Board assumes that 20 entities that it supervises would engage in custodial or safekeeping activities that would be subject to subpart C of the proposed rule.

The burden hours estimated for each reporting, recordkeeping, or disclosure requirement reflects the amount of time the Board estimates will expended by the relevant respondent to maintain, retain, or disclose or provide information to the Board. Where possible, the estimates were benchmarked against the estimates provided by other agencies in their notices of proposed rulemaking implementing the GENIUS Act and the estimates of burden for comparable or similar requirements in other of the Board's information collections. The total burden is calculated as the sum of the burden hours multiplied by the number of respondents for each reporting, recordkeeping, or disclosure requirement.

Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at $25, 45% Financial Managers at $90, 15% Lawyers at $89, and 10% Chief Executives at $130). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS).[216] Occupations are defined using the BLS Standard Occupational Classification System.[217]

Proposed Extension for Three Years, With Revision, of the Following Information Collection

(1) *Collection title:* Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation Q.

Collection identifier: FR Q.

OMB control number: 7100–0313.

General description of collection: The Board's Regulation Q—Capital Adequacy of Bank Holding Companies, Savings and Loan Holding Companies, and State Member Banks (12 CFR part 217) sets forth the capital adequacy requirements for State member banks (SMBs), certain bank holding companies (BHCs), U.S. intermediate holding companies (IHCs), and certain covered savings and loan holding companies (SLHCs).[218]

The reporting, recordkeeping, and disclosure requirements included in the FR Q information collection provide the Board and other stakeholders, including market participants, with information regarding the interaction between firms and the regulatory capital framework. Specifically, the reporting and recordkeeping requirements allow the Board to verify that firms are appropriately implementing the capital framework; they also provide the Board with information necessary for monitoring firms participating in the advanced approaches framework. The disclosure requirements are intended to support market discipline by providing information regarding banking organizations' activities, overall risk profiles, and risk management policies. Together, these requirements help to ensure the safety and soundness of the financial system by facilitating the identification of problems at firms and ensuring that firms have implemented any corrective actions imposed by the Board, as well as by allowing stakeholders to make meaningful assessments of firms' financial position.

Frequency: Annual, quarterly, and event-generated.

Respondents: SMBs, certain BHCs, IHCs, and certain covered SLHCs.

Total estimated change in respondents: 1.

Total estimated number of respondents: 1,056.

Total estimated change in burden: 36.

Total estimated annual burden hours: 76,286.

Total cost: $5,671,864.[219]

Proposed revisions: The Board is proposing to revise the scope of the respondents for the reporting, recordkeeping, and disclosure requirements included in the FR Q information collection to include Board-supervised PPSIs, pursuant to Regulation UU. This proposed rule would not modify the reporting, recordkeeping, or disclosure requirements in the FR Q information collection in any way.

(2) *Collection title:* Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation Q (Market Risk Capital Rule).

Collection identifier: FR Q–2.

OMB control number: 7100–0314.

General description of collection: The market risk rule, which requires banking organizations to hold capital to cover their exposure to market risk, is a component of the Board's regulatory capital framework, Regulation Q—Capital Adequacy of Bank Holding Companies, Savings and Loan Holding Companies, and State Member Banks (12 CFR part 217). The rule includes information collections that permit the Board to monitor the market risk profile of Board-regulated banking organizations that have significant market risk. These information collections provide current statistical data identifying market risk areas on which to focus onsite and offsite examinations. They also allow the Board to assess the levels and components of each reporting institution's risk-based capital requirements for market risk and the adequacy of the institution's capital under the market risk rule.

Frequency: Annual, quarterly, and event-generated.

Respondents: Bank holding companies, covered savings and loan holding companies,[220] U.S. intermediate holding companies of foreign banking organizations, and state member banks (collectively, banking organizations) that meet certain risk thresholds. The

[216] Occupational Employment and Wages, May 2025, published May 15, 2026, *https://www.bls.gov/news.release/ocwage.t01.htm.*

[217] *https://www.bls.gov/soc/.*

[218] The Board's capital rule generally does not apply to BHCs or covered SLHCs that meet the requirements of the Small Bank Holding Company and Savings and Loan Holding Company Policy Statement, 12 CFR part 225, Appendix C. For the definition of ''Covered savings and loan holding company,'' see 12 CFR 217.2.

[219] Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at $25, 45% Financial Managers at $90, 15% Lawyers at $89, and 10% Chief Executives at $130). Hourly rates for each occupational group are the (rounded) mean hourly wages from the BLS, *Occupational Employment and Wages, May 2025,* published May 15, 2026, *https://www.bls.gov/news.release/ocwage.t01.htm.* Occupations are defined using the BLS Standard Occupational Classification System, *https://www.bls.gov/soc/.*

[220] For the definition of ''covered savings and loan holding company,'' see 12 CFR 217.2.

market risk rule applies to any such banking organization with aggregate trading assets and trading liabilities equal to (1) 10 percent or more of quarter-end total assets or (2) $1 billion or more.

Total estimated change in respondents: 1.

Total estimated number of respondents: 38.

Total estimated change in burden: 960.

Total estimated annual burden hours: 37,196.

Total cost: $2,765,523.[221]

Proposed revisions: The Board is proposing to revise the scope of the respondents for the reporting, recordkeeping, and disclosure requirements included in the FR Q–2 information collection to include to include Board-supervised PPSIs, pursuant to Regulation UU. This proposed rule would not modify the reporting, recordkeeping, or disclosure requirements in the FR Q–2 information collection in any way.

B. Regulatory Flexibility Act

The Board is providing an Initial Regulatory Flexibility Analysis (IRFA) with respect to this proposed rule. The Regulatory Flexibility Act (RFA)[222] requires an agency to consider the impact of its proposed rules on small entities. Under regulations issued by the U.S. Small Business Administration (SBA), a ''small'' entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of $850 million or less.[223] For purposes of this section, any reference to ''small'' entities is a reference to this definition.

In connection with a proposed rule, the RFA generally requires an agency to prepare an IRFA describing the impact of the rule on small entities, unless the head of the agency certifies that the proposed rule, if promulgated, will not have a significant economic impact on a substantial number of small entities and publishes such certification along with a statement providing the factual basis for such certification in the **Federal Register**. An IRFA must contain: (1) a description of the reasons why action by the agency is being considered; (2) a succinct statement of the objectives of, and legal basis for, the proposed rule; (3) a description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply; (4) a description of the projected reporting, recordkeeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirements and the type of professional skills necessary for preparation of the report or record; (5) an identification, to the extent practicable, of all relevant Federal rules that may duplicate, overlap with, or conflict with the proposed rule; and (6) a description of any significant alternatives to the proposed rule that accomplish its stated objectives and minimize any significant economic impact of the proposed rule on small entities.[224]

The Board has considered the potential impact of the proposal on small entities in accordance with the RFA. Based on its analysis and for the reasons stated below, the proposal is not expected to have a significant economic impact on a substantial number of small entities. Nevertheless, the Board is publishing and inviting comment on this initial regulatory flexibility analysis.

1. Reasons Why Action Is Being Considered by the Board

The GENIUS Act was enacted in July 2025 to provide a framework for the regulation of payment stablecoins. The Act establishes requirements applicable to PPSIs and provides Federal regulators with regulatory, supervisory, and enforcement authority over PPSIs subject to their jurisdiction. The GENIUS Act directs the Board to issue various rules, and the proposal would address each of the Board's responsibilities under the GENIUS Act, as described in greater detail below. The GENIUS Act's effective date is the earlier of 18 months after the enactment date of July 18, 2025, or 120 days after the primary Federal payment stablecoin regulators issue any final regulations implementing the Act.

2. The Objectives of, and Legal Basis for, the Proposed Rule

The Board is proposing regulations to implement the provisions of the GENIUS Act for which the Board has responsibility. The GENIUS Act directs the Board to issue rules (i) to establish regulatory framework applicable to Board-supervised PPSIs, including requirements related to reserves, capital, activities, and risk management, as discussed in sections II.B and II.H of this **SUPPLEMENTARY INFORMATION**; (ii) to implement rules regarding State-qualified PPSIs setting forth (a) the unusual and exigent circumstances in which the Board may exercise its back-up enforcement authority with respect to any State-qualified PPSI and (b) the transition and waiver process for uninsured, state-chartered depository institutions that are State-qualified PPSIs with an outstanding issuance value of more than $10 billion, as discussed in section II.F of this **SUPPLEMENTARY INFORMATION**; (iii) to implement rules for Board-supervised entities seeking to provide custodial services for reserves backing payment stablecoins and certain other assets, as discussed in section II.C of this **SUPPLEMENTARY INFORMATION**; (iv) to make certain changes to its rules for banking organizations, including bank capital requirements and activities rules, to facilitate banking organization participation in payment stablecoin activities, as discussed in sections II.F and II.G of this **SUPPLEMENTARY INFORMATION**; and (v) to promulgate a framework related to the GENIUS Act's prohibition on tying, which would apply to all PPSIs (including PPSIs for which the Board is not the primary regulator), as discussed in section II.E of this **SUPPLEMENTARY INFORMATION**. The proposal would address each of these statutory responsibilities.

3. Description of the Compliance Requirements of the Proposal and Estimate of the Number of Small Entities

Different aspects of the proposed rule would apply to different firms. This section provides a discussion of the scope, impact, and the estimate of small entities impacted by the proposal for each subpart of proposed part 247 and for each amendment to existing rules separately. Consistent with the analysis in section III of this **SUPPLEMENTARY INFORMATION**, the Board utilizes a pre-statutory baseline under which the GENIUS Act is not enacted. Under this baseline, insured State member banks do not issue payment stablecoins directly or through a subsidiary given the lack of regulatory clarity and the high barriers to entry surrounding such activities.

Rules Applicable to Board-Supervised PPSIs. Subpart B of the proposed rule would apply to Board-supervised PPSIs, which are (i) subsidiaries of insured State member banks that have been approved by the Board to issue payment stablecoins and (ii) State-qualified PPSIs that are uninsured State-chartered depository institutions that have transitioned to the Board's regulatory

[221] *See supra* n. 219.

[222] 5 U.S.C. 601 *et seq.*

[223] *See* 13 CFR 121.201. Consistent with the SBA's General Principles of Affiliation, the Board includes the assets of all domestic and foreign affiliates toward the applicable size threshold when determining whether to classify a particular entity as a small entity. *See* 13 CFR 121.103.

[224] 5 U.S.C. 603(b)–(c).

framework under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)) and proposed § 247.51.[225]

The Board expects that the impact of the proposed rule on Board-supervised PPSIs could be significant. The GENIUS Act imposes an entirely new regulatory framework on Board-supervised PPSIs, introducing novel compliance burdens that could have significant impact. Additionally, as discussed in section IV.A of this **SUPPLEMENTARY INFORMATION**, the reporting, recordkeeping, and disclosure requirements of subpart B are expected to be $39,538 for initial setup and $103,175 for ongoing compliance per Board-supervised PPSI.[226]

By definition, subpart B of the proposed rule would only apply to a State-qualified PPSIs that have an outstanding issuance value of more than $10 billion, and which, accordingly, would not be considered small for the purposes of this IRFA. This analysis therefore focuses only on Board-supervised PPSIs that are subsidiaries of State member banks. The Board is not aware of any method of determining the identity, industry, or size of Board-supervised PPSIs that are subsidiaries of State member banks, given that there are no such entities at this time and it is difficult to predict how this market will develop. Further, SBA regulations do not provide small entity thresholds specific to PPSIs. As a result, this section of the IRFA discusses the size of the parent State member banks of such PPSIs. The Board believes this approach is appropriate because, under the GENIUS Act, an insured State member bank must have ''control'' of a Board-supervised PPSI.[227]

As of December 31, 2025, there were: 703 insured State member banks, and of those institutions, 439 are considered ''small'' for the purposes of the RFA.[228] The Board recognizes considerable uncertainty regarding the number of firms that would engage in activities or make investments that would subject the firms to the requirements of this proposed rule. For this analysis, the Board estimates that between 5 and 10 insured State member banks may, with the Board's permission, form a Board-supervised PPSI subsidiary in the first few years after the finalization of the proposed rule. Given the early stages of the payment stablecoin market, this range accounts for uncertainty regarding the volume of future participants. The population of Board-supervised PPSIs that are subsidiaries of State member banks could be higher or lower depending on market demand, strategic operational choices of eligible institutions, and future developments in the digital landscape. By utilizing this range, the Board aims to establish an estimate that serves as the basis for evaluating the economic effects of the proposed rule, while acknowledging the inherent uncertainty resulting from a lack of historical precedent.

The Board expects that insured State member banks that are most likely to seek to form a Board-supervised PPSI subsidiary initially will be larger institutions with the compliance infrastructure and capital necessary to support payment stablecoin issuance. As such, the Board anticipates that most, if not all, insured State member banks with Board-supervised PPSIs would not be small entities as defined by the SBA. Even assuming the unlikely scenario that all, *i.e.,* the upper-bound number of 10 insured State member banks, would be small and that all 10 insured State member banks would be significantly impacted by the proposed rule, these impacted entities would comprise a very small percentage of small insured State member banks.

Rules Applicable to State-Qualified PPSIs. Subpart F of the proposed rule would apply to State-qualified PPSIs. By definition, the transition and waiver process in proposed § 247.51 would only apply to State-qualified PPSIs that would have or are approaching an outstanding issuance value of more than $10 billion, and accordingly, would not be considered ''small'' for the purposes of this IRFA.

The State-qualified PPSIs subject to the Board's back-up enforcement authority under proposed § 247.50 could include small entities. However, it is difficult to know how many small entities may be affected by proposed § 247.50 in subpart F of the proposed rule because it remains unclear how many States will choose to adopt a regulatory framework for payment stablecoins and how many State certifications would be approved by the Stablecoin Certification Review Committee. It is also difficult to predict how many entities such States would license to become State-qualified PPSIs.

Nonetheless, the Board expects that the impact of proposed § 247.50 would be insignificant. While the enforcement actions under this authority would impose significant burdens on a firm subject to such enforcement action, the Board would only exercise such authority in ''unusual and exigent circumstances'' as described in the proposed rule, and only when any action taken by the State payment stablecoin regulator has not adequately mitigated the risks presented.

Rules Applicable to Board-Supervised Custodians. Subpart C of the proposed rule would apply to covered custodians, which would generally include (i) a State member bank; (ii) a Board-supervised PPSI; (iii) a bank holding company (as defined in section 2(a) of the BHC Act (12 U.S.C. 1841(a)); (iv) a savings and loan holding company (as defined in section 10(a)(1) of HOLA (12 U.S.C. 1467a(a)(1)); (v) a subsidiary of a bank holding company or a savings and loan holding company that is not (a) a national bank or depository institution subject to supervision by the OCC or FDIC; (b) a PPSI subject to supervision by another primary Federal payment stablecoin regulator, (c) an entity subject to functional regulation by the SEC or CFTC, or (d) an entity, other than a State member bank, subject to supervision by a State bank supervisor, as defined in section 3(r) of the Federal Deposit Insurance Act (12 U.S.C. 1813(r)); (vi) the U.S. operations of foreign banking organizations subject to the supervision or regulation of the Board pursuant to the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*); and (vii) any corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*) or having an agreement with the Board under section 25 of the Federal Reserve Act (12 U.S.C. 601 *et seq.*) (*i.e.,* Edge Act and Agreement corporations).

For those small entities that choose to provide custodial or safekeeping services subject to subpart C of the proposed role, the Board expects that the direct impact of the proposed rule would be insignificant.[229] The requirements discussed in section II.C of this **SUPPLEMENTARY INFORMATION** are principles-based, and the proposal does not include new reporting requirements

[225] These Board-supervised PPSIs are also subject to proposed amendments to the rules of practice and procedure for adjudicatory proceedings in 12 CFR part 263.

[226] *See supra* n. 219.

[227] As discussed in section II.A.2 of this **SUPPLEMENTARY INFORMATION**, the Board is proposing to define ''control'' such that a person would control another person if: (1) the person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person; (2) the person controls in any manner the election of a majority of the directors or trustees of the other person; or (3) the Board determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person.

[228] Call Report Data, December 31, 2025.

[229] The Board anticipates that the direct impact of the proposed rule for insured State member banks that only provide custody or safekeeping services for covered assets in the form of cash would be insignificant because such cash may be held in the form of a deposit liability and would not be subject to the substantive requirements under subpart C.

on covered custodians. While covered custodians would be required to maintain records necessary to separately account for the covered assets of each customer and take appropriate steps to protect the covered assets from the claims of creditors, these requirements are consistent with typical business practices of banking organizations providing custody services and not likely to result in significant compliance obligations.

As of December 31, 2025, there were: 704 State member banks (including 703 insured State member banks and one uninsured State member bank), and of those institutions, 439 are considered small for the purposes of the RFA;[230] 3,453 bank holding companies, and of those institutions, 2,380 are considered small for purposes of the RFA;[231] 170 savings and loan holding companies, and of those institutions, 115 are considered small for purposes of the RFA.[232] The Board recognizes considerable uncertainty regarding the number of firms that would engage in custodial or safekeeping activities that would be subject to subpart C of the proposed rule. The Board expects that the initial adopters of the technology needed to custody payment stablecoins or private keys used to issue payment stablecoins will likely be larger institutions with the compliance infrastructure and capital necessary to such activities. A broader range of institutions, however, may custody payment stablecoin reserves, since that is a traditional activity for banking organizations. Smaller firms generally are not significantly engaged in offering custody services for securities, so small insured State member banks may be more likely to accept payment stablecoin reserves in the form of cash and represent such cash as deposit liabilities. The acceptance of cash represented by deposit liabilities is excepted from the substantive requirements of subpart C of the proposed rule, and, therefore, insured State member banks who provide this service are unlikely to incur new compliance obligations.

Amendments to Rules Applicable Banking Organizations—Capital Rule. First, the proposed amendments to 12 CFR part 217, described in section II.F of this SUPPLEMENTARY INFORMATION, would apply to Board-regulated institutions, as that term is defined in 12 CFR part 217.2, which includes State member banks, bank holding companies, and savings and loan holding companies, that consolidate a PPSI. Under the baseline, Board-regulated institutions do not consolidate payment stablecoin issuers; accordingly, this amendment does not have any impact. Moreover, the GENIUS Act specifies that the appropriate federal banking agency cannot require an insured depository institution or depository institution holding company to hold any amount of regulatory capital with respect to a consolidated PPSI subsidiary and its assets and operations in excess of the capital that such PPSI is required to maintain under the capital regulations promulgated under the GENIUS Act. Given the specificity of this provision, any alternatives considered by the Board are unlikely to have a materially different impact. The number of State member banks, bank holding companies, and savings and loan holding companies, and the number of each such firm that is considered small for purposes of the RFA, is provided above. As stated above, the Board recognizes considerable uncertainty regarding the total number of PPSIs, including Board-supervised PPSIs and PPSIs that are not supervised by the Board, that may be affected by the proposed amendments to 12 CFR part 217 because of a direct or indirect ownership interest by a Board-supervised institution.

Consistent with the discussion above, the Board expects that Board-supervised firms seeking to invest in PPSIs would be larger institutions with the compliance infrastructure and capital necessary to support payment stablecoin issuance. Relatedly, the Board expects that the firms initially interested in engaging in payment stablecoin transactions as principal or agent are likely to be larger institutions that seek to adopt the technology or third-party relationships and controls necessary to own and control payment stablecoins.

Amendments to Rules Applicable Banking Organizations—Permissibility Rules. The proposed amendments to parts 208, 211, and 225 of title 12, described in section II.G of this SUPPLEMENTARY INFORMATION, would apply to State member banks, uninsured State branches and State agencies of foreign banks, Edge and agreement corporations, and depository institution holding companies. These proposed amendments would somewhat reduce burdens for small entities that seek to engage in the activities addressed in the amendments, as the proposed rule would clarify permissibility of such activities. As of December 31, 2025, there were: 21 uninsured State agencies of foreign banks, and of those institutions, 8 are considered small for purposes of the RFA;[233] 101 uninsured State branches of foreign banks, and of those institutions, 27 are considered small for purposes of the RFA;[234] 30 Edge and agreement corporations, and of those institutions, 12 are considered small for purposes of the RFA;[235] 121 U.S. operations of foreign banks, and of those institutions, 11 are considered small for purposes of the RFA.[236] The estimates of State member banks, bank holding companies, and savings and loan holding companies is provided above, in the discussion of subpart C of the proposed rule. Similar to the discussion above, the Board expects that firms seeking to invest in PPSIs, directly issue payment stablecoins, or engage in certain distributed ledger technology-related activities would be larger institutions with the compliance infrastructure and capital necessary to support such activities or investments.

Tying Prohibition Applicable to All PPSIs. Subpart E of the proposed rule would apply to (i) all PPSIs pursuant to section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)), and (ii) any company, and certain of its subsidiaries and affiliates, that has obtained a unanimous vote of the Stablecoin Certification Review Committee pursuant to section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)). For those small entities subject to subpart E of the proposed rule, the procedural requirements for requesting an exception to the tying prohibition would result in reporting burden of $72 per entity, as discussed in section IV.A of this SUPPLEMENTARY INFORMATION.[237] The burdens of subpart E of the proposed rule, including the reporting burdens and the compliance burdens related to the prohibition, would be insignificant.

The Board does not believe that it is feasible to provide an estimate of the number of small entities to which subpart E of the proposed rule will apply. First, the Board recognizes considerable uncertainty regarding the number of PPSIs that would be approved by the various Federal and State regulators with licensing authority under the GENIUS Act and would thereby become subject to the tying prohibition in section 4(a)(8) of the Act (12 U.S.C. 5903(a)(8)). Further, it is not possible to determine how many companies would obtain a unanimous

[230] Call Report Data, December 31, 2025.

[231] FR Y–9C Data, December 31, 2025; FR Y–9SP Data, December 31, 2025.

[232] FR Y–9C Data, December 31, 2025; FR Y–9SP Data, December 31, 2025.

[233] FFIEC 002 Data, December 31, 2025.

[234] FFIEC 002 Data, December 31, 2025.

[235] FR 2886b Data, December 31, 2025.

[236] FR Y–7Q Data, December 31, 2025.

[237] *See supra* n. 219.

vote of the Stablecoin Certification Review Committee under section 4(a)(12) of the GENIUS Act and therefore be subject, together with certain of the company's subsidiaries and affiliates, to subpart E of the proposed rule. The Board is not aware of any method of determining the identity, industry, or size of the parties that would be subject to subpart E of the proposed rule. As stated above, the Board expects that the initial adopters of this technology will likely be larger institutions with the compliance infrastructure and capital necessary to support payment stablecoin issuance.

4. Consideration of Duplicative, Overlapping, or Conflicting Rules and Significant Alternatives to the Proposal

The Board is aware of no other federal rules that duplicate, overlap, or conflict with the proposal. While other Federal and State regulators are required to adopt similar rules, each set of rules would apply to a different and defined scope of institutions. The GENIUS Act requires the Board to issue the rules described above. The Board is seeking comment on certain potential alternative approaches to discrete aspects of the final rule, as discussed elsewhere in this **SUPPLEMENTARY INFORMATION**, that would not significantly change the estimated economic impact of the proposed rule. Subpart B implements an entirely new regulatory framework that could have significant economic impact on any small Board-supervised PPSIs, and the alternatives would not materially minimize such impact. Similarly, other sections are not expected to have a significant impact on covered firms, and the alternatives considered would not meaningfully affect the impact on any small entities.

5. Conclusion

Based on its analysis and for the reasons stated above, the Board believes that the proposed rule is unlikely to have a significant economic impact on a substantial number of small entities. The Board welcomes comment on all aspects of its analysis. In particular, the Board requests that commenters describe the nature of any impact on small entities and provide empirical data to illustrate and support the extent of the impact. Additionally, the Board requests that commenters describe the number of small entities under the RFA and the impact on small entities.

C. Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (RCDRIA) (12 U.S.C. 4802(a)), in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, each Federal banking agency must consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on depository institutions, including small depository institutions and customers of depository institutions, as well as the benefits of such regulations. In addition, section 302(b) of the RCDRIA (12 U.S.C. 4802(b)) requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on insured depository institutions generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form. The Board requests comment on any administrative burdens that the proposed rule would place on depository institutions, including small depository institutions, and their customers, and the benefits of the proposed rule that the agencies should consider in determining the effective date and administrative compliance requirements for a final rule.

D. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)), requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note).

The Board of Governors of the Federal Reserve System (Board) proposes to issue regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) with respect to Board-supervised permitted payment stablecoin issuers (PPSIs) and certain other entities that are subject to the Board's jurisdiction. In addition, the Board proposes to issue regulations to implement the prohibition on tying in section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)), which is applicable generally to all PPSIs.

The proposal and the required summary can be found at *https://www.regulations.gov* and *https://www.federalreserve.gov/apps/proposals/*.

E. Solicitation of Comments and Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act [238] requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Board has sought to present the proposed rule in a simple and straightforward manner and invites comment on the use of plain language. For example:

- Has the Board organized the material to suit your needs? If not, how could they present the proposed rule more clearly?
- Are the requirements in the proposed rule clearly stated? If not, how could the proposed rule be more clearly stated?
- Does the proposed regulation contain technical language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the proposed regulation easier to understand? If so, what changes would achieve that?
- Would more, but shorter, sections be better? If so, which sections should be changed?
- What other changes can the Board incorporate to make the proposed regulation easier to understand?

List of Subjects

12 CFR Part 208

Administrative practice and procedure, Banks, Banking, Federal Reserve System, Investments, Reporting and recordkeeping requirements, Securities, State member banks.

12 CFR Part 211

Exports, Federal Reserve System, Foreign banking, Investments, Reporting and recordkeeping requirements.

12 CFR Part 217

Administrative practice and procedure, Banks, Banking, Capital, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Risk, Securities.

12 CFR Part 225

Administrative practice and procedure, Banks, Banking, Federal Reserve System, Holding companies, Investments, Reporting and recordkeeping requirements, Securities.

[238] Public Law 106–102, sec. 722, 113 Stat. 1338, 1471 (1999), 12 U.S.C. 4809.

12 CFR Part 247

Administrative practice and procedure; Banks, banking; Federal Reserve System; Stablecoins, Stablecoin Issuers.

12 CFR Part 263

Administrative practice and procedure, Federal Reserve System, Investigations.

For the reasons set out in the preamble, the Board proposes to amend 12 CFR chapter II as follows:

PART 208—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (REGULATION H)

■ 1. The authority citation for part 208 is revised to read as follows:

Authority: 12 U.S.C. 24, 36, 92a, 93a, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1816, 1817(a)(3), 1817(a)(12), 1818, 1820(d)(9), 1833(j), 1828(o), 1831, 1831o, 1831p–1, 1831r–1, 1831w, 1831x, 1835a, 1882, 2901–2907, 3105, 3310, 3331–3351, 3905–3909, 5371, 5371 note, and 5901 *et seq.;* 15 U.S.C. 78b, 78I(b), 78l(i), 780–4(c)(5), 78q, 78q–1, 78w, 1681s, 1681w, 6801, and 6805; 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

■ 2. Add § 208.113 to read as follows:

§ 208.113 Payment stablecoin activities and investments.

(a) Section 16(b) of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (12 U.S.C. 5915(b)) provides that entities regulated by the Board are authorized to engage in the payment stablecoin activities and investments contemplated by the GENIUS Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions. Additionally, section 16(b) of the GENIUS Act requires the Board to review all existing guidance and regulations, and if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments. This section sets out such clarifications with respect to State member banks.

(b) *Controlling investments in permitted payment stablecoin issuers (PPSIs).* An insured State member bank may own the equity securities of a Board-supervised PPSI, as that term is defined in § 247.2 of this title, provided that the insured State member bank (i) has a controlling interest in such Board-supervised PPSI and (ii) has received the prior approval of the Board for a subsidiary to issue payment stablecoins pursuant to part 247, subpart D of this title.

(c) *Uninsured State member banks and payment stablecoin issuance.* If an uninsured State member bank is also a State-qualified PPSI, as that term is defined in § 247.2 of this title, the entity would be subject to supervision, regulation, and enforcement (i) by the State payment stablecoin regulator, as that term is defined in § 247.2 of this title, and the Board pursuant to part 247, subpart F of this title, under the provisions of the GENIUS Act and its implementing regulations, and, as applicable, the relevant State regulatory framework for State-qualified PPSIs, and (ii) by the Board pursuant to the provisions of the Federal Reserve Act and any other laws and regulations applicable to State member banks.

(d) *Additional digital asset-related activities.* A State member bank may, in connection with the payment stablecoin activities and investments contemplated by the GENIUS Act (12 U.S.C. 5901 *et seq.*) or other permissible activities and investments:

(1) Act as principal or agent with respect to any payment stablecoin, as that term is defined in 12 U.S.C. 5901(22);

(2) Pay fees to facilitate customer transactions;

(3) Pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms; and

(4) Hold as principal non-payment stablecoin digital assets, as that term is defined in 12 U.S.C. 5901(6), necessary to conduct the activities described in (ii) or (iii), provided that such principal holdings shall not exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities.

PART 211—INTERNATIONAL BANKING OPERATIONS (REGULATION K)

■ 3. The authority citation for part 211 is revised to read as follows:

Authority: 12 U.S.C. 221 *et seq.,* 1818, 1835a, 1841 *et seq.,* 3101 *et seq.,* 3901 *et seq.,* 5101 *et seq.,* and 5901 *et seq.;* 15 U.S.C. 1681s, 1681w, 6801 and 6805.

■ 4. Add § 211.10(a)(20) to read as follows:

§ 211.10 Permissible activities abroad.

(a) * * *

(20) *Certain digital asset-related activities.* In connection with the payment stablecoin activities and investments contemplated by the GENIUS Act (12 U.S.C. 5901 *et seq.*) or other permissible activities and investments:

(i) Acting as principal or agent with respect to any payment stablecoin, as that term is defined in 12 U.S.C. 5901(22);

(ii) Paying fees to facilitate customer transactions;

(iii) Paying fees and undertaking other activities as necessary to conduct testing on distributed ledger-based platforms; and

(iv) Holding as principal non-payment stablecoin digital assets, as that term is defined in 12 U.S.C. 5901(6), necessary to conduct the activities described in (ii) or (iii) of this subparagraph, provided that such principal holdings shall not exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities.

* * * * *

■ 5. Add § 211.606 to read as follows:

§ 211.606 Payment stablecoin-related activities.

(a) Section 16(b) of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (12 U.S.C. 5915(b)) provides that entities regulated by the Board are authorized to engage in the payment stablecoin activities and investments contemplated by the GENIUS Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions. Additionally, section 16(b) of the GENIUS Act requires the Board to review all existing guidance and regulations, and if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments. This section sets out such clarifications with respect to uninsured State branches or State agencies of a foreign bank.

(b) *Digital asset-related activities.* Uninsured State branches and State agencies of foreign banks may, in connection with the payment stablecoin activities and investments contemplated by the GENIUS Act (12 U.S.C. 5901 *et seq.*) or other permissible activities and investments:

(1) Act as principal or agent with respect to any payment stablecoin, as that term is defined in 12 U.S.C. 5901(22);

(2) Pay fees to facilitate customer transactions;

(3) Pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms; and

(4) Hold as principal non-payment stablecoin digital assets, as that term is defined in 12 U.S.C. 5901(6), necessary to conduct the activities described in (ii) or (iii) of this subparagraph, provided that such principal holdings shall not

exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities.

PART 217—CAPITAL ADEQUACY STANDARDS

■ 6. The authority citation for part 217 continues to read as follows:

Authority: 12 U.S.C. 248(a), 321–338a, 481–486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p–1, 1831w, 1835, 1844(b), 1851, 3904, 3906–3909, 4808, 5365, 5368, 5371, 5371 note, 5903, and sec. 4012, Pub. L. 116–136, 134 Stat. 281.

■ 7. In § 217.2, add, in alphabetical order, the definition of ''Permitted payment stablecoin issuer (PPSI)'' to read as follows:

§ 217.2 Definitions.

* * * * *

Permitted payment stablecoin issuer (PPSI) is defined in § 247.2 of this title.

* * * * *

■ 8. Amend § 217.22 by adding a new paragraph (a)(8) to read as follows:

§ 217.22 Regulatory capital adjustments and deductions.

(a) * * *

(8) *Permitted payment stablecoin issuers (PPSIs).* With respect to a Board-regulated institution that consolidates a PPSI under GAAP:

(i) The Board-regulated institution must deconsolidate the PPSI from the Board-regulated institution's balance sheet for purposes of its regulatory capital ratios.

(ii) The Board-regulated institution must deduct from the Board-regulated institution's common equity tier 1 capital a dollar amount equal to the total capital the PPSI is required to hold pursuant to capital requirements imposed on such PPSI by its primary Federal payment stablecoin regulator, as that term is defined in 12 U.S.C. 5901(25), or State payment stablecoin regulator, as that term is defined in 12 U.S.C. 5901(30).

(iii) The Board-regulated institution must exclude any investment in (to the extent not deducted under paragraph (a)(8)(i) of this section) and receivable from the PPSI when calculating standardized total risk-weighted assets, advanced approaches risk-weighted assets, average total consolidated assets, total consolidated assets, and total leverage exposure, as applicable.

* * * * *

PART 225—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y)

■ 9. The authority citation for part 225 is revised to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p–1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3310, 3331–3351, 3354, 3906, 3907, 3909, 5915(b); 15 U.S.C. 1681s, 1681w, 6801 and 6805.

■ 10. Add § 225.146 to read as follows:

§ 225.146 Payment stablecoin-related activities and investments.

(a) Section 16(b) of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (12 U.S.C. 5915(b)) provides that entities regulated by the Board are authorized to engage in the payment stablecoin activities and investments contemplated by the GENIUS Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions. Additionally, section 16(b) of the GENIUS Act requires the Board to review all existing guidance and regulations, and if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments. This section sets out such clarifications with respect to bank holding companies.

(b) *Controlling investments in certain permitted payment stablecoin issuers (PPSIs).*—(1) A bank holding company may, directly or indirectly, own the equity securities of a PPSI, as that term is defined in § 247.2 of this title, without the prior approval of the Board, provided that:

(i) The bank holding company indirectly owns the equity securities of a PPSI that is controlled by the bank holding company's subsidiary insured depository institution and such insured depository institution has received the prior approval of the appropriate Federal banking agency, as that term is defined in 12 U.S.C. 1813, under section 5 of the GENIUS Act (12 U.S.C. 5904); or

(ii) The bank holding company controls (within the meaning of 12 CFR 225.2) a PPSI, other than a PPSI described in paragraph (b)(1)(i) of this section, the securities of which are of the kinds and amounts explicitly eligible by Federal statute for investment by a national bank in reliance on section 4(c)(5) of the Bank Holding Company Act (12 U.S.C. 1843(c)(5)) and the Board's Regulation Y (12 CFR 225.22(d)(4)).

(2) A PPSI controlled by a bank holding company would, as a subsidiary of such bank holding company, be subject to supervision, regulation, and enforcement (i) by its primary Federal or State payment stablecoin regulator under the provisions of the GENIUS Act and its implementing regulations, and (ii) by the Board under the applicable provisions of the Bank Holding Company Act and other laws and regulations applicable to bank holding companies.

(c) *Additional digital asset-related activities.* A bank holding company may, in connection with the payment stablecoin activities and investments contemplated by the GENIUS Act (12 U.S.C. 5901 *et seq.*) or other permissible activities and investments:

(1) Act as principal or agent with respect to any payment stablecoin, as that term is defined in 12 U.S.C. 5901(22);

(2) Pay fees to facilitate customer transactions;

(3) Pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms; and

(4) Hold as principal non-payment stablecoin digital assets, as that term is defined in 12 U.S.C. 5901(6), necessary to conduct the activities described in (ii) or (iii) of this subparagraph, provided that such principal holdings shall not exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities.

■ 11. Add part 247 to read as follows:

PART 247—STABLECOINS (REGULATION UU)

Subpart A—Authority, Purpose, Scope, Definitions, and Severability

Subpart B—Rules Applicable to Board-Supervised Permitted Payment Stablecoin Issuers.

Subpart C—Custody

Authority: 12 U.S.C. 248, 321–339a, 483, 602, 1818, 1828, 1831o, 1831p–1, 3901 et. seq., and 5901 et. seq.

Subpart A—Purpose, Scope, Definitions, and Severability

§ 247.1 Authority, purpose, and scope.

(a) *Authority and purpose.* This part is issued pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (12 U.S.C. 5901 *et seq.*) to implement the Board's regulatory responsibilities under the GENIUS Act.

(b) *Scope.* This part applies to Board-supervised PPSIs and certain other persons. Specifically:

(1) subpart B of this part implements certain provisions of section 4 of the GENIUS Act (12 U.S.C. 5903), which requires the Board to issue regulations applicable to Board-supervised PPSIs;

(2) subpart C of this part implements section 10 of the GENIUS Act (12 U.S.C. 5909), which imposes requirements on Board-supervised persons seeking to provide custodial or safekeeping services for payment stablecoin reserves, payment stablecoins used as collateral, or the private keys used to issue payment stablecoins;

(3) subpart D of this part implements section 5 of the GENIUS Act (12 U.S.C. 5904), which requires the Board to establish applications procedures applicable to insured State member banks seeking approval for a subsidiary to issue payment stablecoins;

(4) subpart E of this part implements section 4(a)(8) of the GENIUS Act (12 U.S.C. 5903(a)(8)), which imposes a tying prohibition on all PPSIs, and applies that tying prohibition in a manner consistent with section 4(a)(12)(B)(i)(III) (12 U.S.C. 5903(a)(12)(B)(i)(III)) to certain companies unanimously approved by the Stablecoin Certification Review Committee under section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12); and

(5) subpart F of this part implements rules pertaining to State-qualified PPSIs—specifically, the Board's backup-enforcement authority during unusual and exigent circumstances under section 7(e) of the GENIUS Act (12 U.S.C. 5906(e)) and the transition and waiver process for uninsured State-chartered depository institutions under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)).

§ 247.2 Definitions.

For purposes of this part, the following definitions apply:

Affiliate means a person that controls, is controlled by, or is under common control with another person.

Bank Secrecy Act means:

(1) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(2) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and

(3) subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*).

Board means the Board of Governors of the Federal Reserve System.

Board of directors means an entity's board of directors or the group of individuals that serve the nearest equivalent function of acting as the governing body of the entity.

Board-supervised PPSI means a permitted payment stablecoin issuer supervised and regulated by the Board pursuant to the GENIUS Act (12 U.S.C. 5901 *et seq.*).

Control. A person controls another person if:

(1) the person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person;

(2) the person controls in any manner the election of a majority of the directors or trustees of the other person; or

(3) the Board determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person.

Covered shareholder means a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold the power to vote 25 percent or more of any class of voting securities of an entity; who controls in any manner the election of a majority of the entity's board of directors; or that the Board determines has the power, directly or indirectly, to exercise a controlling influence over the management or policies of an entity. A person is presumed to exercise a controlling influence over the management or policies of an entity if such person, directly or indirectly or acting in concert with one or more persons, together with members of their immediate family, will own, control, or hold the power to vote 10 percent or more of any class of voting securities of an entity.

Customer means a person that purchases (through any consideration) the products or services of another person.

Deposit means ''deposit'' as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(*l*)).

Deposit liability means the liability issued by an insured depository institution (including an insured credit union) to a depositor (or member) in respect of any amount standing to the credit of a deposit account (or share account), which is a liability to a depositor (or member) from the perspective of the insured depository institution.

Depository institution means

(1) a depository institution as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)); or

(2) a credit union.

Digital asset has the same meaning as in section 2(6) of the GENIUS Act (12 U.S.C. 5901(6)).

Director means an individual who serves on the board of directors of an entity, except an advisory director who:

(1) is not elected by the shareholders of the entity;

(2) does not have the authority to vote on matters before the board of directors or any committee of the board of directors; and

(3) and provides solely general policy advice to the board of directors or any committee.

Distributed ledger means technology in which:

(1) data is shared across a network that creates a public digital ledger of verified transactions or information among network participants; and

(2) cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

Eligible deposit claim means:

(1) the insured or uninsured claim of a PPSI against an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution) other than an insured credit union in respect of any amount standing to the credit of a deposit account and payable on demand, which is an asset from the

perspective of the depositor, including a Board-supervised PPSI; and

(2) the insured claim of a PPSI against an insured credit union in respect of any amount standing to the credit of a share account, which is an asset from the perspective of the accountholder, including a Board-supervised PPSI.

Fair value means fair value as determined under GAAP.

FDIC means the Federal Deposit Insurance Corporation.

GAAP means generally accepted accounting principles as used in the United States.

GDP growth adjustment means the most recent annual scalar published by the Board equal to the greater of:

(1) the ratio of:

(i) the average of nominal United States gross domestic product in the three calendar years prior to publication of the scalar, as reflected by the most current estimates published by the Bureau of Economic Analysis on or before September 30th of the year of the publication of the scalar, or a comparable value; to

(ii) the average of nominal United States gross domestic product in the three calendar years prior to [the effective date of a final rule], as reflected by the most current estimates published by the Bureau of Economic Analysis; or

(2) the GDP growth adjustment published by the Board the prior calendar year.

Immediate family means the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) residing in the individual's home.

Insider means a covered shareholder, an executive officer, a director, or a related interest of or the immediate family of any of these persons.

Institution-affiliated party has the same meaning as in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)).

Insured depository institution means

(1) an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)); and

(2) an insured credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

Insured State member bank means a State member bank, the deposits of which are insured by the FDIC.

Monetary value has the same meaning as in section 2(17) of the GENIUS Act (12 U.S.C. 5901(17)).

Money means

(1) monetary value; and

(2) any other medium of exchange that the Board has determined is currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.

Nonpublic personal information, as used in this part:

(1) means information—

(i) provided by a customer to a Board-supervised permitted payment stablecoin issuer to obtain a financial product or service;

(ii) about a customer resulting from any transaction involving a financial product or service between the Board-supervised permitted payment stablecoin issuer and a customer; or

(iii) otherwise obtained by the Board-supervised permitted payment stablecoin issuer in connection with providing a financial product or service to a customer; and

(2) does not include publicly available information, unless such publicly available information, when combined with other information, would reveal the identity of a customer or would enable access to the customer's account.

OCC means the Office of the Comptroller of the Currency.

Officer means the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term includes any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation. The term also includes any other person identified by the Board or appropriate Federal Reserve Bank, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the entity.

Outstanding issuance value means the total consolidated par value of all of a permitted payment stablecoin issuer's outstanding payment stablecoins.

Payment stablecoin has the same meaning as section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)).

Permitted payment stablecoin issuer or *PPSI* has the same meaning as in section 2(23) of the GENIUS Act (12 U.S.C. 5901(23)).

Person has the same meaning as in section 2(24) of the GENIUS Act (12 U.S.C. 5901(24)).

Primary Federal stablecoin regulator has the same meaning as in section 2(25) of the GENIUS Act (12 U.S.C. 5901(25)).

Principal shareholder means a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold the power to vote 10 percent or more of any class of voting securities of an entity; or any person that the Board determines has the power, directly or indirectly, to exercise a controlling influence over the management or policies of an entity.

Private key means the unique alphanumeric sequence that allows an individual to transfer a particular unit of a digital asset using a distributed ledger.

Publicly available information means any information that a person has a reasonable basis to believe is lawfully made available to the general public from:

(1) Federal, State, or local government records;

(2) widely distributed media;

(3) disclosures to the general public that are required to be made by Federal, State, or local law; or

(4) a distributed ledger.

Registered public accounting firm has the meaning set forth in section 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(12)).

Related interest has the same meaning as in 12 CFR 215.2.

Reserve asset means an asset maintained by a permitted payment stablecoin issuer of a type enumerated in § 247.11(b).

Stablecoin Certification Review Committee has the meaning set forth in section 2(27) of the GENIUS Act (12 U.S.C. 5901(27)).

State has the same meaning as in section 2(28) of the GENIUS Act (12 U.S.C. 5901(28)).

State-chartered depository institution has the meaning given the term ''State depository institution'' in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(5)).

State member bank means a State-chartered bank that has been approved for membership in the Federal Reserve System.

State payment stablecoin regulator has the meaning set forth in section 2(30) of the GENIUS Act (12 U.S.C. 5901(30)).

State-qualified payment stablecoin issuer or State-qualified PPSI has the meaning set forth in section 2(31) of the GENIUS Act (12 U.S.C. 5901(31)).

Subsidiary has the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(4)).

Trading volume means the aggregate number of payment stablecoins issued by a permitted payment stablecoin issuer that were purchased or sold on exchanges during a specified period of time.

Voting securities has the same meaning as in § 225.2 of this title.

§ 247.3 Severability.

The provisions of this part are separate and severable from one another. If any provision is stayed or determined to be invalid, it is the Board's intention that the remaining provisions shall continue in effect.

§§ 247.4–247.9 [Reserved]

Subpart B—Rules Applicable to Board-Supervised Permitted Payment Stablecoin Issuers

§ 247.10 Permissible and prohibited activities.

(a) *Permitted activities.* A Board-supervised PPSI may only:

(1) issue payment stablecoins;

(2) redeem payment stablecoins;

(3) manage reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with applicable State and Federal law;

(4) provide custodial or safekeeping services for payment stablecoins, required reserves, or private keys of payment stablecoins, consistent with subpart C of this part;

(5) assess fees associated with purchasing or redeeming payment stablecoins;

(6) in connection with the payment stablecoin activities and investments contemplated by the GENIUS Act:

(i) act as principal or agent with respect to any payment stablecoin;

(ii) pay fees to facilitate customer transactions;

(iii) pay fees and undertake other activities as necessary to conduct testing on distributed ledger-based platforms;

(iv) hold as principal non-payment stablecoin digital assets, as that term is defined in 12 U.S.C. 5901(6), necessary to conduct the activities described in (ii) or (iii) of this subparagraph, provided that such principal holdings shall not exceed quantities reasonably expected to be necessary to meet near-term demand for the conduct of such activities; and

(7) undertake any other activities that directly support any of the activities described in paragraphs (a)(1) through (4) of this section.

(b) *Rule of construction.* A Board-supervised PPSI may conduct an activity that is not listed in paragraph (a) of this section only if (i) the proposed activity is (A) incidental to the activities specified in paragraphs (a)(1) through (4) and (a)(7) of this section, or (B) is a digital asset service provider activity specified in section 2(7)(A) of the Act (12 U.S.C. 5901(7)(A)) or an activity incidental thereto; (ii) the activity is permissible under applicable State and Federal laws; (iii) the activity is expressly authorized by the Board; and (iv) the claims of payment stablecoin holders rank senior to any potential claims of non-stablecoin creditors with respect to the reserve assets, consistent with section 11 of the GENIUS Act.

(c) *Prohibitions.*—(1) *Prohibition on the use of deceptive names.* A Board-supervised PPSI must not use a deceptive name by using any combination of terms relating to the United States Government, including ''United States,'' ''United States Government,'' and ''USG,'' in the name of the payment stablecoin. This prohibition does not apply to abbreviations relating directly to the currency to which the payment stablecoin is pegged, such as ''USD.''

(2) *Prohibition on deceptive marketing.* A Board-supervised PPSI must not market a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be:

(i) legal tender as described in 31 U.S.C. 5103;

(ii) issued by the United States; or

(iii) guaranteed or approved by the Government of the United States.

(3) *Prohibition on deceptive representations.* A Board-supervised PPSI must not directly or through implication represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States Government, or subject to Federal deposit insurance or Federal share insurance.

(4) *Prohibition on remuneration.* A Board-supervised PPSI must not pay the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

(i) The Board presumes that a Board-supervised PPSI is paying interest or yield (whether in cash, tokens, or other consideration) to the holder of a payment stablecoin solely in connection with the holding, use, or retention of such payment stablecoin if:

(A) the Board-supervised PPSI has a contract, agreement, or other arrangement with an affiliate of the Board-supervised PPSI or related third party to pay interest or yield to the affiliate or related third party; and

(B) the affiliate or related third party identified in paragraph (c)(4)(i)(A) of this section or, if the person is a related third party, an affiliate of such related third party, has a contract, agreement, or other arrangement to pay interest or yield (whether in cash, tokens, or other consideration) to a holder of any payment stablecoin issued by the Board-supervised PPSI solely in connection with the holding, use, or retention of such payment stablecoin.

(C) To the extent the person, or an affiliate of the person, identified in paragraph (c)(4)(i)(A) of this section is a related third party of the Board-supervised PPSI because the Board-supervised PPSI issues payment stablecoins on the related third party's behalf or under the related third party's branding, the arrangement identified in paragraph (c)(4)(i)(B) of this section considers the holder of the payment stablecoin to be the holder of a payment stablecoin issued by the Board-supervised PPSI on the related third party's behalf or under the related third party's branding.

(ii) For purposes of paragraph (c)(4)(i) of this section, a related third party means:

(A) a person offering to pay interest or yield to payment stablecoin holders as a service; and

(B) any person that the Board-supervised PPSI issues payment stablecoins on the person's behalf or under the person's branding.

(iii) A Board-supervised PPSI may rebut the presumption in paragraph (c)(4)(i) of this section by submitting written materials that, in the Board's judgment, demonstrate that the contract, agreement, or other arrangement is not prohibited under paragraph (c)(4) of this section and is not an attempt to evade the prohibition.

(5) *Prohibition on rehypothecation.* With the exception of reserve assets permitted under § 247.11(b)(4) or (5), a Board-supervised PPSI must not pledge, rehypothecate, or reuse any assets held as reserves under § 247.11(a)(1) either directly or indirectly (*e.g.,* through a third-party custodian of the reserve assets) except for the purpose of:

(i) satisfying margin obligations in connection with investments in permitted reserves under § 247.11(b)(4) or (5);

(ii) satisfying obligations associated with the use, receipt, or provision of standard custodial services; or

(iii) creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills may be sold as purchased securities in repurchase agreements with a maturity of 93 days or less, provided that either:

(A) the repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or

(B) the Board-supervised PPSI receives prior approval from the Board.

(6) *Prohibition on evasive activity.* A Board-supervised PPSI must not engage in any activity that the Board determines is an evasion of the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) or its implementing regulations.

§ 247.11 Reserve assets.

(a) *Reserve requirement.* A Board-supervised PPSI must:

(1) maintain reserve assets that:

(i) are identifiable;

(ii) are segregated from, are not commingled with other assets owned or held by the Board-supervised PPSI, and are not available to satisfy the claims of any creditor (other than through the redemption of payment stablecoins) unless and until all payment stablecoins have been redeemed at par;

(iii) at all times have a total fair value that equals or exceeds the outstanding issuance value of the Board-supervised PPSI; and

(iv) are held:

(A) in custody by a person that is eligible to provide such services under, and is in compliance with, the provisions in section 10 of the GENIUS Act (12 U.S.C. 5909) and any applicable implementing regulations;

(B) as an eligible deposit claim;

(C) as money standing to the credit of an account at a Federal Reserve Bank; or

(D) by the Board-supervised PPSI;

(2) record the fair value of reserve assets required under paragraph (a)(1) of this section at a minimum of once each calendar day at 5:00 p.m. in the time zone of the Board-supervised PPSI's appropriate Federal Reserve Bank;

(3) demonstrate the operational capability to access and monetize the identifiable reserve assets, commensurate with the Board-supervised PPSI's risk profile and business model; and

(4) withdraw excess reserve assets only once per month (upon the publication of the composition report required by paragraph (d) of this section) and only when the total fair value of all reserve assets exceeds outstanding issuance value. A Board-supervised PPSI may withdraw any excess reserve assets, calculated and reported as of the last day of the previous month, after the information in the month-end report is examined and certified pursuant to paragraph (e) of this section, provided that a Board-supervised PPSI may not withdraw any reserve assets if the withdrawal would cause the current fair value of reserve assets to fall below the current outstanding issuance value, calculated as of the day of withdrawal.

(b) *Permissible reserve assets.* The reserve assets required under paragraph (a)(1) of this section must comprise exclusively:

(1) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank;

(2) eligible deposit claims subject to any limitation established by the FDIC and the National Credit Union Administration, as applicable, pursuant to section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)) to address safety and soundness risks of such insured depository institution;

(3) Treasury bills, Treasury notes, or Treasury bonds with a remaining maturity of 93 days or less;

(4) money received under repurchase agreements, with the Board-supervised PPSI acting as a seller of securities and with a no longer than overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;

(5) reverse repurchase agreements, with the Board-supervised PPSI acting as a purchaser of securities and with a no longer than overnight maturity, that are collateralized by Treasury bills, Treasury notes, Treasury bonds on a no longer than overnight basis, subject to overcollateralization in line with standard market terms, that are:

(i) tri-party;

(ii) centrally cleared through a clearing agency registered with the Securities and Exchange Commission; or

(iii) bilateral with a counterparty that the Board-supervised PPSI has determined to be adequately creditworthy even in the event of severe market stress;

(6) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in paragraphs (b)(1) through (5) of this section;

(7) any other similarly liquid Federal government-issued asset approved by the Board, in consultation with the State payment stablecoin regulator, if applicable, of the Board-supervised PPSI. In determining whether a potential reserve asset qualifies as "any other similarly liquid Federal government-issued asset," the Board will consider the following factors, among others, with respect to assets issued by the Federal government (and not assets that are merely guaranteed by or are otherwise obligations of the Federal government):

(i) the asset has liquidity characteristics, including during times of stress, comparable to the other reserve assets allowed under paragraph (b);

(ii) Board-supervised PPSIs will be operationally capable of monetizing the asset to meet redemption requests, including sudden and high-volume requests;

(iii) the asset poses levels of risk comparable to those of the assets allowed under this paragraph (b) including interest rate risk and counterparty credit risk; and

(iv) whether the asset introduces additional risks that may be difficult for Board-supervised PPSIs to manage; or

(8) any reserve described in paragraphs (b)(1) through (3) of this section or paragraph (b)(6) or (7) of this section in tokenized form, provided that such tokenized asset (i) confers legal rights that are identical to those of the non-tokenized form of the same asset, and (ii) is in compliance with all applicable laws and regulations.

(c) *Reserve asset diversification and concentration.* A Board-supervised PPSI must maintain reserve assets that are sufficiently diverse to ensure that it can comply with the one-to-one requirement at all times, including under stress. Among other actions, a Board-supervised PPSI must manage concentration risks from:

(1) uninsured eligible deposit claims against one or a small number of insured depository institutions, including any foreign branches or agents (including correspondent banks) of an insured depository institution; and

(2) reverse repurchase transaction exposures to one or a small number of counterparties and their affiliates, excluding designated financial market utilities.

(d) *Composition report.* By noon on the last day of each month, a Board-supervised PPSI must publish the monthly composition of the Board-supervised PPSI's reserves held pursuant to the GENIUS Act as of noon on the last day of the previous month on the website of the Board-supervised PPSI, using a format substantially similar to the template provided in table 1 to this paragraph (d) of this section, containing:

(1) the total number of outstanding payment stablecoins issued by the Board-supervised PPSI; and

(2) the amount and composition of the reserves described in paragraph (a)(1) of this section, including the average tenor and geographic location of custody of each category of reserve instruments.

TABLE 1 TO § 247.11(d)—MONTHLY COMPOSITION TEMPLATE

As of YYYY/MM/DD in thousands of U.S. dollars	Amount	Geographic location	Average tenor
Number of Outstanding Payment Stablecoins			
1.[1]			
2.			
3.			
4. Total Outstanding Payment Stablecoins.			
Fair Value of Reserve Assets			
5. United States coin and currency, or money standing to the credit of a Federal Reserve Bank account.			
6. Eligible deposit claims:			
7. Insured eligible deposit claims.			
8. Uninsured eligible deposit claims.			
9. Treasury bills, Treasury notes, or Treasury bonds.			
10. Other similarly liquid Federal government-issued assets approved by Board.			
11. Money received under repurchase agreements.			
12. Reverse repurchase agreements.			
13. Securities issued by an investment company solely invested in qualifying reserve assets.			
14. Reserves in tokenized form.[2]			
15. Total Reserve Assets.[3]			
16. Outstanding repurchase agreement liabilities.			
17. Total Reserve Assets Net of Outstanding Repurchase Agreement Liabilities.			

[1] List different classes of payment stablecoin separately, if applicable. To the extent that different classes of payment stablecoins are secured by distinct pools of reserve assets, Board-supervised PPSIs should publish a composition table for each class of payment stablecoin and describe the legal mechanism for how the assets are separately secured.
[2] Board-supervised PPSIs must separately list any reserves in tokenized form by category of reserve asset, using multiple rows if appropriate.
[3] Do not double count any reserve assets that may be listed in more than one row for purposes of computing the total.

(e) *Monthly certification; examination of reports by registered public accounting firm.*—(1) The report required under paragraph (d) of this section must have been examined by a registered public accounting firm prior to publication. The registered public accounting firm's examination report must be published on the website of the Board-supervised PPSI at the same time as the month-end report required under paragraph (d) of this section.

(2) *Certification.* The Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of a Board-supervised PPSI must submit a certification as to the accuracy of each monthly report required under paragraph (d) of this section to the Board.

(f) *Failure to meet the one-to-one requirement.*—(1) If, at any time, a Board-supervised PPSI fails to satisfy the requirement in paragraph (a)(1)(iii) of this section, the Board-supervised PPSI must, within 24 hours of such a failure, submit:

(i) notification to the Board through its appropriate Federal Reserve Bank of such failure; and

(ii) a plan describing how the Board-supervised PPSI will return to compliance with such requirement.

(A) The Board reserves discretion to require the Board-supervised PPSI to modify the plan under paragraph (f)(1)(ii) of this section as appropriate in light of circumstances surrounding the shortfall.

(2) *Automatic liquidation and prohibition on fees.* By no later than 5:00 p.m. in the time zone of the Board-supervised PPSI's appropriate Federal Reserve Bank on the business day following the deadline for submission of a plan under paragraph (f)(1) of this section, the Board-supervised PPSI must:

(i) begin liquidating all of its reserve assets and redeeming outstanding payment stablecoins, consistent with § 247.12, unless either:

(A) the Board-supervised PPSI has returned to compliance with the minimum reserve asset requirement under paragraph (a)(1)(iii) of this section, or

(B) the Board directs the Board-supervised PPSI to proceed with the plan submitted under paragraph (f)(1)(ii) and as may be modified pursuant to paragraph (f)(1)(ii)(A) of this section;

(ii) not charge customers a fee to redeem their payment stablecoins at any time during the liquidation; and

(iii) not issue payment stablecoins at any time during the liquidation.

(g) *Failure to meet reserve asset requirements.*—If at any point the Board determines that a Board-supervised PPSI has not demonstrated that it meets the reserve asset requirements in paragraph (a), (b), or (c) of this section, the Board may require the Board-supervised PPSI to submit a plan describing how it will attain compliance, as well as the timeline for the plan. If the Board determines, either before or after the submission of a plan, that a Board-supervised PPSI faces a significant risk of being unable to attain compliance with the reserve requirements in paragraph (a), (b), or (c) of this section within a reasonable period, the Board may order the Board-supervised PPSI to redeem all of its outstanding payment stablecoins. The Board's authority to require a compliance plan or order redemption does not limit the Board's authority to pursue other measures, including enforcement actions, if appropriate.

§ 247.12 Redemption and fees.

(a) *Redemption policy.* A Board-supervised PPSI must publicly disclose its redemption policy and include, at a minimum, the following information:

(1) the timeframe in which the Board-supervised PPSI will redeem payment stablecoins and the timeframe under which the Board-supervised PPSI is required to redeem payment stablecoins under paragraph (b)(2) of this section;

(2) a statement explaining the limitation in paragraph (b)(3) of this section;

(3) a statement explaining the scenarios under subsections (c) and (d) of this section in which the redemption may take longer than the time period

provided for in paragraph (b)(2) of this section;

(4) a statement with clear instructions on how a customer can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin; and

(5) the minimum number of payment stablecoins, if any, that the Board-supervised PPSI will redeem, provided that the Board-supervised PPSI must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding.

(b) *Redemption policy requirements.* A Board-supervised PPSI's redemption policy must provide:

(1) clear and conspicuous procedures for timely redemption of outstanding payment stablecoins;

(2) that timely redemption may not exceed two business days following the date of the requested redemption; and

(3) that any discretionary limitations on timely redemptions may only be imposed by the Board or, in the case of a Board-supervised PPSI that is a State-qualified PPSI, by the Board or the State payment stablecoin regulator, as applicable.

(c) *Timeliness extended in certain scenarios.* The Board may, in its discretion, extend timely redemption described in paragraph (b)(2) of this section if the Board determines that the Board-supervised PPSI faces a threat to its safety and soundness or poses a threat to financial stability, or that such an extension is otherwise in the public interest.

(d) *Safe harbors for failing to timely redeem.* A Board-supervised PPSI shall not be deemed to have failed to timely redeem a payment stablecoin if the Board-supervised PPSI can demonstrate to the Board's satisfaction that: (i) additional time is (or was) needed to conduct customer identification and due diligence reviews in connection with legal requirements under the Bank Secrecy Act, sanctions, or federal anti-money laundering/countering the financing of terrorism laws or regulations; or (ii) the delay is (or was) outside of the Board-supervised PPSI's control. Reliance on either safe harbor under this paragraph is contingent on the Board-supervised PPSI demonstrating that it has made all reasonable efforts to resolve the delay in a timely manner.

(e) *Disclosures and fees associated with purchase and redemption.* A Board-supervised PPSI must:

(1) publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to customers, readily understandable by customers, and not mixed in with other information:

(i) the name of the Board-supervised PPSI that issues the payment stablecoin;

(ii) that the Board-supervised PPSI is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value;

(iii) the link to the monthly composition report of the relevant Board-supervised PPSI's reserves required under § 247.11(d); and

(iv) all fees associated with purchasing or redeeming payment stablecoins.

(2) update the disclosures in paragraph (e)(1)(iv) of this section if there are any changes in fees associated with purchasing or redeeming payment stablecoins and provide customers at least seven calendar days' prior notice of the change, including by securely delivering the notice to current customers for which the Board-supervised PPSI has contact information;

(3) publish the disclosures in paragraph (e)(1) of this section and any updates made in accordance with paragraph (e)(2) of this section on the Board-supervised PPSI's website; and

(4) include the disclosures in paragraph (e)(1) of this section and any updates made in accordance with paragraph (e)(2) of this section in any customer agreements that it provides.

§ 247.13 Risk management.

(a) *General operational and managerial standards.*—(1) *Internal controls and information systems.* A Board-supervised PPSI must have internal controls and information systems to support effective risk management that are tailored to the size and complexity of the Board-supervised PPSI and the nature, scope, and risk of its activities. The internal controls and information systems must provide for:

(i) an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies;

(ii) effective risk assessment;

(iii) timely and accurate financial, operational, and regulatory reporting, including with respect to the reports required under this part;

(iv) adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and

(v) compliance with applicable laws and regulations.

(2) *Internal audit system.* A Board-supervised PPSI must have an internal audit system that is tailored to the size and complexity of the Board-supervised PPSI and the nature, scope, and risk of its activities and that provides for:

(i) adequate monitoring of the system of internal controls through an internal audit function, or for a Board-supervised PPSI whose size, complexity, or scope of operations does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls;

(ii) independence and objectivity;

(iii) qualified persons responsible for the audit function;

(iv) adequate independent testing and review of internal controls and information systems, and verification of published information available to customers, calculations for required reserves, and regulatory filings;

(v) adequate documentation of tests and findings and any corrective actions;

(vi) verification and review of management actions to address deficiencies; and

(vii) review by the Board-supervised PPSI's audit committee or board of directors of the effectiveness of the internal audit system.

(3) *Asset growth.* A Board-supervised PPSI's asset growth must be prudent and commensurate with a Board-supervised PPSI's risk management capabilities, operational capacity, and staffing.

(4) *Earnings.* A Board-supervised PPSI must evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels required by §§ 247.15 through 247.18.

(5) *Oversight of third-party relationships.* A Board-supervised PPSI must:

(i) exercise appropriate due diligence in its third party relationships;

(ii) require its service providers by contract to implement appropriate measures designed to satisfy the applicable requirements under this part; and

(iii) as appropriate, monitor its third-party relationships, including by reviewing audits, summaries of test results, or other equivalent evaluations.

(6) *Interest rate exposure.* A Board-supervised PPSI must:

(i) manage interest rate risk in a manner that is appropriate to the size and complexity of the Board-supervised PPSI and the complexity of its assets and liabilities; and

(ii) provide periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk.

(7) *Insider and affiliate transactions.* A Board-supervised PPSI shall ensure that transactions between the Board-supervised PPSI and its insiders or affiliates (other than, for a Board-supervised PPSI that is a subsidiary of an insured State member bank, such insured State member bank):

(i) do not pose a significant risk of material financial loss; and

(ii) either:

(A) are conducted on terms that are the same or at least as favorable to the Board-supervised PPSI as those prevailing at the time for comparable transactions with or involving non-insiders or non-affiliates; or

(B) in the absence of comparable transactions, are offered on terms and under circumstances that, in good faith, would be offered to or would apply to non-affiliates or non-insiders.

(b) *Information technology and security.*—(1) *Information technology and security program.* A Board-supervised PPSI must implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks. A Board-supervised PPSI's information technology and security program should be tailored to its size and complexity and the nature, scope, and risk of its activities.

(2) *Board of directors approval.* The board of directors or an appropriate board committee must approve the information technology and security program described in paragraph (b)(1) of this section and oversee the development, implementation, and maintenance of the program, including the appointment of a qualified Information Technology and Security Officer. Such oversight includes assigning specific responsibility for program implementation and review of program-related reports.

(3) *Required elements of program.* A Board-supervised PPSI's information technology and security program must include:

(i) an inventory and classification of assets, processes, and sensitivity of data;

(ii) controls supporting and safeguarding sensitive information and processes;

(iii) evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts, are operating as intended;

(iv) periodic independent testing; and

(v) a comprehensive and effective incident identification and assessment process and incident response program.

(4) *Business continuity.* A Board-supervised PPSI's information technology and security program must include measures to ensure continuity of operations and recover critical functions in the face of disruptions, including by conducting business impact analyses, testing vulnerabilities, and testing with critical service providers.

(5) *Nonpublic personal information.* A Board-supervised PPSI's information technology and security program must include administrative, technical, and physical safeguards designed to:

(i) ensure the security and confidentiality of records containing nonpublic personal information about a customer;

(ii) protect against any anticipated threats or hazards to the security or integrity of such records;

(iii) protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer; and

(iv) ensure the proper disposal of such records.

(6) *Safe handling of digital assets.* A Board-supervised PPSI must develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery, incorporating:

(i) relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and

(ii) information on material developments specifically related to supported digital assets and their underlying ledgers.

(c) *Board-supervised PPSIs that are subsidiaries of State member banks.* A Board-supervised PPSI that is a subsidiaries of a State member bank is deemed to be in compliance with the requirements of this section if:

(i) such Board-supervised PPSI participates in the enterprise-wide risk management framework of its parent State member bank or consolidated banking organization, and

(ii) that parent State member bank or consolidated banking organization has an enterprise-wide risk management framework that aligns to the guidelines in appendix D–1 of part 208 of this title.

(d) *Bank Secrecy Act/anti-money laundering and sanctions requirements.*—(1) *Definitions.* For the purposes of this section:

(i) *AML/CFT enforcement action* means any formal or informal action taken under authority of the GENIUS Act (12 U.S.C. 5901 *et seq.*), or other applicable law, that seeks to penalize, remedy, prevent, or respond to noncompliance with past or ongoing violations of, or past or ongoing deficiencies relating to, an AML/CFT requirement applicable to a Board-supervised PPSI. The term includes—

(A) a cease-and-desist order, written agreement, consent order, or memorandum of understanding; or

(B) the assessment of a civil money penalty.

(ii) *AML/CFT requirement* means:

(A) a requirement of the Bank Secrecy Act or the implementing regulations at 31 CFR Chapter X applicable to a Board-supervised PPSI; or

(B) a requirement of 12 U.S.C. 5903(a)(5)(A)(i)–(v), 12 U.S.C. 5903(a)(6)(B), or 12 U.S.C. 5903(f)(1) applicable to a Board-supervised PPSI.

(iii) *Significant AML/CFT supervisory action* means any written communication or other formal supervisory determination that—

(A) identifies one or more alleged deficiencies, weaknesses, violations of law, or unsafe or unsound practices or conditions relating to an AML/CFT requirement;

(B) communicates supervisory expectations to a Board-supervised permitted payment stablecoin issuer regarding actions or remedial measures required to correct the deficiency, weakness, violation, or practice or condition; and

(C) contemplates significant or programmatic actions or remedial measures to be taken by the Board-supervised permitted payment stablecoin issuer.

(D) The term does not include examiner observations, suggestions, or other informal comments.

(2) In order to ensure compliance with Bank Secrecy Act and sanctions requirements, each Board-supervised permitted payment stablecoin issuer must comply with the Bank Secrecy Act, sections 4(a)(5) and 4(a)(6) of the GENIUS Act, and applicable regulations at 31 CFR Chapter V and 31 CFR Chapter X, including any AML/CFT program, sanctions program, recordkeeping, and reporting requirements.

(3) *Enforcement and supervision policy.*—(i) *In general.* Except with respect to a significant or systemic failure to implement the AML/CFT program in accordance with applicable regulations at 31 CFR Chapter X, a Board-supervised permitted payment stablecoin issuer that has established an AML/CFT program in accordance with applicable regulations at 31 CFR Chapter X will not be subject to an AML/CFT enforcement action or to a significant AML/CFT supervisory action.

(ii) *Program establishment violations.* Nothing in this paragraph (d) may be construed to restrict an AML/CFT enforcement action or a significant AML/CFT supervisory action with respect to any failure to establish an AML/CFT program.

(iii) *Criminal Enforcement Unaffected.* Nothing in this paragraph (d) may be construed to affect criminal enforcement under the Bank Secrecy Act.

§ 247.14 Audits, reports, and supervision.

(a) *General.* The Board will conduct a full-scope examination of every Board-supervised PPSI subject to its supervision at least once during each 12-month period, unless otherwise specified in paragraph (d) of this section. Such examinations may be undertaken in conjunction with, or separately from, an examination of the parent State member bank.

(b) *Access to books and records.* Upon request by the Board, a Board-supervised PPSI must grant the Board prompt and complete access to all officers, directors, employees, agents, and relevant books, records, or documents of any type.

(c) *Location of examinations.* The Board may conduct examinations of every Board-supervised PPSI subject to its supervision, as specified in paragraph (a) of this section, either on-site or remotely.

(d) *Extended exam cycle for certain Board-supervised PPSIs.* Notwithstanding paragraph (a) of this section, the Board may conduct a full-scope examination of a Board-supervised PPSI subject to its supervision at least once during each 18- to 36-month period, as determined by the Board in its sole discretion, if the following conditions are satisfied:

(1) The Board-supervised PPSI currently is not subject to a formal enforcement proceeding or order;

(2) No person acquired control, as defined in § 247.2, of the Board-supervised PPSI during the preceding 12-month period in which a full-scope examination would have been required but for this paragraph (d);

(3) The Board-supervised PPSI has an outstanding issuance value of less than $1 billion multiplied by the GDP growth adjustment or less than $25 billion multiplied by the GDP growth adjustment in total monthly trading volume; and

(4) The Board-supervised PPSI is in compliance with all of the reserve requirements set forth in § 247.11 and the reporting requirements of this section.

(e) *Authority to conduct more frequent examinations.* This section does not limit the authority of the Board to examine any Board-supervised PPSI as frequently as the Board deems necessary, including examinations of a limited scope.

(f) *Recordkeeping requirements.* All Board-supervised PPSIs must maintain a complete set of books and records in English.

(g) *Records retention policy.* All Board-supervised PPSIs must develop and implement a records retention policy that ensures the Board-supervised PPSI can demonstrate compliance with the GENIUS Act, this part, and all applicable laws and regulations.

(h) *Confidential weekly reporting.* All Board-supervised PPSIs must submit to the Board, on a weekly basis, in the manner and form specified by the Board, a confidential report containing the information requested in the form available on the Board's public website.

(i) *Quarterly reports of financial condition and income.* All Board-supervised PPSIs must submit to the Board a quarterly report on the financial condition and income of the Board-supervised PPSI, including, but not limited to, an income statement, which includes gross income, expenses, and net income and a balance sheet which includes assets including reserve assets and their total fair value, liabilities including stablecoin liabilities and their total outstanding issuance value, capital, changes in equity, and assets under custody, if any, in a standardized format as prescribed by the Board, within 30 days of the end of the prior quarter. Forms and instructions are available on the Board's public website. Each quarterly report of financial condition and income must contain a declaration by the Board-supervised PPSI's Chief Financial Officer, or the individual performing an equivalent function, that the report is true and correct to the best of their knowledge and belief. The correctness of the report of financial condition must be attested to by the signatures of the directors and senior management of the Board-supervised PPSI other than the Chief Financial Officer, or the individual performing an equivalent function, making such declaration, with the attestation stating that the report has been examined by them and to the best of their knowledge and belief is true and correct.

(j) *Submission of other reports.* All Board-supervised PPSIs must, upon request, submit to the Board a report on:

(1) the financial condition of the Board-supervised PPSI;

(2) the systems of the Board-supervised PPSI for monitoring and controlling financial and operational risks;

(3) compliance of the Board-supervised PPSI and any subsidiary thereof with the GENIUS Act, including section 4(a)(5) of the Act (12 U.S.C. 5903(a)(5)), and this part.

(k) *Ongoing compliance reporting.* Not later than 180 days after the approval of an application under subpart D of this part, and on an annual basis thereafter, a Board-supervised PPSI must submit to the Board a certification by its board of directors that the Board-supervised PPSI has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the Board-supervised PPSI from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

(*l*) *Audits.* A Board-supervised PPSI with more than $50 billion in outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) must prepare, in accordance with GAAP, an annual financial statement that must include the disclosure of any related party transactions, as defined by GAAP.

(1) A registered public accounting firm must perform an audit of the financial statements described in this paragraph (*l*). The audit must be conducted in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board, including those relating to auditor independence, internal controls, and related party transactions.

(2) A Board-supervised PPSI required to prepare an audited annual financial statement under this paragraph (*l*) must:

(i) make the audited financial statements publicly available on the Board-supervised PPSI's website; and

(ii) submit the audited financial statements annually, within 120 days after the end of its fiscal year, to the Board.

(3) If a Board-supervised PPSI is unable to timely file all or any portion of the financial statement described in this paragraph (*l*), it must submit a written notice of late filing to the Board. The notice must:

(i) disclose the Board-supervised PPSI's inability to timely file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail;

(ii) include the date by which the financial statement will be filed; and

(iii) be filed on or before the deadline for filing the financial statement.

(m) *Use of existing reports.* In supervising and examining a Board-supervised PPSI, the Board will, to the fullest extent possible, use existing reports and other supervisory information.

(n) *Avoidance of duplication.* The Board will, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information.

§ 247.15 Capital adequacy and minimum requirements.

(a) *General.* Each Board-supervised PPSI must meet the overall capital adequacy standards in accordance with §§ 247.15 through 247.18 at all times.

(b) *Minimum capital requirements.* A Board-supervised PPSI must hold minimum capital as provided in this paragraph.

(1) *Total minimum capital requirement.* Each Board-supervised PPSI must maintain the total minimum capital specified in paragraph (b)(1)(i) of this section and in paragraph (b)(1)(ii) of this section.

(i) A dollar amount of tangible equity equal to the sum of:

(A) the credit risk requirement for uninsured eligible deposit claims in § 247.17(a)(1);

(B) the credit risk requirement for reverse repurchase agreements in § 247.17(a)(2);

(C) the indirect exposure requirement in § 247.17(a)(3); and

(D) the operational risk requirement in § 247.18.

(ii) The capital the Board-supervised PPSI holds to satisfy the capital requirements in § 247.17(b).

(2) *De novo capital requirement.*—(i) Notwithstanding paragraph (b)(1) of this section, a Board-supervised PPSI that is in its de novo period must maintain total minimum capital that is equal to the greater of:

(A) $5 million multiplied by the GDP growth adjustment; and

(B) the total minimum capital requirement, calculated under paragraph (b)(1) of this section.

(ii) For purposes of this paragraph (b)(2), a Board-supervised PPSI is in its de novo period if less than three years have elapsed since Board-supervised PPSI received initial approval from an appropriate Federal or State payment stablecoin regulator to issue payment stablecoins.

(c) *Failure to meet minimum capital requirements.*—(1) If a Board-supervised PPSI fails to satisfy its minimum capital requirements in paragraph (b) of this section as of the end of a quarter, it must, within 5 business days of the end of such quarter, submit a capital plan to the Board that:

(i) provides a detailed strategy for restoring its capital levels to ensure that it meets or exceeds the minimum capital requirements under paragraph (b) of this section, and

(ii) is feasible for returning the Board-supervised PPSI to compliance within one quarter given general market conditions and the Board-supervised PPSI's specific circumstances.

(2) If a Board-supervised PPSI fails to meet its minimum capital requirements paragraph (b) of this section by the end of the quarter following the quarter described in paragraph (c)(1) of this section, it must, starting the next day:

(i) begin liquidation of reserve assets and redemption of outstanding stablecoins, consistent with § 247.12, concluding liquidation of all reserve assets as soon as practicable;

(ii) not charge customers a fee to redeem their payment stablecoins at any time during the liquidation; and

(iii) not issue any new payment stablecoins going forward.

(d) *Capital adequacy.* Notwithstanding the minimum capital requirements in this part, a Board-supervised PPSI must hold an amount of tangible equity sufficient to ensure the ongoing operations of the Board-supervised PPSI.

(e) *Reservation of authority.*—(1) *Additional capital in the aggregate.* The Board may require a Board-supervised PPSI to hold an amount of regulatory capital greater than otherwise required under this part if the Board determines that the Board-supervised PPSI's capital requirements under this part are not commensurate with the Board-regulated institution's credit, market, interest rate, operational, or other risks.

(2) *De novo capital requirements.* With respect to any Board-supervised PPSI, the Board may shorten or extend the de novo period under paragraph (b)(2)(ii) of this section, and may increase or decrease the minimum capital requirement under paragraph (b)(2)(i)(A) of this section, provided that the Board determines the revised amount is sufficient to ensure the ongoing operations of Board-supervised PPSI.

(3) *Capital components.* If the Board determines that a particular common stock or any cumulative or non-cumulative perpetual stock instrument has characteristics or terms that diminish its ability to absorb losses, or otherwise presents concerns regarding the sufficiency of support it provides for the ongoing operations of a Board-supervised PPSI, the Board may require the Board-supervised PPSI to exclude all or a portion of such element from tangible equity.

(4) *Capital requirements.* If the Board determines that any of the Board-supervised PPSI's capital requirements are not commensurate with the Board-supervised PPSI's risks, the Board may:

(i) direct a Board-supervised PPSI to assign a different credit risk requirement for uninsured eligible deposit claims than would otherwise be required under § 247.17(a)(1) or for reverse repurchase agreements than would otherwise be required under § 247.17(a)(2);

(ii) require a Board-supervised PPSI to adjust its methodology for calculating its indirect exposure requirement under § 247.17(a)(3);

(iii) require a Board-supervised PPSI to calculate its baseline operational risk requirement using a different methodology than under § 247.18;

(iv) require a Board-supervised PPSI to assign a different scalar floor, scaled loss rate, threshold loss rate, or loss elasticity for its calculation of operational risks under § 247.18(b); or

(v) direct a Board-supervised PPSI to adjust its methodology for collecting data on or calculating its annual operational losses for purposes of § 247.18.

(5) *Capital requirements for non-reserve assets.* If the Board determines that a Board-supervised PPSI's capital requirements under § 247.17(b) are not commensurate with the risks of the Board-supervised PPSI's non-reserve assets, the Board may require the Board-supervised PPSI to adjust its requirements under § 247.17(b) or its approach for complying with the requirements of part 217 of this title pursuant to § 247.17(b).

§ 247.16 Capital elements.

(a) *Regulatory capital components.* A Board-supervised PPSI's regulatory capital consists of tangible equity.

(b) *Tangible equity.* Tangible equity is the sum of equity capital elements in this paragraph (b) minus regulatory adjustments and deductions in paragraph (c) of this section. The tangible equity capital elements are:

(1) any common stock instruments (plus any related surplus) issued by the Board-supervised PPSI, net of treasury stock, that meet all the following criteria:

(i) the instrument is paid-in, is issued directly by the Board-supervised PPSI, and represents the most subordinated claim in a receivership, insolvency, liquidation, or similar proceeding of the Board-supervised PPSI;

(ii) the instrument has no maturity date and can only be redeemed via discretionary repurchases;

(iii) any cash dividend payments are fully discretionary and may be paid only after all legal and contractual obligations of the Board-supervised PPSI have been satisfied, including payments due on more senior claims;

(iv) the holders of the instruments bear losses as they occur equally, proportionately, and simultaneously with the holders of all other common stock instruments before any losses are borne by holders of claims on the Board-supervised PPSI with greater priority in a receivership, insolvency, liquidation, or similar proceeding; and

(v) if the Board-supervised PPSI purchases or buys back the instrument, the Board-supervised PPSI must either:

(A) replace the instrument to be purchased with an equal amount of instruments that meet the criteria under paragraph (b)(1) of this section; or

(B) demonstrate to the satisfaction of the Board that, following the purchase or buy-back, the Board-supervised PPSI will continue to hold capital commensurate with its risk;

(2) any cumulative or non-cumulative perpetual stock instrument (plus any related surplus) issued by the Board-supervised PPSI, net of treasury stock, that meets the following criteria:

(i) the paid-in amount is classified as equity under GAAP;

(ii) the instrument is paid-in and issued directly by the Board-supervised PPSI;

(iii) the instrument has no maturity date and does not contain a dividend step-up or any other term or feature that creates an incentive to redeem;

(iv) the instrument is not secured, not covered by a guarantee of the Board-supervised PPSI or of an affiliate of the Board-supervised PPSI, and not subject to any other arrangement that legally or economically enhances the seniority of the instrument;

(v) the instrument is subordinate to the claims of general creditors and subordinated debt holders of the Board-supervised PPSI in a receivership, insolvency, liquidation, or similar proceeding;

(vi) the instrument, by its terms, provides for the payment of dividends only after a declaration by the board of directors of the Board-supervised PPSI; and

(vii) if callable by its terms, the instrument may be called by the Board-supervised PPSI only after a minimum of five years following issuance (except that the terms of the instrument may allow it to be called earlier than five years upon the occurrence of a regulatory event that precludes the instrument from being included in tangible equity or a tax event), and only upon the following conditions:

(A) the Board-supervised PPSI did not create at issuance of the instrument, through any action or communication, an expectation that the call option will be exercised; and

(B) prior to exercising the call option, or immediately thereafter, the Board-supervised PPSI must either

(*1*) replace the instrument to be called with an equal amount of instruments that meet the criteria under paragraph (b)(1) or (b)(2) of this section; or

(*2*) demonstrate to the satisfaction of the Board that following redemption, the Board-supervised PPSI will continue to hold capital commensurate with its risk;

(3) retained earnings; and

(4) accumulated other comprehensive income, as reported under GAAP.

(c) *Regulatory capital adjustments and deductions.* A Board-supervised PPSI must deduct from the sum of its regulatory capital goodwill and other intangible assets.

§ 247.17 Capital requirements for financial risks.

(a) *Risk-based capital requirements for stablecoin reserves.*—A Board-supervised PPSI must calculate its risk-based capital requirements under paragraphs (a)(1) through (a)(3) daily, using the most recent available data.

(1) *Credit risk requirement for uninsured eligible deposit claims.* The credit risk requirement for uninsured eligible deposit claims is equal to two percent of the Board-supervised PPSI's uninsured eligible deposit claims held as reserves under § 247.11(a)(1).

(2) *Credit risk requirement for reverse repurchase agreements.* The credit risk requirement for reverse repurchase agreements is equal to 2 percent of the total counterparty exposure amount, as calculated under the methodology set forth in paragraphs (a)(2)(i) through (iii) of this section.

(i) *Total counterparty exposure amount.* A Board-supervised PPSI must determine the total counterparty exposure amount for reverse repurchase agreements held as reserves under § 247.11(a)(1) or a netting set of qualifying repo transactions by summing the exposure amounts, as determined by paragraph (a)(2)(ii) of this section, for all such transactions or netting sets.

(ii) *Exposure amount equation.* The exposure amount for a reverse repurchase agreement or netting set of qualifying repo transactions is equal to $\max\{0, [(\Sigma E - \Sigma C) + \Sigma(Es \times Hs)]\}$, where:

(A) ΣE equals the value of the exposure (the sum of the cash the Board-supervised PPSI has sold subject to repurchase or posted as collateral to the counterparty under the transaction (or netting set));

(B) ΣC equals the value of the collateral (the sum of the current fair values of all instruments the Board-supervised PPSI has purchased subject to resale or taken as collateral from the counterparty under the transaction (or netting set));

(C) Es equals the absolute value of the net position in a given instrument; and

(D) Hs equals the market price volatility haircut appropriate to the instrument referenced in Es as provided in Table 1.

TABLE 1 TO § 247.17. MARKET PRICE VOLATILITY HAIRCUTS

Residual maturity	Haircut to the fair value of the collateral (in percent)
93 days or less	0.0%
Greater than 93 days and less than or equal to 1 year	0.35
Greater than 1 year and less than or equal to 5 years	1.41
Greater than 5 years	2.83

(iii) The definitions below apply for purposes of paragraph (a)(2) of this section.

(A) ''Netting set'' means a group of qualifying repo transactions with a single counterparty that are subject to a qualifying master netting agreement.

(B) ''Qualifying master netting agreement'' means a written, legally enforceable agreement that:

(*1*) creates a single legal obligation for all individual transactions covered by the agreement upon an event of default following any stay permitted by paragraph (*2*) of this definition, including upon an event of receivership, conservatorship, insolvency, liquidation, or similar proceeding, of the counterparty;

(*2*) provides the Board-supervised PPSI the right to accelerate, terminate, and close-out on a net basis all transactions under the agreement and to liquidate or set-off collateral promptly upon an event of default, including upon an event of receivership, conservatorship, insolvency, liquidation, or similar proceeding, of the counterparty, provided that, in any such case:

(*i*) any exercise of rights under the agreement will not be stayed or avoided under applicable law in the relevant jurisdictions, other than where the agreement is subject by its terms to, or incorporates, any of the laws referenced in this paragraph (a)(2)(iii)(B)(*2*)(*i*); or in receivership, conservatorship, or resolution under the Federal Deposit Insurance Act, Title II of the Dodd-Frank Act, or under any similar insolvency law applicable to GSEs, or laws of foreign jurisdictions that are substantially similar to the U.S. laws referenced in this paragraph (a)(2)(iii)(B)(*2*)(*i*) in order to facilitate the orderly resolution of the defaulting counterparty; and

(*ii*) the agreement may limit the right to accelerate, terminate, and close-out on a net basis all transactions under the agreement and to liquidate or set-off collateral promptly upon an event of default of the counterparty to the extent necessary for the counterparty to comply with the requirements of subpart I of the Board's Regulation YY (part 252 of this title), part 47 of this title, or part 382 of this title, as applicable; and

(*3*) does not contain a walkaway clause (that is, a provision that permits a non-defaulting counterparty to make a lower payment than it otherwise would make under the agreement, or no payment at all, to a defaulter or the estate of a defaulter, even if the defaulter or the estate of the defaulter is a net creditor under the agreement).

(*4*) For purposes of this paragraph (a)(2)(iii)(B), in order to conclude that a qualifying master netting agreement is legally enforceable, the Board-supervised PPSI must:

(*i*) conduct sufficient legal review to conclude with a well-founded basis (and maintain sufficient written documentation of that legal review) that the criteria listed in paragraphs (a)(2)(iii)(B)(*1*) through (*3*) of this section are satisfied and that, in the event of a legal challenge (including one resulting from default or from receivership, insolvency, liquidation, or similar proceeding), the relevant court and administrative authorities would find the agreement to be legal, valid, binding, and enforceable under the law of the relevant jurisdictions; and

(*ii*) establish and maintain written procedures to monitor possible changes in relevant law and to ensure that the agreement continues to satisfy the criteria listed in paragraphs (a)(2)(iii)(B)(*1*) through (*3*) of this section.

(C) ''Qualifying repo transactions'' means transactions described in § 247.11(b)(4) or § 247.11(b)(5) held as reserves under § 247.11(a)(1), provided that:

(*1*)(*i*) the transaction is a ''repurchase agreement'' under section 599 of the Bankruptcy Code (11 U.S.C. 559) or section 11(e)(8)(D)(v) of the Federal Deposit Insurance Act; or

(*ii*) if the transaction does not meet the criteria set forth in paragraph (a)(2)(iii)(C)(*1*)(*i*) of this section, then the transaction is executed under an agreement that provides the Board-regulated institution the right to accelerate, terminate, and close-out the transaction on a net basis and to liquidate or set-off collateral promptly upon an event of counterparty default; and

(*2*) the Board-supervised PPSI has conducted sufficient legal review to conclude with a well-founded basis (and maintain sufficient documentation of that legal review) that the agreement underlying the exposure:

(*i*) meets the requirements of paragraph (a)(2)(iii)(C)(*1*) of this section, and

(*ii*) is legal, valid, binding, and enforceable under applicable law in the relevant jurisdictions.

(3) *Indirect exposure requirement.* If a Board-supervised PPSI holds securities in an investment company or other fund pursuant to § 247.11(b)(6), the indirect exposure requirement is calculated according to any reasonable methodology by which the Board-supervised PPSI looks through the investment company or other fund to assess the Board-supervised PPSI's indirect credit risk from uninsured eligible deposit claims or reverse repurchase agreements in a manner that is similar to how the Board-supervised PPSI would apply the requirement in paragraphs (a)(1) and (a)(2) of this section as if it held the assets of the investment company or other fund directly.

(b) *Non-reserve assets.*—(1) *Applicable framework.*—(i) A Board-supervised PPSI with a parent State member bank is subject to part 217 of this title as if it were its parent State member bank, subject to the exclusions and adjustments in paragraph (b)(2) of this section.

(ii) A Board-supervised PPSI that is a State-qualified PPSI that has transitioned to the Board's regulatory framework pursuant to § 247.51 is subject to part 217 of this title as if it is a State member bank, subject to the adjustments in paragraph (b)(2) of this section.

(2) *Adjustments.*—(i) *Reserve asset exclusion.* A Board-supervised PPSI must exclude reserve assets held under § 247.11(a)(1) from standardized total risk-weighted assets, advanced approaches risk-weighted assets, average total consolidated assets, total consolidated assets, and total leverage exposure, as applicable.

(ii) *Tangible equity deduction.*—(A) For the purposes of §§ 247.15 through 247.18, an excluded tangible equity instrument is an instrument that the Board-supervised PPSI designates as an excluded tangible equity instrument under paragraph (b)(2)(ii)(B) of this section.

(B) A Board-supervised PPSI must designate an instrument as an excluded tangible equity instrument if such instrument is held to satisfy the minimum capital requirements and capital adequacy standards in § 247.15, other than § 247.15(b)(1)(ii).

(C) A Board-supervised PPSI must:

(*1*) deduct common stock designated as an excluded tangible equity instrument from the sum of the Board-supervised PPSI's common equity tier 1 capital elements, before making any adjustments to or deductions from common equity tier 1 capital under § 217.22 of this title;

(2) deduct any non-cumulative perpetual preferred stock instrument designated as an excluded tangible equity instrument from the sum of the Board-supervised PPSI's additional tier 1 capital elements, before making any adjustments to or deductions from additional tier 1 capital under § 217.22 of this title; and

(*3*) deduct any cumulative perpetual preferred stock instrument designated as an excluded tangible equity instrument from the sum of the Board-supervised PPSI's tier 2 capital elements, before making any adjustments to or deductions from tier 2 capital under § 217.22 of this title.

(iii) *Reporting.* For purposes of compliance with the capital adequacy requirements and calculations in part 217, any references to the Call Report, FR Y–9C, or other forms, or schedules or line items thereof, should be deemed to be references to the reporting forms Board-supervised PPSIs are required to submit pursuant to § 247.14(i).

(iv) *Risk-weighted assets.* A Board-supervised PPSI must calculate risk-weighted assets using part 217, subpart D of this title and may not calculate risk-weighted assets using part 217, subpart E of this title.

§ 247.18 Capital requirements for operational risks.

(a) A Board-supervised PPSI must calculate its operational risk requirement as of the end of the quarter, using the most recent available data. The operational risk requirement is equal to:

(1) the baseline operational risk requirement, as calculated under paragraph (b)(1) of this section, multiplied by

(2) the loss scalar, as calculated under paragraph (b)(2) of this section.

(b) For purposes of this section:

(1) A Board-supervised PPSI must calculate its baseline operational risk requirement in accordance with Table 1 to § 247.18:

TABLE 1 TO § 247.18—BASELINE OPERATIONAL RISK REQUIREMENT

If the outstanding issuance value of the Board-Supervised PPSI is:	The baseline operational risk requirement is:
Less than or equal to $20 billion	2.0% of the outstanding issuance value plus 25% of three-year average revenue.
Greater than $20 billion and less than or equal to $50 billion.	$400 million plus 1.5% of the excess outstanding issuance value over $20 billion plus 25% of three-year average revenue.
Greater than $50 billion	$850 million plus 1.0% of the excess outstanding issuance value over $50 billion plus 25% of three-year average revenue.

where:

(i) the outstanding issuance value, as defined as in § 247.2, is calculated using daily values averaged over the quarter;

(ii) three-year average revenue is the average of annual revenues excluding revenues earned from reserve assets, calculated on a rolling quarterly basis, over the preceding three years, where annual revenue excluding reserve assets is equal to:

(A) annual revenues of the Board-supervised PPSI, minus

(B) annual revenues of the Board-supervised PPSI from reserve assets, held under § 247.11(a)(1), including any interest payments on reserve assets or gain from the sale of any reserve assets; and

(iii) the dollar values in Table 1 to § 247.18 are multiplied by the GDP growth adjustment.

(2) A Board-supervised PPSI must calculate its loss scalar as follows:

$$Loss\ Scalar = max\left(Scalar\ Floor, \left(\frac{Scaled\ Loss\ Rate}{Threshold\ Loss\ Rate}\right)^{Loss\ Elasticity}\right)$$

where the:

(i) scalar floor is 0.8,

(ii) threshold loss rate is 1/15,

(iii) loss elasticity is 0.5, and

(iv) scaled loss rate is four times the 20-quarter average, calculated on a rolling quarterly basis, of the ratio of the Board-supervised PPSI's quarterly operational losses, calculated consistent with paragraph (c) of this section, to the baseline operational risk requirement for the same such quarter.

(c) A Board-supervised PPSI's calculation of quarterly operational losses for purposes of paragraph (b) of this section must be based on internal loss data collected by the Board-supervised PPSI, except as provided for in paragraphs (c)(2) and (c)(3) of this section.

(1) A Board-supervised PPSI must have operational loss event data collection processes that meet the following requirements:

(i) The processes must produce operational loss event data that satisfy the following criteria:

(A) Operational loss event data must be comprehensive and capture all operational loss events that resulted in operational losses equal to or higher than $20,000 multiplied by the GDP growth adjustment (before any recoveries are taken into account) from all activities and exposures of the Board-supervised PPSI;

(B) Operational loss event data must include operational loss event data relating to entities that have been acquired by or merged with the Board-supervised PPSI during the preceding five years, including for any period prior to the acquisition or merger during the five-year period, for each year during which such entities were in operation;

(C) Operational loss event data must include gross operational loss amounts, recovery amounts, the date when the event occurred or began (occurrence date), the date when the Board-supervised PPSI became aware of the event (discovery date), and the date (or dates) when losses or recoveries related to the event were recognized in the Board-supervised PPSI's profit and loss accounts (accounting date). In addition, the Board-supervised PPSI must collect descriptive information about the drivers of operational loss events.

(D) A Board-supervised PPSI must identify internal losses as pertaining to at least one of the following seven categories of losses: (i) internal fraud, (ii) external fraud, (iii) employment practices and workplace safety, (iv) clients, products, and business practices, (v) damage to physical assets, (vi) business disruption and system failures, (vii) execution, delivery, and process management. A Board-supervised PPSI must be able to map its operational loss event data into the seven operational loss event type categories. In so categorizing, the Board-supervised PPSI must assign each dollar of loss to only one operational loss event type category.

(ii) Procedures for the identification and collection of internal loss event data must be documented.

(iii) The Board-supervised PPSI must have processes to independently review the comprehensiveness and accuracy of operational loss event data.

(iv) The Board-supervised PPSI must subject the procedures in paragraph (c)(1)(ii) of this section and the processes in (c)(2)(iii) of this section to regular independent review by internal or external audit functions.

(2) For any year in which a Board-supervised PPSI was not operating during the full year or was not required to collect internal loss data because the Board-supervised PPSI was not yet subject to part 247, a Board-supervised PPSI should calculate that quarter's scaled loss rate as the threshold loss rate multiplied by 1.5^(1/(Loss Elasticity)).

(3) Notwithstanding paragraph (c)(1) of this section, a Board-supervised PPSI may, with the Board's prior written approval, calculate a given quarter's scaled loss rate as the threshold loss rate multiplied by 1.5^(1/(Loss Elasticity)) and would not be subject to the requirements in paragraph (c)(1).

§ 247.19 [Reserved]

Subpart C—Rules Applicable to Board-Supervised Custodians

§ 247.20 Definitions.

For the purposes of this subpart, the following definitions apply:

Applicable law means the law of a State or other jurisdiction governing a covered custodian's custody relationships, any applicable Federal law governing those relationships, the terms of the custody agreement, and any applicable court order.

Covered assets means payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for payment stablecoin reserves, payment stablecoins used as collateral, and private keys.

Covered custodian means any entity that (i) provides custodial or safekeeping services for covered assets, (ii) is subject to supervision or regulation by the Board, and (iii) is not (a) a PPSI (as defined in § 247.2 of this part), bank, savings association, Federal branch, or insured branch (as those terms are defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) that is subject to supervision by the FDIC or OCC; (b) an entity, other than a federally regulated depository institution, subject to supervision by a State bank supervisor, as defined in section 3(r) of the Federal Deposit Insurance Act (12 U.S.C. 1813(r)), provided that such State bank supervisor makes available to the Board such information as the Board determines necessary and relevant under section 10(d) of the Act (12 U.S.C. 5909(d)); or (c) an entity for which the Securities and Exchange Commission or Commodity Futures Trading Commission is the primary financial regulatory agency as described in section 2(12) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301(12)).

Covered custodians under this section would generally include (i) a State member bank; (ii) a Board-supervised PPSI; (iii) a bank holding company (as defined in section 2(a) of the BHC Act (12 U.S.C. 1841(a)); (iv) a savings and loan holding company (as defined in section 10(a)(1) of the Home Owners' Loan Act (12 U.S.C. 1467a(a)(1)); (v) a subsidiary of a bank holding company or a savings and loan holding company that is not (a) a national bank or depository institution subject to supervision by the OCC or FDIC; (b) a PPSI subject to supervision by another primary Federal payment stablecoin regulator, (c) an entity subject to functional regulation by the SEC or CFTC, or (d) an entity, other than a State member bank, subject to supervision by a State bank supervisor, as defined in section 3(r) of the Federal Deposit Insurance Act (12 U.S.C. 1813(r)), provided that such State bank supervisor makes available to the Board such information as the Board determines necessary and relevant under section 10(d) of the Act (12 U.S.C. 5905(d)); (vi) the U.S. operations of foreign banking organizations subject to the supervision or regulation of the Board pursuant to the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*); and (vii) any corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*) or having an agreement with the Board under section 25 of the Federal Reserve Act (12 U.S.C. 601 *et seq.*) (*i.e.,* Edge Act and Agreement corporations).

Covered customer means a person for or on whose behalf a covered custodian receives, acquires, or holds covered assets.

Digital wallet means a software program or hardware device that stores and manages the private keys associated with a particular unit of a digital asset.

Sub-custodian means a person that provides custody and safekeeping services to a covered custodian, including through a digital wallet for which such person controls the associated private keys, with respect to covered assets of a covered customer, for which the covered custodian otherwise serves as a custodian under this subpart.

§ 247.21 Covered asset custodial property requirements.

(a) *Separate accounting, treatment, and dealing.* A covered custodian must separately account for the covered assets of a covered customer and must treat and deal with those covered assets as belonging to such covered customer and not as the property of the covered custodian.

(b) *Protection, possession, and control.*—(1) A covered custodian must take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial or safekeeping services.

(2) (i) A covered custodian must maintain possession or control of the covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private keys; however, a covered custodian may maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law, provided the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian's compliance with the requirements of this subpart.

(ii) With regards to any payment stablecoin or stablecoin reserve in the form of a tokenized asset held in safekeeping under this subpart, a covered custodian, or sub-custodian, as applicable, maintains control for purposes of paragraph (b)(2)(i) of this section if it can reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the covered customer, can transfer the payment stablecoin or tokenized asset using a distributed ledger without the consent of the custodian or sub-custodian, as applicable.

(c) *Withdrawals and application of covered assets.* Notwithstanding any other provision of this subpart, a covered custodian may withdraw and apply such share of the covered assets of a covered customer necessary to transfer, adjust, or settle a transaction or transfer of assets applicable to that covered customer, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services to that covered customer by the covered custodian.

(d) *Holdings of cash.* Notwithstanding any other provision of this section, an insured depository institution that is a covered custodian is not required to separate or segregate from its own property any payment stablecoin reserves in the form of cash received from a PPSI in exchange for eligible deposit claims against the insured depository institution. Such holdings may be reflected as deposit liabilities of the insured depository institution, provided such treatment is consistent with Federal law.

§ 247.22 Segregation requirement and use of omnibus accounts.

(a)*Segregation of covered assets.* A covered custodian must segregate all covered assets of covered customers from and not commingle them with the assets of the covered custodian, except as permitted under § 247.21(d).

(b) *Commingling covered assets.* A covered custodian may, for convenience, commingle the covered assets of multiple covered customers, in one or more omnibus accounts to the extent that the steps it has taken pursuant to § 247.21(b) are adequate to maintain safe and sound practices for the use of omnibus accounts, and to the extent that the use of omnibus accounts is consistent with applicable law.

§ 247.23 Self-custody hardware and software exclusion.

The requirements of this subpart do not apply to any covered custodian solely on the basis that such entity engages in the business of providing hardware or software to facilitate a person's or entity's self-custody of their payment stablecoins or private keys.

§ 247.24–.29 [Reserved]

Subpart D—[Reserved]

Subpart E—Rules Applicable to All Permitted Payment Stablecoin Issuers

§ 247.40 Tying prohibition.

(a) *Tying prohibition.* A PPSI may not provide services to a customer on the condition that the customer (i) obtain an additional paid product or service from the PPSI, or any of its subsidiaries, or (ii) agree to not obtain an additional product or service from a competitor of the PPSI.

(b) *Certain non-financial companies.* With respect to any company that that has obtained a unanimous vote of the Stablecoin Certification Review Committee pursuant to 12 U.S.C. 5903(a)(12), neither the company nor its affiliates may provide services to a customer on the condition that the customer (i) obtain an additional paid product or service from the company or its affiliates, or any subsidiary of the company or its affiliates, or (ii) agree to not obtain an additional product or service from a competitor of the company or its affiliates.

§ 247.41 Tying exceptions.

(a) *Exceptions to tying prohibition.* The Board may, by regulation or order, permit exceptions to the prohibition set forth in § 247.40, provided that such exception to § 247.40 would not be contrary to the purpose of the GENIUS Act (12 U.S.C. 5901 *et seq.*).

(b) *Consultation.* The Board would consult with the other primary Federal payment stablecoin regulators, as appropriate, when considering a potential exception to the prohibition in § 247.40 by regulation. The Board would consult with the primary Federal payment stablecoin regulator, if any, of a particular PPSI when considering a potential exception to the prohibition in § 247.40 by order.

(c) *Procedures for an exception request.* Entities subject to the prohibition in § 247.40 may submit a request to the Secretary of the Board to seek an exception from such prohibition. Any entity seeking an exception must provide a detailed description of the proposed arrangement, including:

(1) the service upon which conditions are being placed and the entity providing such service;

(2) either (i) the additional paid services and products and the entity providing such paid services and products or (ii) the additional product or service of the competitor, as applicable;

(3) the relevant contractual terms, including copies (or draft copies, as appropriate) of any contracts, agreements, terms of service, or other documents relevant to the proposed arrangement;

(4) a description of the benefits, if any, that the proposed arrangement would produce for customers or other relevant persons;

(5) a discussion of how the proposed arrangement would not be contrary to the purpose of the GENIUS Act; and

(6) in the case of a proposed exception for an arrangement providing services to a customer on the condition that the customer agree to not obtain an additional product or service from a competitor, whether the additional product or service will be offered to customers on competitive terms separate from the service upon which conditions are being placed.

(d) *Additional information.* The Board may require additional information in connection with any request under this section.

§§ 247.42–247.49 [Reserved]

Subpart F—Rules Applicable to State-Qualified Payment Stablecoin Issuers

§ 247.50 Unusual and exigent circumstances enforcement authority.

(a) *Scope.* This section addresses the Board's authority to impose restrictions on any State-qualified PPSI and its institution-affiliated parties during unusual and exigent circumstances pursuant to section 7(e)(1) of the GENIUS Act (12 U.S.C. 5906(e)(1)).

(b) *In general.* If the Board determines that unusual and exigent circumstances exist under subsection (c), and that there is reasonable cause to believe that the continuation of any activity, including the failure to act, by a State-qualified PPSI constitutes a serious risk to the financial safety, soundness, or stability of the State-qualified PPSI, the Board may, after requisite notice to the relevant State payment stablecoin regulator under subsection (d), take an enforcement action against a State-qualified PPSI or an institution-affiliated party of such State-qualified PPSI for a violation of the GENIUS Act (12 U.S.C. 5901 *et seq.*) in the form of a directive with the effect of a cease-and-desist order that has become final. These restrictions may include, but are not limited to, limitations on:

(1) redemptions of payment stablecoins;

(2) transactions between the State-qualified PPSI, its holding company, and the subsidiaries or affiliates of either the State-qualified PPSI or the holding company; and

(3) any activities of the State-qualified PPSI that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State-qualified PPSI.

(c) *Unusual and exigent circumstances.* In determining whether unusual and exigent circumstances exist for purposes of 12 U.S.C. 5906(e)(1) and this section, the Board will consider whether any of the following conditions are present with respect to a particular State-qualified PPSI:

(1) significant fluctuations in the price of stablecoins issued by a State-qualified PPSI;

(2) disruptions in timely redemptions as defined in 12 CFR 247.12 by a State-qualified PPSI;

(3) deployment by a State-qualified PPSI of nonstandard liquidity management tools to dissuade redemptions;

(4) volatility in the secondary market for cash-equivalent securities that a State-qualified PPSI relies upon to maintain the value of reserve assets;

(5) actual or likely losses from a State-qualified PPSI's other activities that impair the State-qualified PPSI's ability to meet timely redemptions or other obligations;

(6) disorderly failure, significant impairment to the operations, or substantiated concerns about the imminent disorderly failure, of—

(i) one or more State-qualified PPSIs;

(ii) one or more reserve custodians relied upon by the State-qualified PPSI; or

(iii) any infrastructure necessary for the transmission or redemption of payment stablecoins issued by the State-qualified PPSI;

(7) a request with good cause shown by a State-qualified PPSI or the State-qualified PPSI's primary regulator to issue a directive under 12 U.S.C. 5906(e)(1); and

(8) any other factor of a similar nature that evinces the existence of a serious risk to the financial safety and soundness of a State-qualified PPSI or the stability of the U.S. financial system, as determined by the Board.

(d) *Procedures.*

(1) *Prior written notice.*

(i) *Elements of notice.* The Board will provide the State payment stablecoin regulator of a State-qualified PPSI with not less than 48 hours' prior written notice before taking an enforcement action under 12 U.S.C. 5906(e)(1) and this section. The prior written notice will include:

(A) the Board's determination that unusual and exigent circumstances exist;

(B) a brief description of how the State-qualified PPSI is believed to have violated the GENIUS Act; and

(C) a brief description of the activity conducted by the State-qualified PPSI that constitutes a serious risk to the financial safety, soundness, or stability of the State-qualified PPSI.

(ii) *Waiver.* A State payment stablecoin regulator may elect to waive its right to a 48-hour notice period.

(2) *Consultation.*—(i) Prior to taking an enforcement action under 12 U.S.C. 5906(e), the Board may elect to consult with a State-qualified PPSI or its State payment stablecoin regulator regarding the factors described in subsection (c), if the Board has reason to believe:

(A) the State-qualified PPSI is in violation of the GENIUS Act;

(B) the continuation of an activity by the State-qualified PPSI constitutes a serious risk to the financial safety, soundness, or stability of the State-qualified PPSI; or

(C) ''unusual and exigent circumstances'' exist or may soon come into existence based on the considerations described in § 247.50(c).

(ii) The Board may request evidence from the State-qualified PPSI or its State payment stablecoin regulator demonstrating why the Board should not issue a directive under this section.

(e) *Administrative review.*—(1) After a directive under subsection (b) of this section is issued, the applicable State-qualified PPSI, or any institution-affiliated party of the State-qualified PPSI subject to the directive, may object and present to the Board, in writing, the reasons why the directive should be modified or rescinded.

(2) If, after 10 days after the receipt of a response described in paragraph (e)(1) of this section, the Board does not affirm, modify, or rescind the directive, the directive shall automatically lapse.

§ 247.51 Transition and waiver process for uninsured State-chartered depository institutions.

(a) *Scope.*—(1) This section addresses requirements related to a State-qualified PPSI that is an uninsured State-chartered depository institution transitioning to the Board's regulatory framework pursuant to section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)).

(2) For purposes of this section a ''covered PPSI'' refers only to those State-qualified PPSIs that are uninsured State-chartered depository institutions.

(b) *Transition to Federal regulatory framework.*—(1) *Transition requirements.* A covered PPSI with an outstanding issuance value of more than $10 billion must:

(i) not later than 360 days after reaching such threshold, transition to the Federal regulatory framework under this part and comply with the provisions of this part applicable to Board-supervised PPSIs; or

(ii) beginning on the date the payment stablecoin reaches such threshold, cease issuing, on a net basis, new payment stablecoins until the issuer is under the $10 billion outstanding issuance value threshold.

(2) *Initial notice requirement.*—(i) A covered PPSI with an outstanding issuance value of more than $10 billion must provide written notification to the Board within five calendar days after reaching such threshold.

(ii) The written notification must include the following information:

(A) the State or States that currently regulate the covered PPSI;

(B) the covered PPSI's outstanding issuance value as of the date of the notice;

(C) the date that the covered PPSI first reached the $10 billion outstanding issuance value threshold; and

(D) an indication of whether and when the covered PPSI ceased issuing, on a net basis, new payment stablecoins and whether the covered PPSI intends to seek a waiver pursuant to paragraph (d) of this section.

(3) *Capital.*—(i) Within 270 days of reaching the $10 billion outstanding issuance value threshold, a covered PPSI must submit an analysis of the covered PPSI's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile.

(ii) The Board will review the submission required under paragraph (b)(3)(i) of this section and evaluate the capital adequacy of the covered PPSI, including whether such PPSI is projected to be in compliance with the capital requirements in §§ 247.15 through 247.18 360 days after the covered PPSI reaches the $10 billion outstanding issuance value threshold.

(iii) For purposes of complying with the transition requirements under paragraph (b)(1)(i) of this section, the covered PPSI must comply with the capital requirements set out in §§ 247.15 through 247.18 within 360 days after the covered PPSI reaches the $10 billion outstanding issuance value threshold.

(iv) A covered PPSI is not required to submit a capital analysis under this paragraph (b)(3) if the covered PPSI has received a waiver pursuant to paragraph (d) of this section.

(4) *Compliance notice requirement and transition date.*—(i) For purposes of complying with paragraph (b)(1)(i) of this section, a covered PPSI must provide written notification to the Board regarding whether it is in compliance with the Federal regulatory framework applicable to Board-supervised PPSIs under this part. If the covered PPSI is not in compliance with the Federal regulatory framework applicable to Board-supervised PPSIs under this part, the written notice must identify the provisions with which the covered PPSI does not comply, provide the covered PPSI's plan for remediating its noncompliance, and explain why the covered PPSI did not comply with the

Federal regulatory framework within the 360-day transition period.

(ii) A covered PPSI that does not cease issuing new payment stablecoins in accordance with paragraph (b)(1)(ii) of this section must transition to the regulatory framework applicable to Board-supervised PPSIs under this part on the earlier of 360 days after reaching the $10 billion outstanding issuance value threshold or the date on which the covered PPSI provides written notification under paragraph (b)(4)(i) of this section.

(c) *Initial examination.* A covered PPSI that transitions to the regulatory framework under this part must undergo an initial Board examination at the Board's request or no later than six months after the date on which the covered PPSI provides written notification under paragraph (b)(4)(i) of this section.

(d) *Waiver from Federal supervision.*—(1) *Waiver request.* A covered PPSI seeking to remain solely supervised by a State payment stablecoin regulator must submit to the Board a written waiver request containing information necessary to evaluate such request under paragraphs (d)(2) and (3) of this section within 240 days of reaching the $10 billion outstanding issuance value.

(2) *Waiver criteria.* The Board will consider the following exclusive criteria when deciding whether to grant a waiver:

(i) the adequacy of capital maintained by the covered PPSI;

(ii) the past operations and examination history of the covered PPSI;

(iii) the experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities; and

(iv) the supervisory framework, including regulations and guidance, applicable to the covered PPSI with respect to payment stablecoins and digital assets.

(3) *Waiver presumption.*—(i) Except as provided in paragraph (d)(3)(ii) of this section, the Board will approve a waiver request under this section if the relevant State payment stablecoin regulator has:

(A) established a prudential regulatory regime (including regulations and guidance) for the supervision of digital assets or payment stablecoins as of April 19, 2025, and which has a framework that has been approved pursuant to section 4(c) of the GENIUS Act (12 U.S.C. 5903(c)); and

(B) approved one or more State-qualified PPSIs to issue payment stablecoins under the supervision of such State payment stablecoin regulator.

(ii) Paragraph (d)(3)(i) of this section does not apply to a waiver request if the Board finds by clear and convincing evidence that the criteria in paragraph (d)(2) of this section are not substantially met or that the covered PPSI poses significant safety and soundness risks to the financial system of the United States.

§§ 247.52–247.59 [Reserved]

PART 263–RULES OF PRACTICE FOR HEARINGS

■ 12. The authority citation for part 263 is revised to read as follows:

Authority: 5 U.S.C. 504, 554–557; 12 U.S.C. 248, 324, 334, 347a, 504, 505, 1464, 1467, 1467a, 1817(j), 1818, 1820(k), 1829, 1831o, 1831p–1, 1832(c), 1847(b), 1847(d), 1884, 1972(2)(F), 3105, 3108, 3110, 3349, 3907, 3909(d), 4717, 5323, 5362, 5365, 5463, 5464, 5466, 5467, 5905; 15 U.S.C. 21, 78l(i), 78o–4, 78o–5, 78u–2; 1639e(K); 28 U.S.C. 2461 note; 31 U.S.C. 5321; and 42 U.S.C. 4012a.

■ 13. Revise § 263.1 to read as follows:

§ 263.1 Scope.

* * * * *

(h) Suspension or revocation of registration, cease-and-desist, temporary cease-and-desist, removal and prohibition proceedings, or civil money penalties under section 6 of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (''GENIUS Act'') (12 U.S.C. 5905).

(i) This subpart also applies to all other adjudications required by statute to be determined on the record after opportunity for an agency hearing, unless otherwise specifically provided for in the Local Rules (see § 263.3(i)).

* * * * *

■ 14. Revise § 263.3 to read as follows:

§ 263.3 Definitions.

* * * * *

(g) *Institution* includes:

* * * * *

(9) Any Board-supervised PPSI, as that term is defined in 12 CFR 247.2; and

(10) Any other entity subject to the supervision of the Board.

(h) *Institution-affiliated party* means any institution-affiliated party as that term is defined in section 3(u) of the FDICA (12 U.S.C. 1813(u)). For actions pursuant to the GENIUS Act, institution-affiliated party means any institution-affiliated party as that term is defined in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)).

* * * * *

■ 15. Revise § 263.450 to read as follows

§ 263.450 Scope.

(a) The procedures of this subpart must be followed when a formal investigation is instituted and conducted pursuant to: section 8(n) of the FDIA (12 U.S.C. 1818(n)); section 10(c) of the FDIA (12 U.S.C. 1820(c)); section 7(j)(15) of the FDIA (12 U.S.C. 1817(j)(15)); section 5(f) of the BHC Act (12 U.S.C. 1844(f)); sections 10(b)(4) and 10(g)(2) of HOLA (12 U.S.C. 1464(b)(4) and 1467a(g)(2)); section 162 of the Dodd-Frank Act (12 U.S.C. 5362); and section 6 of the GENIUS Act (12 U.S.C. 5905).

* * * * *

By order of the Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–19860 Filed 9–28–26; 8:45 am]

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H.R. 3657/P.L. 119–112

Hydropower Licensing Transparency Act (Sept. 25, 2026; 140 Stat. 1050)

H.R. 7250/P.L. 119–113

To reauthorize the Fort Peck Reservation Rural Water System Act of 2000. (Sept. 25, 2026; 140 Stat. 1052)

S. 550/P.L. 119–114

To provide for the equitable settlement of certain Indian land disputes regarding land in Illinois, and for other purposes. (Sept. 25, 2026; 140 Stat. 1053)

S. 603/P.L. 119–115

To designate the General George C. Marshall House, in the Commonwealth of Virginia, as an affiliated area of the National Park System, and for other purposes. (Sept. 25, 2026; 140 Stat. 1055)

S. 759/P.L. 119–116

Modernizing Access to Our Public Oceans Act (Sept. 25, 2026; 140 Stat. 1057)

S. 790/P.L. 119–117

To redesignate the National Historic Trails Interpretive Center in Casper, Wyoming, as the "Barbara L. Cubin National Historic Trails Interpretive Center". (Sept. 25, 2026; 140 Stat. 1061)

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