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The Code of Federal Regulations is sold by the Superintendent of Documents.

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 630

[Docket ID: OPM–2026–0463]

RIN 3206–AP18

Family and Medical Leave Act

AGENCY: Office of Personnel Management.

ACTION: Direct final rule.

SUMMARY: The Office of Personnel Management (OPM) is issuing a direct final rule making technical revisions to OPM's Family and Medical Leave Act (FMLA) regulations to incorporate various statutory amendments. The rule reflects statutory changes making virtually all Federal civilian service and certain honorable active military service qualify for determining FMLA eligibility, making clear that annual and sick leave provided under an authority outside of title 5, United States Code, may be substituted for unpaid FMLA leave, and excluding certain Veterans Health Administration (VHA) employees from title 5 FMLA coverage.

DATES: This rule is effective December 14, 2026, unless significant adverse comments are received by November 16, 2026. If significant adverse comments are received, OPM will withdraw the affected provisions of this rule and issue a notice of proposed rulemaking.

ADDRESSES: You may submit comments for this direct final rule within the Federal eRulemaking Portal at <https://www.regulations.gov/>. Follow the instructions for submitting comments.

All comments must be received by the end of the comment period for them to be considered. All comments and other submissions received generally will be posted on the internet at [regulations.gov](https://www.regulations.gov/) as they are received, without change, including any personal information provided. However, OPM retains discretion to redact personal or sensitive information, including but not limited

to personal or sensitive information pertaining to third parties.

A summary of this rule may be found in the docket for this rulemaking at www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Julie Ohr, Office of Personnel Management, Workforce Policy and Innovation, (202) 606–2858, leavepolicy@opm.gov.

SUPPLEMENTARY INFORMATION: This direct final rule amends OPM's Family and Medical Leave Act (FMLA) regulations in subpart L of part 630 of title 5, Code of Federal Regulations (CFR) to reflect statutory changes enacted in January 2021¹ and December 2023.²

I. Background and Effect on Paid Parental Leave

The Family and Medical Leave Act of 1993, as amended, provides eligible employees with unpaid, job-protected leave for specified family and medical reasons under one of two separate and independent authorities, known as title I and title II of the FMLA. Title II of the FMLA added a Family and Medical Leave subchapter V in chapter 63 of title 5 of the United States Code (5 U.S.C. chapter 63, subchapter V), so it is generally referred to as “title 5 FMLA.” Title 5 FMLA is administered by OPM and applies to most Federal employees who are covered by the Federal leave system under 5 U.S.C. chapter 63 and some additional categories of employees. Title I of FMLA (non-title 5 FMLA), administered by the Department of Labor (DOL), applies to private sector employees, State and local Government employees, as well as some Federal employees (including employees of the U.S. Postal Service and the Postal Regulatory Commission). DOL's FMLA regulations are found in 29 CFR part 825 and should not be applied to employees covered by title 5 FMLA.

The 2021 and 2023 statutory amendments to the title 5 FMLA law also affect an employee's eligibility for paid parental leave (PPL). This is because PPL is a type of paid leave that is substituted for unpaid FMLA leave. Therefore, to be eligible for PPL, an employee must meet all eligibility

requirements for use of FMLA leave as a covered “employee” (as defined in 5 U.S.C. 6381(1)(A)) who has completed at least 12 months of qualifying service (as required by 5 U.S.C. 6381(1)(B)). On August 10, 2020, OPM issued interim final FMLA/PPL regulations (85 FR 48075) to implement the Federal Employee Paid Leave Act (FEPLA),³ which authorizes the substitution of up to 12 weeks of PPL for unpaid FMLA leave granted in connection with the birth of an employee's son or daughter or the placement of a son or daughter with an employee for adoption or foster care. (See 5 U.S.C. 6382(a)(1)(A) and (B).) To implement FEPLA, OPM added new regulatory subpart Q (Paid Parental Leave) in 5 CFR part 630 and made necessary clarifications, changes, and additions in subpart L (Family and Medical Leave). Because the 2021 and 2023 statutory amendments addressed in this rule affect FMLA eligibility, those amendments (and this rule) therefore also affect PPL eligibility.

The 2021 and 2023 statutory amendments to title 5 FMLA were enacted after the publication of OPM's interim final FMLA/PPL rule and have been implemented through policy guidance in two OPM memoranda to heads of agencies titled “Technical Amendments Related to Family and Medical Leave and Paid Parental Leave under Section 1103 of the National Defense Authorization Act for Fiscal Year 2021” (CPM 2021–07, January 14, 2021)⁴ and “Amendment Related to Inclusion of Certain Military Active Service for Family and Medical Leave and Paid Parental Leave Eligibility Purposes under Section 1114 of the National Defense Authorization Act for Fiscal Year 2024” (CPM 2024–05, February 13, 2024).⁵ The changes made in this direct final rule implement clear statutory requirements and codify the guidance found in those memoranda.

³ Subtitle A of title LXXVI of division F of the National Defense Authorization Act for Fiscal Year 2020, Public Law 116–92, Dec. 20, 2019, 135 Stat. 1037.

⁴ https://www.opm.gov/chcoc/transmittals/2021/Technical%20Amendments%20Related%20to%20Family%20and%20Medical%20Leave%20and%20Paid%20Parental%20Leave%20under%20Section_01-14-2021_508.pdf.

⁵ <https://www.opm.gov/chcoc/transmittals/2024/CPBBFA-1.PDF>.

¹ Sec. 1103(f) of the William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for Fiscal Year 2021, Public Law 116–283, Jan. 1, 2021, 134 Stat. 3388, 3886.

² Sec. 1114(a) of NDAA for FY 2024, Public Law 118–31, December 22, 2023, 137 Stat. 136, 432.

II. January 2021 Statutory Amendments and Corresponding Regulatory Changes

The January 2021 amendments⁶ to the FMLA law revised 5 U.S.C. 6301(2)(v), 5 U.S.C. 6381(1)(B) and 5 U.S.C. 6382(d)(1) and (2) and became effective on the date of the enactment of Public Law 116–283, January 1, 2021. This section further explains each amendment and the corresponding regulatory changes.

1. The statutory amendment to section 6301(2)(v) changed the scope of employees excluded from coverage under the title 5 FMLA law. Before the amendment, section 6301(2)(v) provided that VHA physicians, dentists, and nurses in the Department of Veterans Affairs (VA) were excluded from the title 5 annual and sick leave system, since they were covered by a leave system established under 38 U.S.C. 7421. However, the original title 5 FMLA law definition of “employee” (5 U.S.C. 6381(1)) expressly included these employees as covered by title 5 FMLA. While these employees were covered by the title 5 FMLA law, OPM’s FMLA regulations provided that they would be covered by FMLA regulations prescribed by the VA Secretary (see 5 CFR 630.1201(b)(3)(i) and (4)), which were required to be consistent with the OPM regulations. The amended title 5 FMLA law, currently in effect, excludes all VHA employees covered by a leave system under 38 U.S.C. 7421 from coverage under the title 5 FMLA law. These employees are governed by a FMLA law in 38 U.S.C. 7425(c), which requires that VA provide family and medical leave in the same manner and subject to the same limitations to the maximum extent practicable, as family and medical leave is provided under the title 5 FMLA law.

To conform with the January 2021 amendments to sections 6301(2)(v) and 6381(1) OPM is removing 5 CFR 630.1201(b)(3)(i) dealing with VHA employees listed in 38 U.S.C. 7401(1) and covered by a leave system under 38 U.S.C. 7421, since paragraph (b)(3) concerns employees covered by the title 5 FMLA law. OPM is also amending paragraph (b)(4), which connects to paragraph (b)(3), to remove the reference to the VA Secretary. OPM is redesignating the remaining paragraphs (b)(3)(ii) and (iii) as paragraphs (b)(3)(i) and (ii). OPM is adding a new paragraph (v) in § 630.1201(b)(2), which lists positions to which the subpart L FMLA regulations do not apply. Paragraph (b)(2)(v) provides that subpart L does not apply to all VHA employees covered

by a leave system established under 38 U.S.C. 7421.

2. The statutory amendment to section 6381(1)(B) broadened FMLA coverage by making virtually all types of civilian Federal service (including employment on a temporary or intermittent basis) qualifying service for purposes of applying the FMLA eligibility requirement of 12 months of qualifying service. Before the amendment, the 12 months of service must have been as an “employee” who was covered by the title 5 FMLA leave provisions (as described in 5 U.S.C. 6381(1)(A))—that is, serving in a position in which the employee was eligible to use FMLA leave under the title 5 FMLA law. The amended law, currently in effect, requires that an employee complete at least 12 months of service as an employee (as defined in 5 U.S.C. 2105) of the Government of the United States, including service with the United States Postal Service, the Postal Regulatory Commission, or a non-appropriated fund instrumentality (NAFI) as described in section 2105(c). Thus, virtually all types of civilian Federal service (including employment on a temporary or intermittent basis) are now qualifying for purposes of applying the FMLA eligibility requirement for 12 months of qualifying service. (To be eligible to use title 5 FMLA leave, an employee must still meet the definition of “employee” in 5 U.S.C. 6381(1)(A). For example, those currently employed on a temporary or intermittent basis remain ineligible to use title 5 FMLA leave.)

To conform with the amendment to section 6381(1)(B), OPM is revising 5 CFR 630.1201(b)(1)(ii)(A) to codify that service as an employee under 5 U.S.C. 2105 is qualifying for purposes of applying the FMLA eligibility requirement for 12 months of qualifying service. Qualifying service includes service by employees serving on a temporary or intermittent basis who meet the definition of “employee” in 5 U.S.C. 2105.

OPM is also adding a paragraph (G) in § 630.1201(b)(1)(ii) to address that service with the United States Postal Service or the Postal Regulatory Commission is qualifying service. There is an existing paragraph (D) in § 630.1201(b)(1)(ii) providing that service by a NAFI employee under 5 U.S.C. 2105(c) is qualifying service. While section 6381(1)(B) did not address such NAFI service before the 2021 statutory amendments, the treatment of NAFI employees under the title 5 FMLA law (including the creditability of NAFI service towards the 12-month service requirement) was

already addressed in 5 U.S.C. 2105(c)(1)(E) and in OPM FMLA regulations back to 1993.⁷

3. The statutory amendments to section 6382(d)(1) and (2) made clear that an employee may substitute annual or sick leave earned under an authority outside of title 5, United States Code, for unpaid FMLA leave by removing the requirement that the annual or sick leave be under the leave system established under 5 U.S.C. chapter 63, subchapter I. The law in effect before the amendment only addressed the substitution of annual or sick leave credited “under subchapter I.” The amended law, currently in effect, clarifies that the rules governing the substitution of annual or sick leave for unpaid FMLA leave apply equally to annual or sick leave provided under a non-title 5 authority.

No revision to the regulations governing the substitution of paid leave is necessary because § 630.1206(b)(2)(i) and (c)(1) already allow annual or sick leave under an “equivalent annual or sick leave under another authority” to be substituted for unpaid FMLA leave.

III. December 2023 Statutory Amendment and Corresponding Regulatory Change

The December 2023 technical amendment⁸ to the title 5 FMLA law revised 5 U.S.C. 6381(1)(B) to allow qualifying military service to count toward the 12-month service requirement for FMLA eligibility. That amendment became effective on the date of the enactment of Public Law 118–31, December 22, 2023. This section further explains the amendment and the corresponding regulatory change.

The statutory amendment to section 6381(1)(B) broadened FMLA eligibility by providing that service “which qualifies as honorable active service in the Army, Navy, Air Force, Space Force, or Marine Corps of the United States” is qualifying service for the purpose of establishing eligibility for title 5 FMLA leave (and for paid parental leave for employees who otherwise qualify based on the birth or placement of a child). The law in effect before the 2023 amendment required completion of at least 12 months of service “as an employee (as defined in section 2105) of the Government of the United States, including service with the United States Postal Service, the Postal Regulatory Commission, and a nonappropriated

⁷ See 5 CFR 630.1201(b)(3)(iii) as promulgated in the 1993 regulation at 58 FR 39596, 39603 (July 23, 1993).

⁸ Sec. 1114(a), Public Law 118–31, Dec. 22, 2023, 137 Stat. 136, 432.

⁶ Section 1103(f), Public Law 116–283, 134 Stat. 3889.

fund instrumentality as described in section 2105(c).” Section 2105 refers to civilian employees appointed in the civil service. Thus, service with an armed force was not qualifying service (other than service qualifying under the Uniformed Services Employment and Reemployment Rights Act or otherwise performed during an interruption in Federal civilian service as described in 5 CFR 630.1201(b)(1)(ii)(F)). The amended law, currently in effect, allows honorable active service in the Army, Navy, Air Force, Space Force, or Marine Corps of the United States to count towards the 12-month service requirement for establishing eligibility for title 5 FMLA leave (and for paid parental leave for employees who otherwise qualify based on the birth or placement of a child). Thus, an employee may meet the 12-month service requirement for title 5 FMLA leave eligibility purposes through any combination of qualifying civilian service and qualifying military service. Based on the law, qualifying military service does not include service in the Coast Guard or in the commissioned corps of the Public Health Service.

OPM is revising 5 CFR 630.1201(b)(1)(ii) by adding a new paragraph (H), which addresses qualifying military service. This revision conforms to the current statute, as explained below.

Paragraph (H) allows “honorable active service in the Army, Navy, Air Force, Space Force, or Marine Corps, including full-time National Guard duty; or active duty performed by a member of the Reserves of the Army, Navy, Air Force, or Marine Corps, but not including service in the Coast Guard or in the commissioned corps of the Public Health Service” to be qualifying for purposes of applying the FMLA eligibility requirement for 12 months of qualifying service. The inclusion of full-time National Guard duty is based on the definition of “active service” in 10 U.S.C. 101(d)(3), which expressly includes “full-time National Guard duty”, which is defined in 10 U.S.C. 101(d)(5). That definition of “active service” also includes service on “active duty,” which is defined in 10 U.S.C. 101(d)(1) and would include active duty performed by a member of the Reserves of the Army, Navy, Air Force, or Marine Corps. In the absence of a definition of the term “active service” as used in 5 U.S.C. 6381(1)(B)(ii), OPM must use the standard title 10 definition of that term and related terms. This position is reflected in the OPM memorandum (CPM 2024–05, February 13, 2024) issued regarding the 2023 statutory amendment.

OPM is also amending § 630.1202 to add definitions of “active duty,” “active service,” and “full-time National Guard duty,” each of which cross-references the corresponding definition in 10 U.S.C. 101(d). These definitions support consistent application of paragraph (b)(1)(ii)(H) and do not independently expand or restrict the service that qualifies under that paragraph.

IV. Expected Impact

1. Statement of Need

While OPM has issued policy guidance addressing these matters, OPM has determined that this regulatory action is necessary to achieve greater consistency across agencies. Through publication of this direct final rule, OPM is fulfilling its statutory charge in 5 U.S.C. 6387 to prescribe regulations that address FMLA leave and PPL. This rule helps employees better understand their eligibility for FMLA and PPL, which are time-limited benefits.

2. Impact

This rule will primarily affect Federal agencies that administer title 5 FMLA and Federal employees who may qualify for FMLA/PPL. Since OPM would be codifying in regulation existing FMLA/PPL statutory requirements, OPM does not expect significant changes in the usage of those programs. Agencies must follow the statutory amendments. Agencies generally follow OPM policies, but having a regulation that aligns with the authorizing statute avoids confusion regarding eligibility for these important entitlements. Since this proposed rule affects only Federal agencies and employees, it would have no substantial impact on local economies or labor markets.

3. Costs

As explained in the Impact section, OPM does not expect the direct final rule to result in significant changes in the usage of FMLA/PPL. The statutory technical amendments were effective in 2021 and 2023, and the associated OPM implementation guidance is already in place. OPM is simply incorporating these statutory revisions in regulation to avoid conflicting and confusing program administration. Accordingly, OPM does not project that costs or savings will result from the direct final rule. OPM believes the administrative burdens associated with implementing the rule will be de minimis, since agencies are already operating under parallel statutory authorities and OPM policies. There could be minor administrative cost savings to the extent that codifying policies in regulations reduces disputes.

4. Benefits

This direct final rule amends OPM’s FMLA and PPL regulations to reflect statutory changes that expanded FMLA/PPL eligibility. This direct final rule gives agencies and employees clear regulatory authority to make proper determinations regarding FMLA/PPL eligibility, improving program integrity and enhancing transparency and accountability in the administration of the FMLA/PPL programs. In particular, Federal employees with non-title 5 Federal service or honorable active military service will benefit from clearer regulations.

5. Alternatives

OPM considered the alternative of not regulating the statutory provisions that were already addressed in OPM guidance. OPM concluded that to ensure agencies and employees are aware of the updated legal authorities, these statutory amendments should be codified in regulation. The direct final rule will ensure consistency and proper administration of the FMLA/PPL programs.

6. Severability

If any provision of this direct final rule is held to be invalid or unenforceable by its terms, or as applied to any person or circumstance, OPM believes that the various provisions should be severable and need not be impacted.

V. Regulatory Compliance

1. Notice and Comment

Changes to the FMLA authorities are technical in nature and not subject to notice and comment rulemaking. This rulemaking aligns OPM’s regulations with 5 U.S.C. chapter 63, subchapter V. The technical statutory amendments are clear, not subject to interpretation, and implementing guidance has already been issued. This rule does not establish new procedures for administering the FMLA/PPL programs.

In addition to the technical FMLA changes, this rule adds three definitions to assist with the administration of these FMLA technical amendments. This rule is suitable for direct final rulemaking because it is non-controversial and consistent with Federal law and policy. OPM does not expect to receive any significant adverse comments related to these regulatory updates. These provisions of the rule will be beneficial to agencies and employees because they will improve compliance in administering the FMLA/PPL programs established in current law. The regulatory revisions make no changes to

the legal obligations or rights of any affected parties (*i.e.*, they reflect statutory requirements that are already in effect). OPM accordingly finds that it is in the public interest to have this rule be effective as soon as possible.

The changes made by this rule are already effective as outlined in OPM’s prior guidance memoranda (CPM 2021–07 and CPM 2024–05). If significant adverse comments are received, OPM will withdraw the affected provisions of this direct final rule and publish a proposed rule for comment. A significant adverse comment is one that explains: (1) why the rule is inappropriate, including challenges to the rule’s underlying premise or approach; or (2) why the direct final rule will be ineffective or unacceptable without a change. If no significant adverse comments are received, this direct final rule will become effective immediately. Agencies have had sufficient time to make changes needed to implement the rule. A comment recommending an addition to the rule will not be considered significant and adverse unless the comment explains how this direct final rule would be ineffective without the addition.

2. Regulatory Review

OPM has examined the impact of this rule as required by E.O. 12866 and 13563, which direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public, health, and safety effects, distributive impacts, and equity). A regulatory impact analysis must be prepared for rules that have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities. This rulemaking does not reach that threshold but has otherwise been designated as a “significant regulatory action” under section 3(f) of E.O. 12866. This rule is not considered an E.O. 14192 regulatory action because it imposes no more than de minimis costs.

3. Regulatory Flexibility Act

The Director of OPM certifies that this rulemaking will not have a significant economic impact on a substantial number of small entities because the rule will apply only to Federal agencies and employees.

4. Federalism

This rulemaking will not have substantial direct effects on the States, on the relationship between the national government and the States, or on distribution of power and responsibilities among the various levels of government. Therefore, in accordance with E.O. 13132, the Director of OPM certifies that this rulemaking does not have sufficient federalism implications to warrant preparation of a Federalism Assessment.

5. Civil Justice Reform

This rulemaking meets the applicable standards set forth in section 3(a) and (b)(2) of Executive Order 12988.

6. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess anticipated costs and benefits before issuing any rule that would impose spending costs on State, local, or tribal governments in the aggregate, or on the private sector, in any 1 year of \$100 million in 1995 dollars, updated annually for inflation. That threshold is currently approximately \$206 million. This rulemaking will not result in the expenditure by State, local, or tribal governments, in the aggregate, or by the private sector, in excess of the threshold. Thus, no written assessment of unfunded mandates is required.

7. Congressional Review Act

OMB’s Office of Information and Regulatory Affairs has determined this rule does not satisfy the criteria listed in 5 U.S.C. 804(2). In addition, this is a rule relating to agency management or personnel and does not come within the meaning of the term “rule” as used in 5 U.S.C. 804(3)(C). Therefore, the reporting requirement of 5 U.S.C. 801 does not apply.

8. Paperwork Reduction Act

This rulemaking does not impose any new reporting or record-keeping requirements subject to the Paperwork Reduction Act (44 U.S.C. chapter 35).

List of Subjects in 5 CFR Part 630

Government employees, Wages.

Signing Statement

The Director of OPM, Scott Kupor, reviewed and approved this document and has authorized the undersigned to electronically sign and submit this document to the Office of the Federal Register for publication.

Office of Personnel Management.
Jerson Matias,
Federal Register Liaison.

For the reasons stated in the preamble, OPM amends 5 CFR part 630 as follows:

PART 630—ABSENCE AND LEAVE

- 1. The authority citation for part 630 continues to read as follows:
Authority: Subparts A through E issued under 5 U.S.C. 6133(a) (read with 5 U.S.C. 6129), 6303(e) and (f), 6304(d)(2), 6306(b), 6308(a) and 6311; subpart F issued under 5 U.S.C. 6305(a) and 6311 and E.O. 11228, 30 FR 7739, 3 CFR, 1974 Comp., p. 163; subpart G issued under 5 U.S.C. 6305(c) and 6311; subpart H issued under 5 U.S.C. 6133(a) (read with 5 U.S.C. 6129) and 6326(b); subpart I issued under 5 U.S.C. 6332, 6334(c), 6336(a)(1) and (d), and 6340; subpart J issued under 5 U.S.C. 6340, 6363, 6365(d), 6367(e), 6373(a); subpart K issued under 5 U.S.C. 6391(g); subpart L issued under 5 U.S.C. 6383(f) and 6387; subpart M issued under Sec. 2(d), Pub. L. 114–75, 129 Stat. 641 (5 U.S.C. 6329 note); subpart N issued under 5 U.S.C. 6329a(c); subpart O issued under 5 U.S.C. 6329b(h); and subpart P issued under 5 U.S.C. 6329c(d).

Subpart L—Family and Medical Leave

- 2. Amend § 630.1201 by:
 - a. Revising paragraph (b)(1)(ii)(A);
 - b. In paragraph (b)(1)(ii)(E), removing the “or” at the end;
 - c. In paragraph (b)(1)(ii)(F), removing “paragraphs (A) through (E) of this paragraph (b)(1)(ii).” and adding in its place “paragraphs (b)(1)(ii)(A) through (E) of this section;”;
 - d. Adding paragraphs (b)(1)(ii)(G) and (H);
 - e. In paragraph (b)(2)(iii), removing the “or” at the end;
 - f. In paragraph (b)(2)(iv), removing the period and adding it its place “; or”;
 - g. Adding paragraph (b)(2)(v);
 - h. Removing paragraph (b)(3)(i);
 - i. Redesignating paragraphs (b)(3)(ii) and (iii) as paragraphs (b)(3)(i) and (ii); and
 - j. In paragraph (b)(4), removing “Secretary of Veterans Affairs,” and the comma after “Defense”.

The revision and additions read as follows:

§ 630.1201 Purpose, applicability, and agency responsibilities.

- * * * * *
- (b) * * *
- (1) * * *
- (ii) * * *
- (A) An employee (as that term is defined in 5 U.S.C. 2105) of the Government of the United States;
- * * * * *

(G) An employee performing service with the United States Postal Service or the Postal Regulatory Commission; or

(H) A member performing honorable active service in the Army, Navy, Air Force, Space Force, or Marine Corps, including full-time National Guard duty and active duty performed by a member of the Reserves of the Army, Navy, Air Force, or Marine Corps, but not including service in the Coast Guard or in the commissioned corps of the Public Health Service.

(2) * * *

(v) An employee of the Veterans Health Administration who is covered by a leave system established under 38 U.S.C. 7421 (see also 38 U.S.C. 7425(c)).

* * * * *

■ 3. Amend § 630.1202 by adding, in alphabetic order, the definitions for “Active duty”, “Active service”, and “Full-time National Guard duty” to read as follows:

§ 630.1202 Definitions.

* * * * *

Active duty, as used in § 630.1201(b)(1)(ii)(H), has the meaning given that term in 10 U.S.C. 101(d)(1).

Active service has the meaning given that term in 10 U.S.C. 101(d)(3).

* * * * *

Full-time National Guard duty has the meaning given that term in 10 U.S.C. 101(d)(5).

* * * * *

[FR Doc. 2026–21104 Filed 10–14–26; 8:45 am]

BILLING CODE 6325–39–P

FEDERAL LABOR RELATIONS AUTHORITY

5 CFR Parts 2421, 2422, 2426, and 2429

Meaning of Terms as Used in This Subchapter; Representation Proceedings; National Consultation Rights and Consultation Rights on Government-Wide Rules or Regulations; Miscellaneous and General Requirements

AGENCY: Federal Labor Relations Authority.

ACTION: Final rule.

SUMMARY: The Federal Labor Relations Authority (FLRA) publishes this document to implement the vacatur of the interim final rule published March 24, 2026 (Interim Final Rule). Except for certain minor or technical changes that were part of the Interim Final Rule but were not vacated, this document reinstates the wording of the affected regulations as they appeared before the Interim Final Rule took effect.

DATES: This final rule is effective on October 15, 2026.

FOR FURTHER INFORMATION CONTACT: Thomas Tso, Solicitor, at solmail@flra.gov or at (771) 444–5778.

SUPPLEMENTARY INFORMATION:

I. Background

On March 24, 2026, the FLRA published the Interim Final Rule with a request for comments. Meaning of Terms as Used in This Subchapter; Representation Proceedings; National Consultation Rights and Consultation Rights on Government-wide Rules or Regulations; Miscellaneous and General Requirements, 91 FR 13933 (Mar. 24, 2026) (Member Anne Wagner dissenting). The Interim Final Rule was effective April 23, 2026. *Id.* at 13933. In a memorandum and order on June 29, 2026, the United States District Court for the District of Massachusetts held that the Interim Final Rule and its April 23, 2026, effective date were arbitrary and capricious. *See AFGE, AFL–CIO v. FLRA*, 838 F.Supp.3d 90 (D. Mass. June 29, 2026). In a final judgment on July 8, 2026, the District Court vacated the Interim Final Rule, except for certain minor or technical changes that are discussed in Section II below. *See id.*, Final J., Dkt. No. 45 (D. Mass. July 8, 2026). In order to implement the District Court’s vacatur, this document reinstates the wording of the affected regulations as they appeared before the Interim Final Rule took effect—except for the minor or technical changes that the vacatur did not affect. These reinstated regulations were already in effect as a matter of law due to the District Court’s decision, but this publication restores their appearance in the *Code of Federal Regulations*. The FLRA has sought reconsideration of the District Court’s decision. The FLRA will issue a superseding notice in the **Federal Register** if the District Court’s decision is vacated.

II. Minor or Technical Changes

The Interim Final Rule’s minor or technical changes that the District Court did not vacate are set forth in 5 CFR 2422.3; 2422.5; 2422.6; 2422.34; 2426.2(b)(2)(i), (iv), & (v), and (b)(3)(ii); 2426.12(b)(2)(i), (iv), & (v), and (b)(3)(ii); 2429.7; and 2929.24(f)(7) and (f)(9). *See id.* Because these revisions have remained unchanged since the Interim Final Rule’s effective date, they are not changed in this final rule.

III. Procedural and Other Matters

Section 553(b) of the Administrative Procedure Act, 5 U.S.C. 553(b), provides that when an agency for good cause finds that notice-and-comment

procedures are impracticable, unnecessary, or contrary to the public interest, the agency may issue a rule without providing notice and an opportunity for comment. The FLRA has determined that there is good cause for dispensing with an opportunity for comment, inasmuch as this rule merely conforms the text in the *Code of Federal Regulations* to the requirements of the District Court’s decision.

Additionally, the FLRA finds that providing notice and an opportunity to comment is unnecessary because the FLRA is simply conducting the ministerial task of implementing the final judgment of the District Court.

Further, the FLRA finds good cause to make the revisions immediately effective under § 553(d)(3) of the Administrative Procedure Act. *See id.* 553(d)(3). Section 553(d)(3) provides that final rules shall not become effective until 30 days after publication in the **Federal Register**, “except . . . as otherwise provided by the agency for good cause,” among other exceptions. *Id.* The purpose of this provision is to “give affected parties a reasonable time to adjust their behavior before the final rule takes effect.” *Omnipoint Corp. v. FCC*, 78 F.3d 620, 630 (D.C. Cir. 1996). The FLRA has determined that there is good cause for making this final rule effective immediately because it merely implements the District Court’s decision that already vacated the Interim Final Rule (except for minor or technical changes). Accordingly, this final rule is effective immediately upon publication.

E.O. 12866

Pursuant to E.O. 12866 (“Regulatory Planning and Review”), as amended by E.O. 14215, a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the E.O.

E.O. 13563 (“Improving Regulation and Regulatory Review”) supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in E.O. 12866.

This final rule was drafted and reviewed in accordance with E.O. 12866 and E.O. 13563. OMB has determined that this final rule is not a “significant regulatory action” as defined in section 3(f)(1) of E.O. 12866.

E.O. 14192 (“Unleashing Prosperity Through Deregulation”) 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. The

FLRA must adopt this final rule to comply with a court decision and does not anticipate any new incremental costs associated with the rule.

Regulatory Flexibility Act Certification

Pursuant to § 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 605(b), the Chairman of the FLRA has determined that this final rule will not have a significant impact on a substantial number of small entities, because this final rule applies only to federal agencies, federal employees, and labor organizations representing those employees.

E.O. 13132, Federalism

The FLRA is an independent regulatory agency, and as such, is not subject to the requirements of E.O. 13132.

This final rule will not have substantial direct effects on the states, on the relationship between the national government and the states, or on distribution of power and responsibilities among the various levels of government. Therefore, in accordance with E.O. 13132, this final rule does not have sufficient federalism implications to warrant preparation of a federalism assessment.

E.O. 12988, Civil Justice Reform

This final rule meets the applicable standard set forth in section 3(a) and (b)(2) of E.O. 12988.

E.O. 13175, Consultation and Coordination With Indian Tribal Governments

This final rule does not have tribal implications under E.O. 13175, because it would not have a substantial direct effect on one or more Indian tribes, on the relationship between the federal government and Indian tribes, or on the distribution of power and responsibilities between the federal government and Indian tribes.

E.O. 14294, Overcriminalization of Federal Regulations

E.O. 14294 requires agencies promulgating regulations with criminal regulatory 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 final rule does not impose a criminal regulatory penalty and is thus exempt from E.O. 14294's requirements.

Unfunded Mandates Reform Act of 1995

This final rule will not result in the expenditure by state, local, and tribal

governments, in the aggregate, or by the private sector, of \$100,000,000 or more in any one year, and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

This action is not a major rule as defined by § 804 of the Small Business Regulatory Enforcement Fairness Act of 1996. This final rule will not result in an annual effect on the economy of \$100,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based companies to compete with foreign-based companies in domestic and export markets.

Paperwork Reduction Act of 1995

The amended regulations contain no additional information collection or record-keeping requirements under the Paperwork Reduction Act of 1995, 44 U.S.C. 3501, *et seq.*

List of Subjects

5 CFR Part 2421

Administrative practice and procedure, Federal employees, Federal Labor Relations Authority, Labor management relations.

5 CFR Part 2422

Administrative practice and procedure, Federal employees, Labor management relations, Representation proceedings.

5 CFR Part 2426

Administrative practice and procedure, Federal employees, Labor management relations.

5 CFR Part 2429

Administrative practice and procedure, Federal employees, Labor management relations.

For the reasons stated in the preamble, the Federal Labor Relations Authority amends 5 CFR parts 2421, 2422, 2426, and 2429 as follows:

PART 2421—MEANING OF TERMS AS USED IN THIS SUBCHAPTER

■ 1. The authority citation for part 2421 continues to read as follows:

Authority: 3 U.S.C. 431; 5 U.S.C. 7134.

■ 2. Revise § 2421.6 to read as follows:

§ 2421.6 Regional Director.

Regional Director means the Director of a region of the Authority with geographical boundaries as fixed by the Authority.

■ 3. Revise § 2421.20 to read as follows:

§ 2421.20 Election agreement.

Election agreement means an agreement under part 2422 of this subchapter signed by all the parties, and approved by the Regional Director, concerning the details and procedures of a representation election in an appropriate unit.

§ 2421.23 [Removed]

■ 4. Remove § 2421.23.

PART 2422—REPRESENTATION PROCEEDINGS

■ 5. The authority citation for part 2422 continues to read as follows:

Authority: 3 U.S.C. 431; 5 U.S.C. 7134.

■ 6. Revise § 2422.4 to read as follows:

§ 2422.4 What service requirements must you meet when filing a petition?

You must serve every petition, motion, brief, request, challenge, written objection, or application for review on all parties affected by issues raised in the filing. The service must include all supporting documentation, with the exceptions of a showing of interest, evidence supporting challenges to the validity of a showing of interest, and evidence supporting objections to an election. You must submit a statement of service to the Regional Director.

■ 7. Amend § 2422.7 by revising paragraph (a) to read as follows:

§ 2422.7 Will an activity or agency post a notice of filing of a petition?

(a) *Posting notice of petition.* After you file a petition, when appropriate, the Regional Director will direct the agency or activity to post copies of a notice to all employees in places where notices are normally posted for the employees affected by issues raised in the petition and/or distribute copies of a notice in a manner by which notices are normally distributed.

* * * * *

■ 8. Amend § 2422.9 by revising paragraph (b) to read as follows:

§ 2422.9 How is the adequacy of a showing of interest determined?

* * * * *

(b) *Regional Director investigation of showing of interest and Decision and Order.* The Regional Director will conduct an investigation if deemed appropriate. A Regional Director's determination that the showing of

interest is adequate is final and binding and not subject to collateral attack at a representation hearing or on appeal to the Authority. If the Regional Director determines that a showing of interest is inadequate, the Regional Director will issue a Decision and Order dismissing the petition, or denying a request for intervention.

■ 9. Amend § 2422.10 by revising paragraphs (b) and (e) to read as follows:

§ 2422.10 How do you challenge the validity of a showing of interest?

* * * * *

(b) *Validity challenge.* The Regional Director or any party may challenge the validity of a showing of interest.

* * * * *

(e) *Regional Director investigation and Decision and Order.* The Regional Director will conduct an investigation if deemed appropriate. The Regional Director's determination that a showing of interest is valid is final and binding and is not subject to collateral attack or appeal to the Authority. If the Regional Director finds that the showing of interest is not valid, the Regional Director will issue a Decision and Order dismissing the petition or denying the request to intervene.

■ 10. Amend § 2422.12 by revising the section heading and paragraphs (a) through (e), (g), and (h) to read as follows:

§ 2422.12 What circumstances does the Region consider to determine whether your petition is timely filed?

(a) *Election bar.* Where there is no certified exclusive representative, a petition seeking an election will not be considered timely if filed within twelve (12) months of a valid election involving the same unit or a subdivision of the same unit.

(b) *Certification bar.* Where there is a certified exclusive representative of employees, a petition seeking an election will not be considered timely if filed within twelve (12) months after the certification of the exclusive representative of the employees in an appropriate unit. If a collective bargaining agreement covering the claimed unit is pending agency head review under 5 U.S.C. 7114(c) or is in effect, paragraph (c), (d), or (e) of this section applies.

(c) *Bar during 5 U.S.C. 7114(c) agency head review.* A petition seeking an election will not be considered timely if filed during the period of agency head review under 5 U.S.C. 7114(c). This bar expires upon either the passage of thirty (30) days absent agency head action, or upon the date of any timely agency head action.

(d) *Contract bar where the contract is for three (3) years or less.* Where a collective bargaining agreement is in effect covering the claimed unit and has a term of three (3) years or less from the date it became effective, a petition seeking an election will be considered timely if filed not more than one hundred and five (105) and not less than sixty (60) days before the expiration of the agreement.

(e) *Contract bar where the contract is for more than three (3) years.* Where a collective bargaining agreement is in effect covering the claimed unit and has a term of more than three (3) years from the date on which it became effective, a petition seeking an election will be considered timely if filed not more than one hundred and five (105) and not less than sixty (60) days before the expiration of the initial three (3) year period, and any time after the expiration of the initial three (3) year period.

* * * * *

(g) *Premature extension.* Where a collective bargaining agreement with a term of three (3) years or less has been extended before sixty (60) days before its expiration date, the extension will not serve as a basis for dismissal of a petition seeking an election filed in accordance with this section.

(h) *Contract requirements.* Collective bargaining agreements, including agreements that go into effect under 5 U.S.C. 7114(c) and those that automatically renew without further action by the parties, are not a bar to a petition seeking an election under this section unless a clear effective date, renewal date where applicable, duration, and termination date are ascertainable from the agreement and relevant accompanying documentation.

■ 11. Revise § 2422.13 to read as follows:

§ 2422.13 How are issues raised by your petition resolved?

(a) *Meetings before filing a representation petition.* All parties affected by the representation issues that may be raised in a petition are encouraged to meet before the filing of the petition to discuss their interests and narrow and resolve the issues. If requested by all parties, a representative of the appropriate Regional Office will participate in these meetings.

(b) *Meetings to narrow and resolve the issues after the petition is filed.* The Regional Director may require all affected parties to meet to narrow and resolve the issues raised in the petition.

■ 12. Amend § 2422.14 by revising the section heading and paragraphs (a) and (b) to read as follows:

§ 2422.14 What is the effect of your withdrawal or the Regional Director's dismissal of a petition?

(a) *Withdrawal/dismissal less than sixty (60) days before contract expiration.* (1) If you withdraw a timely filed petition seeking an election, or the Regional Director dismisses the petition less than sixty (60) days before the existing agreement between the incumbent exclusive representative and the agency or activity expires, or any time after the agreement expires, another petition that seeks an election will not be considered timely if filed within a ninety (90) day period beginning with either:

(i) The date on which the Regional Director approves the withdrawal; or
(ii) The date on which the Regional Director dismisses the petition when the Authority does not receive an application for review; or
(iii) The date on which the Authority rules on an application for review.

(2) Other pending petitions that have been timely filed under this part will continue to be processed.

(b) *Withdrawal by petitioner.* If you submit a withdrawal request for a petition seeking an election that the Regional Director receives after the notice of hearing issues or after approval of an election agreement, whichever occurs first, you will be barred from filing another petition seeking an election for the same unit or any subdivision of the unit for six (6) months from the date on which the Regional Director approves the withdrawal.

* * * * *

■ 13. Revise § 2422.15 to read as follows:

§ 2422.15 Do parties have a duty to provide information and cooperate after a petition is filed?

(a) *Relevant information.* After you file a petition, all parties must, upon request of the Regional Director, provide the Regional Director and serve all parties affected by issues raised in the petition with information concerning parties, issues, and agreements raised in or affected by the petition.

(b) *Inclusions and exclusions.* After you file a petition seeking an election, the Regional Director may direct the agency or activity to provide the Regional Director and all parties affected by issues raised in the petition with a current alphabetized list of employees and job classifications included in and/or excluded from the existing or claimed unit affected by issues raised in the petition.

(c) *Cooperation.* All parties are required to cooperate in every aspect of

the representation process. This obligation includes cooperating fully with the Regional Director, submitting all required and requested information, and participating in prehearing conferences and hearings. The Regional Director may take appropriate action, including dismissal of the petition or denial of intervention, if parties fail to cooperate in the representation process.

■ 14. Amend § 2422.16 by revising the section heading and paragraphs (b) and (c) to read as follows:

§ 2422.16 May parties enter into election agreements, and if they do not, will the Regional Director direct an election?

* * * * *

(b) *Regional Director directed election.* If the parties are unable to agree on procedural matters, specifically, the eligibility period, method of election, dates, hours, or locations of the election, the Regional Director will decide election procedures and issue a Direction of Election, without prejudice to the rights of a party to file objections to the procedural conduct of the election.

(c) *Opportunity for a hearing.* Before directing an election, the Regional Director must provide affected parties an opportunity for a hearing on non-procedural matters, and then may:

- (1) Issue a Decision and Order; or
- (2) If there are no questions regarding unit appropriateness, issue a Direction of Election without a Decision and Order.

* * * * *

■ 15. Amend § 2422.17 by revising the section heading and paragraphs (a) and (b), and adding paragraph (d) to read as follows:

§ 2422.17 What are a notice of hearing and prehearing conference?

(a) *Purpose of notice of a hearing.* The Regional Director may issue a notice of hearing involving any issues raised in the petition.

(b) *Contents.* The notice of hearing will advise affected parties about the hearing. The Regional Director will also notify affected parties of the issues raised in the petition and establish a date for the prehearing conference.

* * * * *

(d) *No interlocutory appeal of hearing determination.* A party may not appeal to the Authority a Regional Director's determination of whether to issue a notice of hearing.

■ 16. Amend § 2422.18 by revising paragraphs (c) and (d) to read as follows:

§ 2422.18 What is the purpose of a representation hearing and what procedures are followed?

* * * * *

(c) *Hearing officer.* The Regional Director appoints a hearing officer to conduct a hearing. Another hearing officer may be substituted for the presiding Hearing Officer at any time.

(d) *Transcript.* An official reporter will make the official transcript of the hearing. Copies of the official transcript may be examined in the appropriate Regional Office during normal working hours. Parties should contact the official hearing reporter to purchase copies of the official transcript.

■ 17. Revise § 2422.19 to read as follows:

§ 2422.19 When is it appropriate for a party to file a motion at a representation hearing?

(a) *Purpose of a motion.* After the Regional Director issues a Notice of Hearing in a representation proceeding, a party who seeks a ruling, an order, or relief must do so by filing or raising a motion stating the order or relief sought and the grounds in support. The Regional Director or Hearing Officer may treat challenges and other filings referenced in other sections of this subpart as a motion.

(b) *Prehearing motions.* Parties must file prehearing motions in writing with the Regional Director. Any response must be filed with the Regional Director within five (5) days after service of the motion. The Regional Director may rule on the motion or refer the motion to the Hearing Officer.

(c) *Motions made at the hearing.* During the hearing, parties may make oral motions on the record to the Hearing Officer unless required to be in writing. Responses may be oral on the record or in writing, but must be provided before the hearing closes, absent permission of the Hearing Officer. When appropriate, the Hearing Officer will rule on motions made at the hearing or referred to the Hearing Officer by the Regional Director.

(d) *Posthearing motions.* Parties must file motions made after the hearing closes in writing with the Regional Director. Any response to a posthearing motion must be filed with the Regional Director within five (5) days after service of the motion.

■ 18. Amend § 2422.20 by revising paragraph (d) to read as follows:

§ 2422.20 What rights do parties have at a hearing?

* * * * *

(d) *Briefs.* A party will be given an opportunity to file a brief with the Regional Director.

(1) A party must file an original and two (2) copies of a brief with the Regional Director within thirty (30) days from the close of the hearing.

(2) No later than five (5) days before the date the brief is due a party must file and the Regional Director must receive a written request for an extension of time to file a brief.

(3) Absent the Regional Director's permission, parties may not file a reply brief.

■ 19. Revise § 2422.21 to read as follows:

§ 2422.21 What are the duties and powers of the Hearing Officer?

(a) *Duties of the Hearing Officer.* The Hearing Officer receives evidence and inquires fully into the relevant and material facts concerning the matters that are the subject of the hearing. The Hearing Officer may make recommendations on the record to the Regional Director.

(b) *Powers of the Hearing Officer.* After the Regional Director assigns a case to a Hearing Officer and before the close of the hearing, the Hearing Officer may take any action necessary to schedule, conduct, continue, control, and regulate the hearing, including ruling on motions when appropriate.

■ 20. Amend § 2422.23 by revising paragraphs (a) through (c) and (e) through (h) to read as follows:

§ 2422.23 What election procedures are followed?

(a) *Regional Director conducts or supervises election.* The Regional Director will decide to either conduct or supervise the election. In supervised elections, agencies will perform all acts as specified in the Election Agreement or Direction of Election.

(b) *Notice of election.* Before the election the activity posts a notice of election, prepared by the Regional Director. The notice is posted in places where notices to employees are customarily posted and/or distributed in a manner by which notices are normally distributed. The notice of election contains the details and procedures of the election, including the appropriate unit, the eligibility period, the date(s), hour(s), and location(s) of the election, a sample ballot, and the effect of the vote.

(c) *Sample ballot.* The reproduction of any document that claims to be a copy of the official ballot and that suggests either directly or indirectly to employees that the Authority endorses a particular choice in the election may constitute grounds for setting aside an

election if objections are filed under § 2422.26.

* * * * *

(e) *Intervenor withdraws from ballot.* When two or more labor organizations are included as choices in an election, an intervening labor organization may, before the approval of an election agreement or before the direction of an election, file a written request with the Regional Director to remove its name from the ballot. If the Regional Director does not receive the request before the approval of an election agreement or before the direction of an election, the intervening labor organization will remain on the ballot, unless the parties and the Regional Director agree otherwise. The Regional Director's decision on the request is final, and no party may file an application for review with the Authority.

(f) *Incumbent withdrawal from ballot in an election to decertify an incumbent representative.* When there is no intervening labor organization, an election to decertify an incumbent exclusive representative is not held if the incumbent provides the Regional Director with a written disclaimer of any representation interest in the unit. When there is an intervenor, an election is held if the intervening labor organization proffers a thirty percent (30%) showing of interest within the time period established by the Regional Director.

(g) *Petitioner withdraws from ballot in an election.* When there is no intervening labor organization, an election is not held if the petitioner provides the Regional Director with a written request to withdraw the petition. When there is an intervenor, an election is held if the intervening labor organization presents a thirty percent (30%) showing of interest within the time period established by the Regional Director.

(h) *Observers.* Subject to the Regional Director's approval, all parties may select representatives to observe at the polling location(s).

(1) A party who wants to name observers must file a written request with specific names with the Regional Director. This request must be filed at least fifteen (15) days before an election. The Regional Director may grant an extension of time to file a request for named observers for good cause where a party requests an extension or on the Regional Director's own motion. The request must name and identify the observers requested.

(2) An agency or activity may use as its observers any employees who are not eligible to vote in the election, except:

(i) Supervisors or management officials;

(ii) Employees who have any official connection with any of the labor organizations involved; or

(iii) Non-employees of the Federal government.

(3) A labor organization may use as its observers any employees eligible to vote in the election, except:

(i) Employees on leave without pay status who are working for the labor organization involved; or

(ii) Employees who hold an elected office in the labor organization.

(4) Within five (5) days after service of the request for observers, any party that objects must file an objection with the Regional Director that states the reasons.

(5) The Regional Director's ruling on requests for and objections to observers is final and binding, and parties may not file an application for review with the Authority.

■ 21. Revise § 2422.24 to read as follows:

§ 2422.24 What are challenged ballots?

(a) *Filing challenges.* A party or the Regional Director may, for good cause, challenge the eligibility of any person to participate in the election.

(b) *Challenged ballot procedure.* An individual whose eligibility to vote is in dispute will be given the opportunity to vote a challenged ballot. If the parties and the Region are unable to resolve the challenged ballot(s) before the tally of ballots, the Region will impound and preserve the unresolved challenged ballot(s) until the Regional Director makes a determination, if necessary.

■ 22. Amend § 2422.25 by revising the section heading and paragraphs (a) and (b) to read as follows:

§ 2422.25 When does the Region tally the ballots?

(a) *Tallying the ballots.* When the election is concluded, the Regional Director will tally the ballots.

(b) *Service of the tally.* When the tally is completed, the Regional Director will serve the tally of ballots on the parties in accordance with the election agreement or direction of election.

* * * * *

■ 23. Amend § 2422.26 by revising paragraph (a) to read as follows:

§ 2422.26 How are objections to the election processed?

(a) *Filing objections to the election.* Any party may file objections to the procedural conduct of the election or to conduct that may have improperly affected the results of the election. A party must file an objection and the

Regional Director must receive it within five (5) days after the tally of ballots has been served. Any objections must be timely regardless of whether the challenged ballots are sufficient in number to affect the results of the election. The objections must be supported by clear and concise reasons. A party must file an original and two (2) copies of the objections.

* * * * *

■ 24. Amend § 2422.27 by revising the section heading and paragraphs (a) and (c), and adding paragraphs (d) and (e) to read as follows:

§ 2422.27 How does the Region address determinative challenged ballots and objections?

(a) *Investigation.* The Regional Director investigates objections and/or determinative challenged ballots that are sufficient in number to affect the results of the election.

* * * * *

(c) *Regional Director action.* After investigation, the Regional Director takes appropriate action consistent with § 2422.30.

(d) *Consolidated hearing on objections and/or determinative challenged ballots and an unfair labor practice hearing.* When appropriate, and under § 2422.33, a Regional Director may consolidate objections and/or determinative challenged ballots with an unfair labor practice hearing. An Administrative Law Judge conducts these consolidated hearings, except the following provisions do not apply:

(1) Sections 2423.18 and 2423.19(j) of this subchapter concerning the burden of proof and settlement conferences are not applicable;

(2) The Administrative Law Judge may not recommend remedial action to be taken or notices to be posted as provided by § 2423.26(a) of this subchapter.

(e) *Party exceptions filed with the Authority.* A party may file exceptions and related submissions with the Authority, and the Authority then issues a decision under part 2423 of this chapter.

■ 25. Amend § 2422.28 by revising paragraph (a) to read as follows:

§ 2422.28 When is a runoff election required?

(a) *When a runoff may be held.* A runoff election is required in an election involving at least three (3) choices, one of which is "no union" or "neither," when no choice receives a majority of the valid ballots cast. However, a runoff may not be held until the Regional Director has ruled on objections to the

election and determinative challenged ballots.

* * * * *

■ 26. Revise § 2422.29 to read as follows:

§ 2422.29 How does the Region address an inconclusive election?

(a) *Inconclusive elections.* An inconclusive election is one where challenged ballots are not sufficient to affect the outcome of the election and one of the following occurs:

(1) The ballot provides for at least three (3) choices, one of which is “no union” or “neither,” and the votes are equally divided; or

(2) The ballot provides for at least three (3) choices, the choice receiving the highest number of votes does not receive a majority, and at least two other choices receive the next highest and same number of votes; or

(3) When a runoff ballot provides for a choice between two labor organizations and results in the votes being equally divided; or

(4) When the Regional Director determines that there have been significant procedural irregularities.

(b) *Eligibility to vote in a rerun election.* The Region uses the latest payroll period to determine eligibility to vote in a rerun election.

(c) *Ballot.* If the Regional Director determines that the election is inconclusive, the election will be rerun with all the choices that appeared on the original ballot.

(d) *Number of reruns.* There will be only one rerun of an inconclusive election. If the rerun results in another inconclusive election, the tally of ballots will show a majority of valid ballots has not been cast for any choice, and the Regional Director will issue a certification of results. If necessary, a runoff may be held when an original election is rerun.

■ 27. Revise § 2422.30 to read as follows:

§ 2422.30 When does a Regional Director investigate a petition, issue notices of hearings, take actions, and issue Decisions and Orders?

(a) *Regional Director investigation.* The Regional Director will investigate the petition and any other matter as the Regional Director deems necessary.

(b) *Regional Director notice of hearing.* The Regional Director will issue a notice of hearing to inquire into any matter about which a material issue of fact exists, and any time there is reasonable cause to believe a question exists regarding unit appropriateness.

(c) *Regional Director action.* After investigation or hearing, the Regional

Director can direct an election, or approve an election agreement, or issue a Decision and Order.

(d) *Appeal of Regional Director Decision and Order.* A party may file with the Authority an application for review of a Regional Director Decision and Order.

(e) *Contents of the Record.* When there has not been a hearing all material submitted to and considered by the Regional Director during the investigation becomes a part of the record. When a hearing has been held, the transcript and all material entered into evidence, including any posthearing briefs, become a part of the record.

■ 28. Add § 2422.31 to read as follows:

§ 2422.31 When do you file an application for review of a Regional Director Decision and Order?

(a) *Filing an application for review.* A party must file an application for review with the Authority within sixty (60) days of the Regional Director's Decision and Order. The sixty (60) day time limit under 5 U.S.C. 7105(f) may not be extended or waived. The filing party must serve a copy on the Regional Director and all other parties, and must also file a statement of service with the Authority.

(b) *Contents.* An application for review must be sufficient for the Authority to rule on the application without looking at the record. However, the Authority may, in its discretion, examine the record in evaluating the application. An application must specify the matters and rulings to which exception(s) is taken, include a summary of evidence relating to any issue raised in the application, and make specific references to page citations in the transcript if a hearing was held. An application may not raise any issue or rely on any facts not timely presented to the Hearing Officer or Regional Director.

(c) *Review.* The Authority may grant an application for review only when the application demonstrates that review is warranted on one or more of the following grounds:

(1) The decision raises an issue for which there is an absence of precedent;

(2) Established law or policy warrants reconsideration; or,

(3) There is a genuine issue over whether the Regional Director has:

(i) Failed to apply established law;

(ii) Committed a prejudicial procedural error; or

(iii) Committed a clear and prejudicial error concerning a substantial factual matter.

(d) *Opposition.* A party may file with the Authority an opposition to an

application for review within ten (10) days after the party is served with the application. The opposing party must serve a copy on the Regional Director and all other parties, and must also file a statement of service with the Authority.

(e) *Regional Director Decision and Order becomes the Authority's action.* A Decision and Order of a Regional Director becomes the action of the Authority when:

(1) No party files an application for review with the Authority within sixty (60) days after the date of the Regional Director's Decision and Order; or

(2) A party files a timely application for review with the Authority and the Authority does not undertake to grant review of the Regional Director's Decision and Order within sixty (60) days of the filing of the application; or

(3) The Authority denies an application for review of the Regional Director's Decision and Order.

(f) *Authority grant of review and stay.* The Authority may rule on the issue(s) in an application for review in its order granting the application for review. Neither filing nor granting an application for review will stay any action ordered by the Regional Director unless specifically ordered by the Authority.

(g) *Briefs if review is granted.* If the Authority does not rule on the issue(s) in the application for review in its order granting review, the Authority may, in its discretion, give the parties an opportunity to file briefs. The briefs will be limited to the issue(s) referenced in the Authority's order granting review.

■ 29. Revise § 2422.32 to read as follows:

§ 2422.32 When does a Regional Director issue a certification or a revocation of certification?

(a) *Certifications.* The Regional Director issues an appropriate certification when:

(1) After an election, runoff, or rerun:

(i) No party files an objection or challenged ballots are not determinative; or

(ii) The Region decides and resolves objections and determinative challenged ballots; or

(2) The Regional Director issues a Decision and Order requiring a certification and the Decision and Order becomes the action of the Authority under § 2422.31(e) or the Authority directs the issuance of a certification.

(b) *Revocations.* Without prejudice to any rights and obligations that may exist under the Statute, the Regional Director revokes a recognition or certification, as appropriate, and provides a written statement of reasons when:

(1) An incumbent exclusive representative files, during a representation proceeding, a disclaimer of any representational interest in the unit; or

(2) Due to a substantial change in the character and scope of the unit, the unit is no longer appropriate and an election is not warranted.

■ 30. Revise § 2422.33 to read as follows:

§ 2422.33 Relief under part 2423 of this chapter.

Remedial relief that was or could have been obtained as a result of a motion, objection, or challenge filed or raised under this subpart, may not be the basis for similar relief under part 2423 of this chapter. But related matters may be consolidated for hearing as noted in § 2422.27(d) of this subpart.

§ 2422.35 [Removed]

■ 31. Remove § 2422.35.

PART 2426—NATIONAL CONSULTATION RIGHTS AND CONSULTATION RIGHTS ON GOVERNMENT-WIDE RULES OR REGULATIONS

■ 32. The authority citation for part 2426 continues to read as follows:

Authority: 5 U.S.C. 7134.

■ 33. Amend § 2426.2 by revising paragraph (b) to read as follows:

§ 2426.2 Requests; petition and procedures for determination of eligibility for national consultation rights.

* * * * *

(b) Issues relating to a labor organization's eligibility for, or continuation of, national consultation rights shall be referred to the Authority for determination as follows:

(1) A petition for determination of the eligibility of a labor organization for national consultation rights under criteria set forth in § 2426.1 may be filed by a labor organization.

(2) A petition for determination of eligibility for national consultation rights shall be submitted on a form prescribed by the Authority and shall set forth the following information:

(i) Name and affiliation, if any, of the petitioner and its address, telephone number, and email address;

(ii) A statement that the petitioner has submitted to the agency or the primary national subdivision and to the Assistant Secretary a roster of its officers and representatives, a copy of its constitution and bylaws, and a statement of its objectives;

(iii) A declaration by the person signing the petition, under the penalties

of the Criminal Code (18 U.S.C. 1001), that its contents are true and correct to the best of such person's knowledge and belief;

(iv) The signature of the petitioner's representative, including such person's title, telephone number, and email address;

(v) The name, address, telephone number, and email address of the agency or primary national subdivision in which the petitioner seeks to obtain or retain national consultation rights, and the persons to contact and their titles, if known;

(vi) A showing that petitioner holds adequate exclusive recognition as required by § 2426.1; and

(vii) A statement as appropriate:

(A) That such showing has been made to and rejected by the agency or primary national subdivision, together with a statement of the reasons for rejection, if any, offered by that agency or primary national subdivision;

(B) That the agency or primary national subdivision has served notice of its intent to terminate existing national consultation rights, together with a statement of the reasons for termination; or

(C) That the agency or primary national subdivision has failed to respond in writing to a request for national consultation rights made under paragraph (a) of this section within fifteen (15) days after the date the request is served on the agency or primary national subdivision.

(3) The following regulations govern petitions filed under this section: (i) A petition for determination of eligibility for national consultation rights shall be filed with the Regional Director for the region wherein the headquarters of the agency or the agency's primary national subdivision is located.

(ii) A statement of any other relevant facts and of all correspondence shall be filed.

(iii) Copies of the petition together with the attachments referred to in paragraph (b)(3)(ii) of this section shall be served by the petitioner on all known interested parties, and a written statement of such service shall be filed with the Regional Director.

(iv) A petition shall be filed within thirty (30) days after the service of written notice by the agency or primary national subdivision of its refusal to accord national consultation rights pursuant to a request under paragraph (a) of this section or its intention to terminate existing national consultation rights. If an agency or a primary national subdivision fails to respond in writing to a request for national consultation rights made under paragraph (a) of this

section within fifteen (15) days after the date the request is served on the agency or primary national subdivision, a petition shall be filed within thirty (30) days after the expiration of such fifteen (15) day period.

(v) If an agency or primary national subdivision wishes to terminate national consultation rights, notice of its intention to do so shall include a statement of its reasons and shall be served not less than thirty (30) days prior to the intended termination date. A labor organization, after receiving such notice, may file a petition within the time period prescribed herein, and thereby cause to be stayed further action by the agency or primary national subdivision pending disposition of the petition. If no petition has been filed within the provided time period, an agency or primary national subdivision may terminate national consultation rights.

(vi) Within fifteen (15) days after the receipt of a copy of the petition, the agency or primary national subdivision shall file a response thereto with the Regional Director raising any matter which is relevant to the petition.

(vii) The Regional Director shall make such investigations as the Regional Director deems necessary and thereafter shall issue and serve on the parties a Decision and Order with respect to the eligibility for national consultation rights which shall be final: *Provided, however,* That an application for review of the Regional Director's Decision and Order may be filed with the Authority in accordance with the procedure set forth in § 2422.17 of this subchapter. A determination by the Regional Director to issue a notice of hearing shall not be subject to the filing of an application for review. The Regional Director, if appropriate, may cause a notice of hearing to be issued to all interested parties where substantial factual issues exist warranting a hearing. Hearings shall be conducted by a Hearing Officer in accordance with §§ 2422.9 through 2422.15 of this subchapter and after the close of the hearing a Decision and Order shall be issued by the Regional Director in accordance with § 2422.16 of this subchapter.

■ 34. Amend § 2426.12 by revising paragraph (b) to read as follows:

§ 2426.12 Requests; petition and procedures for determination of eligibility for consultation rights on Government-wide rules or regulations.

* * * * *

(b) Issues relating to a labor organization's eligibility for, or continuation of, consultation rights on Government-wide rules or regulations

shall be referred to the Authority for determination as follows:

(1) A petition for determination of the eligibility of a labor organization for consultation rights under criteria set forth in § 2426.11 may be filed by a labor organization.

(2) A petition for determination of eligibility for consultation rights shall be submitted on a form prescribed by the Authority and shall set forth the following information:

(i) Name and affiliation, if any, of the petitioner and its address, telephone number, and email address;

(ii) A statement that the petitioner has submitted to the agency and to the Assistant Secretary a roster of its officers and representatives, a copy of its constitution and bylaws, and a statement of its objectives;

(iii) A declaration by the person signing the petition, under the penalties of the Criminal Code (18 U.S.C. 1001), that its contents are true and correct to the best of such person's knowledge and belief;

(iv) The signature of the petitioner's representative, including such person's title, telephone number, and email address;

(v) The name, address, telephone number, and email address of the agency in which the petitioner seeks to obtain or retain consultation rights on Government-wide rules or regulations, and the persons to contact and their titles, if known;

(vi) A showing that petitioner meets the criteria as required by § 2426.11; and

(vii) A statement, as appropriate:

(A) That such showing has been made to and rejected by the agency, together with a statement of the reasons for rejection, if any, offered by that agency;

(B) That the agency has served notice of its intent to terminate existing consultation rights on Government-wide rules or regulations, together with a statement of the reasons for termination; or

(C) That the agency has failed to respond in writing to a request for consultation rights on Government-wide rules or regulations made under § 2426.12(a) within fifteen (15) days after the date the request is served on the agency.

(3) The following regulations govern petitions filed under this section:

(i) A petition for determination of eligibility for consultation rights on Government-wide rules or regulations shall be filed with the Regional Director for the region wherein the headquarters of the agency is located.

(ii) A statement of any other relevant facts and of all correspondence shall be filed.

(iii) Copies of the petition together with the attachments referred to in paragraph (b)(3)(ii) of this section shall be served by the petitioner on the agency, and a written statement of such service shall be filed with the Regional Director.

(iv) A petition shall be filed within thirty (30) days after the service of written notice by the agency of its refusal to accord consultation rights on Government-wide rules or regulations pursuant to a request under § 2426.12(a) or its intention to terminate such existing consultation rights. If an agency fails to respond in writing to a request for consultation rights on Government-wide rules or regulations made under § 2426.12(a) within fifteen (15) days after the date the request is served on the agency, a petition shall be filed within thirty (30) days after the expiration of such fifteen (15) day period.

(v) If an agency wishes to terminate consultation rights on Government-wide rules or regulations, notice of its intention to do so shall be served not less than thirty (30) days prior to the intended termination date. A labor organization, after receiving such notice, may file a petition within the time period prescribed herein, and thereby cause to be stayed further action by the agency pending disposition of the petition. If no petition has been filed within the provided time period, an agency may terminate such consultation rights.

(vi) Within fifteen (15) days after the receipt of a copy of the petition, the agency shall file a response thereto with the Regional Director raising any matter which is relevant to the petition.

(vii) The Regional Director shall make such investigation as the Regional Director deems necessary and thereafter shall issue and serve on the parties a Decision and Order with respect to the eligibility for consultation rights which shall be final: *Provided, however*, That an application for review of the Regional Director's Decision and Order may be filed with the Authority in accordance with the procedure set forth in § 2422.17 of this subchapter. A determination by the Regional Director to issue a notice of hearing shall not be subject to the filing of an application for review. The Regional Director, if appropriate, may cause a notice of hearing to be issued where substantial factual issues exist warranting a hearing. Hearings shall be conducted by a Hearing Officer in accordance with §§ 2422.9 through 2422.15 of this chapter and after the close of the hearing a Decision and Order shall be issued by the Regional Director in

accordance with § 2422.16 of this subchapter.

Subpart C [Removed]

■ 35. Remove Subpart C, consisting of § 2426.21.

PART 2429—MISCELLANEOUS AND GENERAL REQUIREMENTS

■ 36. The authority citation for part 2429 continues to read as follows:

Authority: 5 U.S.C. 7134; § 2429.18 also issued under 28 U.S.C. 2112(a).

■ 37. Revise § 2429.2 to read as follows:

§ 2429.2 Transfer and consolidation of cases.

In any matter arising pursuant to parts 2422 and 2423 of this subchapter, whenever it appears necessary in order to effectuate the purposes of the Federal Service Labor-Management Relations Statute or to avoid unnecessary costs or delay, Regional Directors may consolidate cases within their own region or may transfer such cases to any other region, for the purpose of investigation or consolidation with any proceedings which may have been instituted in, or transferred to, such region.

■ 38. Revise § 2429.5 to read as follows:

§ 2429.5 Matters not previously presented; official notice.

The Authority will not consider any evidence, factual assertions, arguments (including affirmative defenses), requested remedies, or challenges to an awarded remedy that could have been, but were not, presented in the proceedings before the Regional Director, Hearing Officer, Administrative Law Judge, or arbitrator. The Authority may, however, take official notice of such matters as would be proper.

■ 39. Amend § 2429.12 by revising paragraph (a) to read as follows:

§ 2429.12 Service of process and papers by the Authority.

(a) *Methods of service.* Notices of hearings, decisions and orders of Regional Directors, decisions and recommended orders of Administrative Law Judges, decisions of the Authority, complaints, amended complaints, withdrawals of complaints, written rulings on motions, and all other papers required by this subchapter to be issued by the Authority, the General Counsel, Regional Directors, Hearing Officers, Administrative Law Judges, and Regional Directors when not acting as a party under part 2423 of this subchapter, shall be served personally,

by first-class mail, by facsimile transmission, by certified mail, or, as described below with respect to documents issued by the Authority, by electronic mail (hereinafter, “email”). Where facsimile equipment is available, rulings on motions; information pertaining to prehearing disclosure, conferences, orders, or hearing dates, and locations; information pertaining to subpoenas; and other similar or time sensitive matters may be served by facsimile transmission. Where a party using the FLRA’s eFiling system has consented to electronic service of documents issued by the Authority in a particular case, the Authority shall serve documents on that party exclusively by email to the email address provided by the party.

* * * * *

■ 40. Amend § 2429.22 by revising paragraph (c) to read as follows:

§ 2429.22 Additional time for filing with the FLRA if you are filing in response to a document that has been served on you by first-class mail or commercial delivery.

* * * * *

(c) *Exception for applications for review filed under 5 CFR 2422.31.* You do not get an additional 5 days to file an application for review of a Regional Director’s Decision and Order under 5 CFR 2422.31, regardless of the method of service of that Decision and Order.

* * * * *

■ 41. Amend § 2429.24 by revising paragraphs (f)(1) and (2) to read as follows:

§ 2429.24 Place and method of filing; acknowledgement.

* * * * *

(f) * * *

(1) Applications for review under 5 CFR 2422.31(a) through (c);

(2) Oppositions to applications for review under 5 CFR 2422.31(d);

* * * * *

By the Authority,
Rebecca J. Osborne,
Deputy Solicitor.

[FR Doc. 2026–21078 Filed 10–14–26; 8:45 am]

BILLING CODE 7627–01–P

OFFICE OF GOVERNMENT ETHICS

5 CFR Part 2641

RIN 3209–AA72

Post-Employment Conflict of Interest Restrictions; Revision of Departmental Component Designations

AGENCY: Office of Government Ethics.

ACTION: Final rule; technical amendment.

SUMMARY: The U.S. Office of Government Ethics (OGE) is issuing this final rule to update the name of an existing departmental component that was previously designated for purposes of the one-year post-employment conflict of interest restriction for senior employees.

DATES: Effective October 15, 2026.

FOR FURTHER INFORMATION CONTACT: Kimberly L. Sikora Panza, Associate Counsel; Telephone: 202–482–9300; Email: usoge@oge.gov.

SUPPLEMENTARY INFORMATION:

I. Substantive Discussion; Revision of Existing Departmental Component

The Director of OGE (Director) is authorized by 18 U.S.C. 207(h) to designate distinct and separate departmental or agency components in the executive branch for purposes of 18 U.S.C. 207(c), the one-year post-employment conflict of interest restriction for senior employees. Under 18 U.S.C. 207(h)(2), component designations do not apply to persons employed at a rate of pay specified in or fixed according to subchapter II of 5 U.S.C. chapter 53 (the Executive Schedule). Component designations are listed in appendix B to 5 CFR part 2641.

The representational bar of 18 U.S.C. 207(c) usually extends to the whole of any department or agency in which a former senior employee served in any capacity during the year prior to termination from a senior employee position. However, 18 U.S.C. 207(h) provides that whenever the Director “determines that an agency or bureau within a department or agency in the executive branch exercises functions which are distinct and separate from the remaining functions of the department or agency and that there exists no potential for use of undue influence or unfair advantage based on past Government service,” the Director shall by rule designate that agency or bureau as a separate component of that department or agency. As a result, a former senior employee who served in a designated component of a parent department or agency is barred from communicating to or making an appearance before any employee of that component, but is not barred as to any employee of the parent, of another designated component, or of any other agency or bureau of the parent that has not been designated. Likewise, a former senior employee who served in a “parent” department or agency is not barred by 18 U.S.C. 207(c) from making

communications to or appearances before any employees of any designated component of that parent, but is barred as to employees of that parent or of other components that have not been separately designated.

The Director regularly reviews the component designations listed in appendix B to part 2641, and in consultation with the department or agency concerned, makes adjustments as are necessary. Pursuant to the procedures prescribed in 5 CFR 2641.302(e), the Department of Transportation has requested that OGE revise the name of one component currently listed in appendix B to part 2641. Specifically, the Department of Transportation requested that OGE revise Saint Lawrence Seaway Development Corporation to read “Great Lakes St. Lawrence Seaway Development Corporation.” The revision is requested because the Saint Lawrence Seaway Development Corporation was legally renamed the Great Lakes St. Lawrence Seaway Development Corporation as part of the 2021 Consolidated Appropriations Act (Section 512 of Division AA of P.L. 116–260), signed into law on December 27, 2020. The Department of Transportation advised that there have been no substantive changes to this component, and that the component name update is purely a technical change. OGE is therefore amending the Department of Transportation listing in appendix B to reflect the current name of this component.

The designation of Saint Lawrence Seaway Development Corporation in appendix B to part 2641 was effective as of January 1, 1991. *See* 56 FR 3961. The component name change being made in this rule, which does not affect the underlying component designation date, is effective on October 15, 2026, the date this rule is published in the **Federal Register**.

II. Matters of Regulatory Procedure

Administrative Procedure Act

Pursuant to 5 U.S.C. 553, as the Acting Director of the Office of Government Ethics, I find that good cause exists for waiving the general requirements for notice of proposed rulemaking, opportunity for public comment, and a 30-day delayed effective date. As the change effectuated by the final rule is a minor, technical amendment to the current regulation, notice and comment is unnecessary. Furthermore, it is important and in the public interest that the component name change, which reflects the current organization of the concerned

department be published in the **Federal Register** and take effect as promptly as possible.

Regulatory Flexibility Act

As Acting Director of the Office of Government Ethics, I certify under the Regulatory Flexibility Act (5 U.S.C. chapter 6) that this rule will not have a significant economic impact on a substantial number of small entities because it affects only Federal departments and agencies and current and former Federal employees.

Paperwork Reduction Act

The Paperwork Reduction Act (44 U.S.C. chapter 35) does not apply to this rule because it does not contain information collection requirements that require the approval of the Office of Management and Budget.

Unfunded Mandates Reform Act

For purposes of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. chapter 25, subchapter II), this rule will not significantly or uniquely affect small governments and will not result in increased expenditures by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (as adjusted for inflation) in any one year.

Congressional Review Act

The rule is not a major rule as defined in 5 U.S.C. chapter 8, Congressional Review of Agency Rulemaking.

Executive Orders 12866 and 13563

In promulgating this rule, the Office of Government Ethics has adhered to the regulatory philosophy and the applicable principles of regulation set forth in Executive Order 12866, Regulatory Planning and Review (58 FR 51735, Oct. 4, 1993) and Executive Order 13563, Improving Regulation and Regulatory Review (76 FR 3821, Jan. 21, 2011). Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select the regulatory approaches that maximize net benefits (including economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

This rule has not been reviewed by the Office of Management and Budget under Executive Order 12866 because it is not a “significant” regulatory action for the purposes of that order.

Executive Order 12988

As Acting Director of the Office of Government Ethics, I have reviewed this rule in light of section 3 of Executive Order 12988, Civil Justice Reform, and certify that it meets the applicable standards provided therein.

Executive Order 13175

The Office of Government Ethics has evaluated this rule under the criteria set forth in Executive Order 13175 and determined that tribal consultation is not required as this rule has no 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.

List of Subjects in 5 CFR Part 2641

Conflict of interests, Government employees.

Approved: October 10, 2026.

Keith Sonderling,

Acting Director, U.S. Office of Government Ethics.

Accordingly, for the reasons set forth in the preamble, the U.S. Office of Government Ethics amends 5 CFR part 2641 as set forth below:

PART 2641—POST-EMPLOYMENT CONFLICT OF INTEREST RESTRICTIONS

■ 1. The authority citation for part 2641 continues to read as follows:

Authority: 5 U.S.C. ch. 131; 18 U.S.C. 207; E.O. 12674, 54 FR 15159, 3 CFR, 1989 Comp., p. 215, as modified by E.O. 12731, 55 FR 42547, 3 CFR, 1990 Comp., p. 306.

■ 2. Appendix B to part 2641 is amended by revising the listing for the Department of Transportation to read as follows:

Appendix B to Part 2641

Agency Components for Purposes of 18 U.S.C. 207(c)

* * * * *

Parent: Department of Transportation

Components

Federal Aviation Administration.
Federal Highway Administration.
Federal Motor Carrier Safety Administration (effective January 30, 2003).
Federal Railroad Administration.
Federal Transit Administration.
Maritime Administration.
National Highway Traffic Safety Administration.
Pipeline and Hazardous Materials Safety Administration (effective December 29, 2016).

Great Lakes St. Lawrence Seaway Development Corporation (formerly Saint Lawrence Seaway Development Corporation).

* * * * *

[FR Doc. 2026–21059 Filed 10–14–26; 8:45 am]

BILLING CODE 6345–04–P

FEDERAL LABOR RELATIONS AUTHORITY

5 CFR Chapter XIV

Amendment to Memorandum Describing the Authority and Assigned Responsibilities of the General Counsel of the Federal Labor Relations Authority

AGENCY: Federal Labor Relations Authority.

ACTION: Final rule.

SUMMARY: The Federal Labor Relations Authority (FLRA) publishes this document to implement the vacatur of Section I.C. of the amendment to Appendix B—titled “Memorandum Describing the Authority and Assigned Responsibilities of the General Counsel of the Federal Labor Relations Authority”—published March 24, 2026 (Memo Amendment). The Memo Amendment also changed Section III of Appendix B, but that change was not vacated and is not affected by this final rule. This document reinstates the wording of Section I.C. of Appendix B as it appeared before the Memo Amendment took effect.

DATES: This final rule is effective on October 15, 2026.

FOR FURTHER INFORMATION CONTACT: Thomas Tso, Solicitor, at solmail@flra.gov or at (771) 444–5778.

SUPPLEMENTARY INFORMATION:

I. Background

On March 24, 2026, the FLRA published the Memo Amendment. Amendment to Memo. Describing the Authority and Assigned Responsibilities of the General Counsel of the Federal Labor Relations Authority, 91 FR 13949 (Mar. 24, 2026) (Member Anne Wagner dissenting). The Memo Amendment was effective April 23, 2026. *Id.* at 13949. In a memorandum and order on June 29, 2026, the United States District Court for the District of Massachusetts held that the Memo Amendment and its April 23, 2026, effective date were arbitrary and capricious. *See AFGE, AFL–CIO v. FLRA*, 838 F.Supp.3d 90 (D. Mass. June 29, 2026). In a final judgment on July 8, 2026, the District Court vacated the Memo Amendment’s changes to Section I.C., but not changes to Section III, of Appendix B. *See id.*,

Final J., Dkt. No. 45 (D. Mass. July 8, 2026). In order to implement the District Court's vacatur, this document reinstates the wording of Section I.C. of Appendix B as it appeared before the Memo Amendment took effect. This reinstated Section I.C. was already in effect as a matter of law due to the District Court's decision, but this publication restores its appearance in the *Code of Federal Regulations*. The FLRA has sought reconsideration of the District Court's decision. The FLRA will issue a superseding notice in the **Federal Register** if the District Court's decision is vacated.

II. Procedural and Other Matters

Section 553(b) of the Administrative Procedure Act, 5 U.S.C. 553(b), provides that when an agency for good cause finds that notice-and-comment procedures are impracticable, unnecessary, or contrary to the public interest, the agency may issue a rule without providing notice and an opportunity for comment. The FLRA has determined that there is good cause for dispensing with an opportunity for comment, inasmuch as this rule merely conforms the text in the *Code of Federal Regulations* to the requirements of the District Court's decision.

Additionally, the FLRA finds that providing notice and an opportunity to comment is unnecessary because the FLRA is simply conducting the ministerial task of implementing the final judgment of the District Court.

Further, the FLRA finds good cause to make the revisions immediately effective under § 553(d)(3) of the Administrative Procedure Act. *See id.* 553(d)(3). Section 553(d)(3) provides that final rules shall not become effective until 30 days after publication in the **Federal Register**, "except . . . as otherwise provided by the agency for good cause," among other exceptions. *Id.* The purpose of this provision is to "give affected parties a reasonable time to adjust their behavior before the final rule takes effect." *Omnipoint Corp. v. FCC*, 78 F.3d 620, 630 (D.C. Cir. 1996). The FLRA has determined that there is good cause for making this final rule effective immediately because it merely implements the District Court's decision that already vacated the Memo Amendment's changes to Section I.C. of Appendix B. Accordingly, this final rule is effective immediately upon publication.

E.O. 12866

Pursuant to E.O. 12866 ("Regulatory Planning and Review"), as amended by E.O. 14215, a determination must be made whether a regulatory action is

significant and therefore subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the E.O.

E.O. 13563 ("Improving Regulation and Regulatory Review") supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in E.O. 12866.

This final rule was drafted and reviewed in accordance with E.O. 12866 and E.O. 13563. OMB has determined that this final rule is not a "significant regulatory action" as defined in section 3(f)(1) of E.O. 12866.

E.O. 14192 ("Unleashing Prosperity Through Deregulation") 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. This FLRA must adopt this final rule to comply with a court decision and does not anticipate any new incremental costs associated with the rule.

Regulatory Flexibility Act Certification

Pursuant to § 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 605(b), the Chairman of the FLRA has determined that this final rule will not have a significant impact on a substantial number of small entities, because this final rule applies only to federal agencies, federal employees, and labor organizations representing those employees.

E.O. 13132, Federalism

The FLRA is an independent regulatory agency, and as such, is not subject to the requirements of E.O. 13132.

This final rule will not have substantial direct effects on the states, on the relationship between the national government and the states, or on distribution of power and responsibilities among the various levels of government. Therefore, in accordance with E.O. 13132, this final rule does not have sufficient federalism implications to warrant preparation of a federalism assessment.

E.O. 12988, Civil Justice Reform

This final rule meets the applicable standard set forth in section 3(a) and (b)(2) of E.O. 12988.

E.O. 13175, Consultation and Coordination With Indian Tribal Governments

This final rule does not have tribal implications under E.O. 13175, because it would not have a substantial direct effect on one or more Indian tribes, on

the relationship between the federal government and Indian tribes, or on the distribution of power and responsibilities between the federal government and Indian tribes.

E.O. 14294, Overcriminalization of Federal Regulations

E.O. 14294 requires agencies promulgating regulations with criminal regulatory 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 final rule does not impose a criminal regulatory penalty and is thus exempt from E.O. 14924's requirements.

Unfunded Mandates Reform Act of 1995

This final rule will not result in the expenditure by state, local, and tribal governments, in the aggregate, or by the private sector, of \$100,000,000 or more in any one year, and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

This action is not a major rule as defined by § 804 of the Small Business Regulatory Enforcement Fairness Act of 1996. This final rule will not result in an annual effect on the economy of \$100,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based companies to compete with foreign-based companies in domestic and export markets.

Paperwork Reduction Act of 1995

The amended regulations contain no additional information collection or record-keeping requirements under the Paperwork Reduction Act of 1995, 44 U.S.C. 3501, *et seq.*

List of Subjects in Appendix B to 5 CFR Chapter XIV

Federal employees, Labor management relations, Administrative practice and procedure, Federal Labor Relations Authority.

For the reasons stated in the preamble, the Federal Labor Relations Authority amends appendix B to 5 CFR chapter XIV as follows:

**Appendix B to 5 CFR Chapter XIV—
Memorandum Describing the Authority
and Assigned Responsibilities of the
General Counsel of the Federal Labor
Relations Authority**

■ 1. The authority citation for appendix B continues to read follows:

Authority: 3 U.S.C. 431; 5 U.S.C. 7105(d), 7134.

Section I.C. also issued under 5 U.S.C. 7105(e)(1), (f).

■ 2. Amend appendix B by revising section I.C. to read as follows:

**Appendix B to 5 CFR Chapter XIV—
Memorandum Describing the Authority
and Assigned Responsibilities of the
General Counsel of the Federal Labor
Relations Authority**

* * * * *

I. * * *

C. Representation cases. The statutory authority of the Federal Labor Relations Authority to delegate to Regional Directors its authority to process and determine representation matters is set forth in section 7105(e)(1) and (f) of the Statute as follows:

(e)(1) The Authority may delegate to any regional director its authority under this chapter—

(A) to determine whether a group of employees is an appropriate unit;

(B) to conduct investigations and to provide for hearings;

(C) to determine whether a question of representation exists and to direct an election; and

(D) to supervise or conduct secret ballot elections and certify the results thereof.

(f) If the Authority delegates any authority to any regional director . . . to take any action pursuant to subsection (e) of this section, the Authority may, upon application by any interested person filed within 60 days after the date of the action, review such action, but the review shall not, unless specifically ordered by the Authority, operate as a stay of action. The Authority may affirm, modify, or reverse any action reviewed under this subsection. If the Authority does not undertake to grant review of the action under this subsection within 60 days after the later of—

(1) the date of the action, or

(2) the date of the filing of any application under this subsection for review of the action;

the action shall become the action of the Authority at the end of such 60 day period.

In accordance with section 7105(e)(1) and (f) of the Statute, Regional Directors, who are directed and supervised by the General Counsel as provided by section

III of this memorandum, are hereby delegated the authority to determine whether a group of employees is an appropriate unit, to conduct investigations and to provide for hearings, to determine whether a question of representation exists and to direct an election, and to supervise or conduct secret ballot elections and certify the results thereof.

Regional Directors are authorized and have responsibility to receive and process, in accordance with decisions of the Authority and the rules and regulations of the Authority and the General Counsel, all petitions filed pursuant to sections 7111, 7112(d), 7113, 7115, and 7117(d) of the Statute.

The authority and responsibility of Regional Directors in cases filed involving such petitions shall extend to all phases of the investigation of such petitions through the conclusion of the hearing to be conducted by a Regional Office employee (if a hearing should be necessary to resolve disputed issues), including decisional action by the Regional Director after such investigation or hearing.

Regional Directors also are authorized and have responsibility to direct an election after a hearing pursuant to sections 7111 and 7112(d) of the Statute and to approve consent election agreements in accordance with section 7111(g) of the Statute.

In the event a Regional Director directs an election or approves a consent election agreement, the Regional Director is authorized to supervise or conduct the election pursuant to sections 7111 and 7112(d) of the Statute. In such instances, Regional Directors are authorized and have responsibility to determine the validity of determinative challenges and objections to the conduct of the election and other similar matters. This authority and responsibility extends to all phases of the investigation such determinative challenges and objections through the conclusion of a hearing to be conducted by a Regional Office employee (if a hearing should be necessary to resolve disputed issues), including decisional action by the Regional Director after such investigation or hearing.

Decisions and Orders of Regional Directors made pursuant to this delegation of authority become the action of the Authority:

(1) If no interested person files an application for review of the Regional Director's Decision and Order with the Authority within sixty (60) days after the Regional Director's Decision and Order; or

(2) If the Authority does not undertake to grant review of the

Regional Director's Decision and Order within sixty (60) days after the filing of a timely application for review;

If no interested person files an application for review of the Regional Director's Decision and Order with the Authority within (60) days after the Regional Director's Decision and Order, or if the Authority does not undertake to grant review of the action of the regional Director's Decision and Order within sixty (60) days after the filing of a timely application for review, the Regional Director's Decision and Order will become final and binding, and the Regional Director will certify to the parties the results of any election held or issue any clarification of unit, amendment of recognition or certification, determination of eligibility for dues allotment, or certification on consolidation of units as required.

The Authority will undertake to grant review of a Decision and Order of a Regional Director upon the timely filing of an application for review only where compelling reasons exist therefor as set forth in the rules and regulations.

The Authority's granting of review upon the timely filing of an application for review of a Regional Director's Decision and Order will not operate as a stay of such action ordered by the Regional Director, unless specifically ordered by the Authority. If the Authority grants review, the Authority may affirm, modify or reverse action reviewed.

* * * * *

By the Authority.

Rebecca J. Osborne,

Deputy Solicitor.

[FR Doc. 2026-21077 Filed 10-14-26; 8:45 am]

BILLING CODE 7627-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 97

[Docket No. 31688; Amdt. No. 4239]

**Standard Instrument Approach
Procedures, and Takeoff Minimums
and Obstacle Departure Procedures;
Miscellaneous Amendments**

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This rule establishes, amends, suspends, or removes Standard Instrument Approach Procedures (SIAPS) and associated Takeoff Minimums and Obstacle Departure procedures (ODPs) for operations at

certain airports. These regulatory actions are needed because of the adoption of new or revised criteria, or because of changes occurring in the National Airspace System, such as the commissioning of new navigational facilities, adding new obstacles, or changing air traffic requirements. These changes are designed to provide safe and efficient use of the navigable airspace and to promote safe flight operations under instrument flight rules at the affected airports.

DATES: This rule is effective October 15, 2026. The compliance date for each SIAP, associated Takeoff Minimums, and ODP is specified in the amendatory provisions.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of October 15, 2026.

ADDRESSES: Availability of matters incorporated by reference in the amendment is as follows:

For Examination

1. U.S. Department of Transportation, Docket Ops–M30, 1200 New Jersey Avenue SE, West Bldg., Ground Floor, Washington, DC 20590–0001.

2. The FAA Air Traffic Organization Service Area in which the affected airport is located;

3. The office of Aeronautical Information Services, 6500 South MacArthur Blvd., Oklahoma City, OK 73169 or,

4. 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.

Availability

All SIAPs and Takeoff Minimums and ODPs are available online free of charge. Visit the National Flight Data Center at nfdc.faa.gov to register. Additionally, individual SIAP and Takeoff Minimums and ODP copies may be obtained from the FAA Air Traffic Organization Service Area in which the affected airport is located.

FOR FURTHER INFORMATION CONTACT:

Rune Duke, Manager, Standards Section, Flight Procedures and Airspace Group, Aviation Safety, Federal Aviation Administration. Mailing Address: FAA Mike Monroney Aeronautical Center, Flight Procedures and Airspace Group, 6500 South MacArthur Blvd., STB Annex, Bldg 26, Room 217, Oklahoma City, OK 73099. Telephone (405) 954–1139.

SUPPLEMENTARY INFORMATION: This rule amends 14 CFR part 97 by establishing, amending, suspending, or removes SIAPS, Takeoff Minimums and/or ODPs. The complete regulatory description of each SIAP and its associated Takeoff Minimums or ODP for an identified airport is listed on FAA form documents which are incorporated by reference in this amendment under 5 U.S.C. 552(a), 1 CFR part 51, and 14 CFR 97.20. The applicable FAA Forms are 8260–3, 8260–4, 8260–5, 8260–15A, 8260–15B, when required by an entry on 8260–15A, and 8260–15C.

The large number of SIAPs, Takeoff Minimums and ODPs, their complex nature, and the need for a special format make publication in the **Federal Register** expensive and impractical. Further, pilots do not use the regulatory text of the SIAPs, Takeoff Minimums or ODPs, but instead refer to their graphic depiction on charts printed by publishers of aeronautical materials. Thus, the advantages of incorporation by reference are realized and publication of the complete description of each SIAP, Takeoff Minimums and ODP listed on FAA form documents is unnecessary. This amendment provides the affected CFR sections and specifies the types of SIAPS, Takeoff Minimums and ODPs with their applicable effective dates. This amendment also identifies the airport and its location, the procedure, and the amendment number.

Availability and Summary of Material Incorporated by Reference

The material incorporated by reference is publicly available as listed in the **ADDRESSES** section.

The material incorporated by reference describes SIAPS, Takeoff Minimums and/or ODPs as identified in the amendatory language for part 97 of this final rule.

The Rule

This amendment to 14 CFR part 97 is effective upon publication of each separate SIAP, Takeoff Minimums and ODP as amended in the transmittal. Some SIAP and Takeoff Minimums and textual ODP amendments may have been issued previously by the FAA in a Flight Data Center (FDC) Notice to Airmen (NOTAM) as an emergency action of immediate flights safety relating directly to published aeronautical charts.

The circumstances that created the need for some SIAP and Takeoff Minimums and ODP amendments may require making them effective in less than 30 days. For the remaining SIAPs and Takeoff Minimums and ODPs, an

effective date at least 30 days after publication is provided.

Further, the SIAPs and Takeoff Minimums and ODPs contained in this amendment are based on the criteria contained in the U.S. Standard for Terminal Instrument Procedures (TERPS). In developing these SIAPs and Takeoff Minimums and ODPs, the TERPS criteria were applied to the conditions existing or anticipated at the affected airports. Because of the close and immediate relationship between these SIAPs, Takeoff Minimums and ODPs, and safety in air commerce, I find that notice and public procedure under 5 U.S.C. 553(b) are impracticable and contrary to the public interest and, where applicable, under 5 U.S.C. 553(d), good cause exists for making some SIAPs effective in less than 30 days.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore–(1) is not a “significant regulatory action” under Executive Order 12866; (2) is not a “significant rule” under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. For the same reason, the FAA certifies that this amendment will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Lists of Subjects in 14 CFR Part 97

Air Traffic Control, Airports, Incorporation by reference, Navigation (Air).

Issued in Washington, DC, on October 9, 2026.

Rune Duke,

Manager, Standards Section, Flight Procedures and Airspace Group, Flight Technologies & Procedures Division, Federal Aviation Administration.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, 14 CFR part 97 is amended by establishing, amending, suspending, or removing Standard Instrument Approach Procedures and/or Takeoff Minimums and Obstacle Departure Procedures effective at 0901 UTC on the dates specified, as follows:

PART 97—STANDARD INSTRUMENT APPROACH PROCEDURES

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

Authority: 49 U.S.C. 106(f), 106(g), 40103, 40106, 40113, 40114, 40120, 44502, 44514, 44701, 44719, 44721–44722.

■ 2. Part 97 is amended to read as follows:

Effective 26 November 2026

Upland, CA, CCB, RNAV (GPS) RWY 6, Amdt 1C
Savannah, GA, SAV, RNAV (GPS) RWY 28, Amdt 2D
Minneapolis, MN, ANE, RNAV (GPS) RWY 9, Amdt 1B
Summerville, SC, DYB, RNAV (GPS) RWY 6, Amdt 1B
Plains, TX, F98, RNAV (GPS) RWY 3, Amdt 1B
Plains, TX, F98, RNAV (GPS) RWY 21, Amdt 1C
Taylor, TX, T74, Takeoff Minimums and Obstacle DP, Amdt 2

Effective 24 December 2026

Kasigluk, AK, Z09/PFKA, RNAV (GPS) RWY 18, Amdt 1
Kasigluk, AK, Z09/PFKA, RNAV (GPS) RWY 36, Amdt 1
Kasigluk, AK, Z09/PFKA, Takeoff Minimums and Obstacle DP, Amdt 1
St Paul Island, AK, SNP/PASN, ILS OR LOC RWY 36, Amdt 5
Concord, CA, CCR, CONCORD ONE, Graphic DP
Concord, CA, CCR, LDA RWY 19R, Amdt 10
Concord, CA, CCR, Takeoff Minimums and Obstacle DP, Amdt 4
Concord, CA, CCR, VOR RWY 19R, Amdt 14B, CANCELED
Grass Valley, CA, GOO, RNAV (GPS) RWY 7, Orig-E
Denver, CO, DEN, ILS OR LOC RWY 7, Amdt 4A
Lamar, CO, LAA, RNAV (GPS) RWY 8, Amdt 1E
Lamar, CO, LAA, RNAV (GPS) RWY 18, Amdt 1F
Lamar, CO, LAA, RNAV (GPS) RWY 26, Orig-F
Lamar, CO, LAA, RNAV (GPS) RWY 36, Amdt 2
Crestview, FL, CEW, RNAV (GPS) RWY 17, Orig-C
Plant City, FL, PCM, VOR RWY 28, Amdt 3D, CANCELED
Fort Wayne, IN, FWA, VOR OR TACAN RWY 5, Amdt 21, CANCELED
Fort Wayne, IN, FWA, VOR OR TACAN RWY 14, Amdt 18, CANCELED
Fort Wayne, IN, FWA, VOR OR TACAN RWY 23, Amdt 15, CANCELED
Mc Pherson, KS, MPR, RNAV (GPS) RWY 18, Amdt 1
Mc Pherson, KS, MPR, RNAV (GPS) RWY 36, Amdt 1
Mc Pherson, KS, MPR, VOR RWY 36, Amdt 7
Moundridge, KS, 47K, RNAV (GPS) RWY 17, Amdt 1
Moundridge, KS, 47K, RNAV (GPS) RWY 35, Amdt 1
Moundridge, KS, 47K, Takeoff Minimums and Obstacle DP, Amdt 1
Danville, KY, DVK, LOC RWY 31, Amdt 1F, CANCELED
Danville, KY, DVK, RNAV (GPS) RWY 13, Amdt 1A

Sparta, KY, 8GK, RNAV (GPS) RWY 24, Orig-A
Marksville, LA, MKV, VOR–A, Amdt 4A, CANCELED
Vineyard Haven, MA, MVY, VOR RWY 6, Amdt 2B, CANCELED
Potosi, MO, 8WC, RNAV (GPS) RWY 2, Amdt 3
Potosi, MO, 8WC, RNAV (GPS) RWY 20, Amdt 2
Potosi, MO, 8WC, Takeoff Minimums and Obstacle DP, Amdt 2
Bozeman, MT, BZN, BOZEMAN SIX, Graphic DP, CANCELED
Bozeman, MT, BZN, Takeoff Minimums and Obstacle DP, Amdt 5
Bozeman, MT, BZN, WHITEHALL ONE, Graphic DP
Lincoln, MO, S69, RNAV (GPS)-A, Orig
Charlotte, NC, CLT, RNAV (RNP) Z RWY 1R, Orig, CANCELED
Charlotte, NC, CLT, RNAV (RNP) Z RWY 19L, Orig, CANCELED
Gastonia, NC, AKH, RNAV (GPS) RWY 3, Amdt 2
Rutherfordton, NC, FQD, RNAV (GPS) RWY 1, Amdt 3
Readington, NJ, N51, VOR RWY 4, Amdt 2, CANCELED
Fishers Island, NY, 0B8, RNAV (GPS)-B, Orig
Fishers Island, NY, 0B8, VOR–A, Amdt 7
Potsdam, NY, PTD, RNAV (GPS) RWY 24, Amdt 1B
Poughkeepsie, NY, POU, VOR–A, Amdt 11G, CANCELED
Westhampton Beach, NY, FOK, Takeoff Minimums and Obstacle DP, Amdt 3
Marion, OH, MNN, VOR–A, Amdt 1B, CANCELED
Allendale, SC, AQX, RNAV (GPS) RWY 17, Orig-C
Columbia, SC, CAE, ILS OR LOC RWY 5, Amdt 4
Smithville, TN, 0A3, RNAV (GPS) RWY 6, Amdt 3D
Smithville, TN, 0A3, RNAV (GPS) RWY 24, Amdt 3D
Amarillo, TX, TDW, Takeoff Minimums and Obstacle DP, Amdt 4
El Paso, TX, ELP, RNAV (GPS) Y RWY 26L, Amdt 1E
Henderson, TX, RFI, VOR/DME–A, Amdt 3C, CANCELED
Lakeway, TX, 3R9, RNAV (GPS) RWY 16, Amdt 1C
Everett, WA, PAE, VOR–A, Orig, CANCELED
[FR Doc. 2026–21096 Filed 10–14–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 97

[Docket No. 31689; Amdt. No. 4240]

Standard Instrument Approach Procedures, and Takeoff Minimums and Obstacle Departure Procedures; Miscellaneous Amendments

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This rule amends, suspends, or removes Standard Instrument Approach Procedures (SIAPs) and associated Takeoff Minimums and Obstacle Departure Procedures for operations at certain airports. These regulatory actions are needed because of the adoption of new or revised criteria, or because of changes occurring in the National Airspace System, such as the commissioning of new navigational facilities, adding new obstacles, or changing air traffic requirements. These changes are designed to provide for the safe and efficient use of the navigable airspace and to promote safe flight operations under instrument flight rules at the affected airports.

DATES: This rule is effective October 15, 2026. The compliance date for each SIAP, associated Takeoff Minimums, and ODP is specified in the amendatory provisions.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of October 15, 2026.

ADDRESSES: Availability of matter incorporated by reference in the amendment is as follows:

For Examination

1. U.S. Department of Transportation, Docket Ops–M30, 1200 New Jersey Avenue SE, West Bldg., Ground Floor, Washington, DC 20590–0001;

2. The FAA Air Traffic Organization Service Area in which the affected airport is located;

3. The office of Aeronautical Information Services, 6500 South MacArthur Blvd., Oklahoma City, OK 73169 or,

4. 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.

Availability

All SIAPs and Takeoff Minimums and ODPs are available online free of charge. Visit the National Flight Data Center online at nfdc.faa.gov to register. Additionally, individual SIAP and Takeoff Minimums and ODP copies may be obtained from the FAA Air Traffic Organization Service Area in which the affected airport is located.

FOR FURTHER INFORMATION CONTACT:

Rune Duke, Manager, Standards Section, Flight Procedures and Airspace Group, Aviation Safety, Federal Aviation Administration. Mailing

Address: FAA Mike Monroney Aeronautical Center, Flight Procedures and Airspace Group, 6500 South MacArthur Blvd., STB Annex, Bldg 26, Room 217, Oklahoma City, OK 73099. Telephone (405) 954-1139.

SUPPLEMENTARY INFORMATION: This rule amends 14 CFR part 97 by amending the referenced SIAPs. The complete regulatory description of each SIAP is listed on the appropriate FAA Form 8260, as modified by the National Flight Data Center (NFDC)/Permanent Notice to Airmen (P-NOTAM), and is incorporated by reference under 5 U.S.C. 552(a), 1 CFR part 51, and 14 CFR 97.20. The large number of SIAPs, their complex nature, and the need for a special format make their verbatim publication in the **Federal Register** expensive and impractical. Further, pilots do not use the regulatory text of the SIAPs, but refer to their graphic depiction on charts printed by publishers of aeronautical materials. Thus, the advantages of incorporation by reference are realized and publication of the complete description of each SIAP contained on FAA form documents is unnecessary. This amendment provides the affected CFR sections, and specifies the SIAPs and Takeoff Minimums and ODPs with their applicable effective dates. This amendment also identifies the airport and its location, the procedure and the amendment number.

Availability and Summary of Material Incorporated by Reference

The material incorporated by reference is publicly available as listed in the **ADDRESSES** section.

The material incorporated by reference describes SIAPs, Takeoff Minimums and ODPs as identified in the amendatory language for part 97 of this final rule.

The Rule

This amendment to 14 CFR part 97 is effective upon publication of each

separate SIAP and Takeoff Minimums and ODP as amended in the transmittal. For safety and timeliness of change considerations, this amendment incorporates only specific changes contained for each SIAP and Takeoff Minimums and ODP as modified by FDC permanent NOTAMs.

The SIAPs and Takeoff Minimums and ODPs, as modified by FDC permanent NOTAM, and contained in this amendment are based on criteria contained in the U.S. Standard for Terminal Instrument Procedures (TERPS). In developing these changes to SIAPs and Takeoff Minimums and ODPs, the TERPS criteria were applied only to specific conditions existing at the affected airports. All SIAP amendments in this rule have been previously issued by the FAA in a FDC NOTAM as an emergency action of immediate flight safety relating directly to published aeronautical charts.

The circumstances that created the need for these SIAP and Takeoff Minimums and ODP amendments require making them effective in less than 30 days.

Because of the close and immediate relationship between these SIAPs, Takeoff Minimums and ODPs, and safety in air commerce, I find that notice and public procedure under 5 U.S.C. 553(b) are impracticable and contrary to the public interest and, where applicable, under 5 U.S.C. 553(d), good cause exists for making these SIAPs effective in less than 30 days.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore— (1) is not a “significant regulatory action” under Executive Order 12866; (2) is not a “significant rule” under DOT regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is

so minimal. For the same reason, the FAA certifies that this amendment will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 97

Air Traffic Control, Airports, Incorporation by reference, Navigation (Air).

Issued in Washington, DC, October 9, 2026.

Rune Duke,

Manager, Standards Section, Flight Procedures and Airspace Group, Flight Technologies & Procedures Division, Federal Aviation Administration.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, 14 CFR part 97 is amended by amending Standard Instrument Approach Procedures and Takeoff Minimums and ODPs, effective at 0901 UTC on the dates specified, as follows:

PART 97—STANDARD INSTRUMENT APPROACH PROCEDURES

- 1. The authority citation for part 97 continues to read as follows:

Authority: 49 U.S.C. 106(f), 106(g), 40103, 40106, 40113, 40114, 40120, 44502, 44514, 44701, 44719, 44721–44722.

- 2. Part 97 is amended to read as follows:

By amending: § 97.23 VOR, VOR/DME, VOR or TACAN, and VOR/DME or TACAN; § 97.25 LOC, LOC/DME, LDA, LDA/DME, SDF, SDF/DME; § 97.27 NDB, NDB/DME; § 97.29 ILS, ILS/DME, MLS, MLS/DME, MLS/RNAV; § 97.31 RADAR SIAPs; § 97.33 RNAV SIAPs; and § 97.35 COPTER SIAPs, Identified as follows:

* * * *Effective Upon Publication*

AIRAC date	State	City	Airport	FDC No.	FDC date	Procedure name
26–Nov–26	KS	WICHITA	WICHITA DWIGHT D EISENHOWER NTL.	6/2002	9/14/2026	RNAV (RNP) Z RWY 19L, Amdt 1A.

DEPARTMENT OF TRANSPORTATION**Office of the Secretary****14 CFR Part 234**

[Docket No. DOT-OST-2026-1257]

RIN 2105-AF29

Cause of Airline Delay and Cancellation Categories Under Section 511(b) of the FAA Reauthorization Act of 2024; Delay of Effective Date

AGENCY: Bureau of Transportation Statistics, Office of the Assistant Secretary for Research and Technology, U.S. Department of Transportation.

ACTION: Final rule; delay of effective date.

SUMMARY: The U.S. Department of Transportation (Department or DOT) is delaying the effective date of its September 3, 2026 final rule, titled “Cause of Airline Delay and Cancellation Categories under Section 511(b) of the FAA Reauthorization Act of 2024,” until February 1, 2027.

DATES: The effective date of the final rule published on September 3, 2026 (91 FR 56588) is delayed until February 1, 2027.

FOR FURTHER INFORMATION CONTACT:

Robert Nazareth, Bureau of Transportation Statistics, U.S. Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590, 202-934-2413, robert.nazareth@dot.gov (email). You may also contact Blane Workie, Office of Aviation Consumer Protection, U.S. Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590, 202-366-9342 (phone), 202-366-7152 (fax), blane.workie@dot.gov (email).

SUPPLEMENTARY INFORMATION:**Delay of Effective Date**

On September 3, 2026, the Department published a final rule with an effective date of October 19, 2026 to implement the requirements of Section 511(b) of the FAA Reauthorization Act of 2024. That final rule amended an existing Bureau of Transportation Statistics (BTS) reporting regulation at 14 CFR 234.4. Under 14 CFR 234.4, reporting carriers must file a report of the causes of reportable flight cancellations and delays within 15 days of the end of the month for which data are reported.¹

The September 2026 final rule mandated that ten specific types of events be excluded from the BTS “Air Carrier” causal code for carriers to

report delays and cancellations, consistent with statutory requirements. The air carrier code is reserved for circumstances that are within the carrier’s control. The final rule created a new reporting category to capture these 10 specific events, ensuring that the data reported to the Department and shared with the traveling public accurately reflects the statutory distinction between carrier-controllable events and the specific exclusions identified by Congress. In the final rule, the Department explained that the rule would require revisions to a BTS information collection under OMB Control No. 2138-0041 and approval by OMB of those revisions.

On September 21, 2026, Airlines for America (A4A) requested that the Department extend the effective date of the final rule, which sets forth when airlines must report under the revised cancellation and delay causal reporting categories, to February 1, 2027 so that the changes to reporting under the final rule would start for flights beginning January 1, 2027.² A4A explained that the requested delay of the effective date would provide necessary additional time for the Department to update the BTS technical reporting directive, which provides reporting instructions to carriers; for industry stakeholders to update their systems to ensure that the data is collected, reported, and ingested properly; and for BTS to update its own systems. A4A also stated that a new calendar year would be the “natural and logical” date for the Department to begin applying the updated categories.

For the reasons requested by A4A, the Department agrees that it is appropriate to delay the effective date of the final rule until February 1, 2027. In particular, the Department agrees that applying the reporting requirement to cancellations and delays starting with the new calendar year will provide clearer information for consumers and industry. In addition, the delayed effective date will provide the Department with additional time to obtain necessary approvals for the revised information collection under the Paperwork Reduction Act.

As noted previously, carriers must submit reports on the causes of flight cancellations and delays to BTS within 15 days of the end of the month for which data are reported. Accordingly, the delay of the effective date for the reporting requirement to February 1, 2027 will apply to the reporting of

delays and cancellations of flights occurring on or after January 1, 2027. Airlines must file their reports with BTS for the entire month of January 2027 in a manner reflecting the changes in causal reporting described in the final rule.

Good Cause for This Final Rule

The Administrative Procedure Act provides an exception to its notice-and-comment rulemaking procedures when an agency for good cause finds that the requirement is impracticable, unnecessary, or contrary to the public interest.³ The Department’s final rule titled “Cause of Airline Delay and Cancellation Categories under Section 511(b) of the FAA Reauthorization Act of 2024” would be effective on October 19, 2026 absent a delay of the rule’s effective date. DOT only recently became aware of air carriers’ need to delay the final rule. There is not sufficient time to propose and seek comment on the delayed effective date before the rule would have come into effect. Accordingly, notice-and-comment procedures are impracticable because they cannot be completed prior to the rule’s scheduled effective date.

Signed in Washington, DC.

Edward Strocko,

Acting Director, Bureau of Transportation Statistics.

[FR Doc. 2026-21058 Filed 10-14-26; 8:45 am]

BILLING CODE 4910-9X-P

DEPARTMENT OF THE TREASURY**Fiscal Service****31 CFR Part 356****Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds**

AGENCY: Bureau of the Fiscal Service, Department of the Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury (“Treasury” or “we”) is issuing in final form amendments to the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (the “UOC” or “auction rules”). These amendments make technical changes to several sections of the UOC to remove outdated references and to be consistent with Treasury’s current auction terminology. These amendments also modify the requirements for submitting noncompetitive customer bids, to require submitters to provide all

² Letter from A4A Chief Legal Officer to DOT General Counsel dated September 21, 2026, available at <https://www.regulations.gov/document/DOT-OST-2026-1257-0001/comment>.

³ 5 U.S.C. 553(b)(B).

¹ See 14 CFR 234.5.

customer bid information prior to the noncompetitive auction close.

DATES:

Effective date: October 15, 2026.

Applicability Date: The changes to 31 CFR 356.14 and 356.23 apply to all auctions of Treasury marketable securities beginning with the first Treasury marketable securities auction conducted using Treasury's upgraded auction system, which will be communicated to market participants in advance of the first applicable auction. All other changes apply as of the effective date.

FOR FURTHER INFORMATION CONTACT: Lori Santamorenna, Kevin Hawkins, John Garrison, or Luisa Jou-Penchev, Office of Securities Regulatory Operations, Office of Financing, at govsecreg@fiscal.treasury.gov or 202–504–3632.

SUPPLEMENTARY INFORMATION:

Background

The UOC, codified at 31 CFR part 356, sets out the terms and conditions for the sale and issuance by Treasury to the public of marketable book-entry Treasury bills, notes, and bonds.¹ The UOC and the offering announcement for each auction represent a comprehensive statement of the auction terms and conditions.²

Discussion

In September 2026, Treasury announced plans to upgrade the auction system for the sale of marketable Treasury securities.³ In connection with the planned upgrade, Treasury is adopting amendments to the UOC to align auction rules with the planned system upgrades and to make other technical amendments for clarity and consistency.

First, Treasury is modifying the definitions of adjusted value, dated date, index ratio, issue date, and settlement amount in § 356.2 and making conforming changes to the examples in appendix B to part 356 with respect to references to dated date, issue date, and original issue date. The changes include a clarification that the denominator in the formula for calculating the index ratio is always the reference Consumer Price Index applicable for the original dated date. None of the changes affect the calculation of the adjusted value, index ratio, or settlement amount for inflation-protected securities.

Second, Treasury is making several changes to remove outdated references, by modifying (1) the definition of CUSIP number in § 356.2 to remove a reference to the name of the entity that formerly issued CUSIPs; (2) § 356.11(a)(2) to remove a reference to bids in paper form, which are no longer accepted; and (3) the header to Section III of appendix B to part 356 to remove a reference to inflation-indexed securities, which are now uniformly referred to as inflation-protected securities.

Third, Treasury is modifying the definitions of index, index rate, and noncompetitive bid in § 356.2, and modifying §§ 356.15, 356.20, and 356.21 to align references to the high yield, high discount rate, or high discount margin more closely to Treasury's current auction terminology. We are also modifying §§ 356.20 and 356.23 to use the words award and recognize in lieu of accept and tender. Section 356.23(b) is also revised to clarify that the list of information that may be included in the auction results is illustrative. These changes improve consistency between the auction rules, announcements, and results. Treasury will make corresponding adjustments to the terminology on future auction announcements and results press releases, as appropriate.

Fourth, Treasury is modifying the requirements for submitting noncompetitive customer bids in §§ 356.14(c) and (e) to require submitters to provide, prior to the noncompetitive auction close, each individual customer's name and bid amount for all noncompetitive bids. Submitters will no longer be able to submit a summary bid amount; the individual customer names and respective bid amounts may still be submitted in one consolidated list, but it must be received prior to the noncompetitive auction close. These changes, which will be effective with the planned system upgrades, will ensure all noncompetitive bid information is received prior to the noncompetitive auction close and will enable Treasury auction staff to finalize post-auction operations earlier in the day.

Finally, Treasury is removing references in §§ 356.23(a) and 356.31(a) to <http://www.treasurydirect.gov> and instead stating that we will make the auction results available on our website. This change will provide Treasury more administrative flexibility while maintaining public transparency regarding auction results.

Procedural Requirements

Executive Order 12866. This final rule is not a significant regulatory action pursuant to Executive Order 12866, as amended.

Administrative Procedure Act (APA). The APA generally imposes requirements on agency rulemakings related to notice, public comment, and delayed effective dates, under 5 U.S.C. 553. However, 5 U.S.C. 553(a)(2) exempts matters relating to contracts from those requirements. The auction regulations relate to Treasury securities, which are contracts between Treasury and the owner of the security; therefore, the notice, public comment, and delayed effective date requirements of the APA do not apply to this final rule.

Regulatory Flexibility Act. The provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, do not apply to this final rule because, pursuant to 5 U.S.C. 553(a)(2), this rule is not required to be issued with notice and opportunity for public comment.

Paperwork Reduction Act. This final rule does not involve a collection of information. Therefore, the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.*, does not apply.

Congressional Review Act (CRA). This final rule is not a major rule pursuant to the CRA, 5 U.S.C. 801 *et seq.*

List of Subjects in 31 CFR Part 356

Banks, Banking, Bonds, Federal Reserve System, Government securities, Reporting and recordkeeping requirements, Securities.

Text of Amendments

For the reasons set forth in the preamble, 31 CFR part 356 is amended as follows:

PART 356—SALE AND ISSUE OF MARKETABLE BOOK-ENTRY TREASURY BILLS, NOTES, AND BONDS (DEPARTMENT OF THE TREASURY CIRCULAR, FISCAL SERVICE SERIES NO. 1–93)

- 1. The authority citation for part 356 continues to read as follows:

Authority: 5 U.S.C. 301; 31 U.S.C. 3102, *et seq.*; 12 U.S.C. 391.

- 2. Section 356.2 is amended by revising paragraph (2) of the definition of “Adjusted value” and the definitions of “CUSIP number,” “Dated date,” “Index,” “Index rate,” “Index ratio,” “Issue date,” “Noncompetitive bid,” and “Settlement amount” to read as follows:

§ 356.2 What definitions do I need to know to understand this part?

* * * * *

¹ The UOC was published as a final rule in January 1993. 58 FR 412.

² See 31 CFR 356.10.

³ See Remarks by Deputy Secretary of the Treasury Francis Brooke before the Treasury Market Conference September 22, 2026, available at <https://home.treasury.gov/news/press-releases/sb0633>.

Adjusted value * * *

(2) Multiplying this value by: 100 divided by the Reference CPI of the original dated date. (See appendix B, section V of this part for an example of how to calculate the adjusted value.)

* * * * *

CUSIP number means the unique identifying number assigned to each separate security issue and each separate STRIPS component. CUSIP is an acronym for Committee on Uniform Securities Identification Procedures.

* * * * *

Dated date means the date from which interest accrues for notes and bonds. The dated date and issue date are usually the same. In those cases where interest begins accruing prior to the issue date, however, the dated date will be prior to the issue date. An example is when the dated date is a Saturday and the issue date is the following Monday. For reopened securities, references to "original dated date" refer to the dated date at original issuance.

Index means the Consumer Price Index for inflation-protected securities. For floating rate notes, the index is the high discount rate on 13-week bills determined by Treasury auctions of those securities.

* * * * *

Index rate means the simple-interest money market yield, computed on an actual/360 basis and rounded to nine decimal places, from the high discount rate of a 13-week bill auction as announced in the Treasury auction results. (See appendix B for methods and examples for computing the index rate.)

* * * * *

Index ratio means, for an inflation-protected security, the Reference CPI of a particular date divided by the Reference CPI of the original dated date.

* * * * *

Issue date means the date specified in the auction announcement on which we issue a security as an obligation of the United States. Interest normally begins to accrue on a security's issue date. For reopened securities, references to "original issue date" refer to the issue date at original issuance.

* * * * *

Noncompetitive bid means, for a single-price auction, a bid to purchase a stated par amount of securities at the high yield, high discount rate, or high discount margin awarded to competitive bidders. For a multiple-price auction, a noncompetitive bid means a bid to purchase securities at the weighted average yield, weighted average discount rate, or weighted average

discount margin of awards to competitive bidders.

* * * * *

Settlement amount means the total of the par amount of securities awarded, less any discount amount or plus any premium amount, and plus any accrued interest. For inflation-protected securities, the settlement amount also includes any inflation-adjusted principal.

* * * * *

■ 2. Section 356.11 is amended by revising the third sentence of paragraph (a)(2) to read as follows:

§ 356.11 How are bids submitted in an auction?

(a) * * *

(2) * * * Our computer time stamp will establish the receipt time. * * *

* * * * *

■ 3. Section 356.14 is amended by revising the last sentence of paragraph (c) introductory text and paragraph (e) to read as follows:

§ 356.14 What are the requirements for submitting bids for customers?

* * * * *

(c) * * * For trusts or other fiduciary estates (see appendix A), submitters must provide:

* * * * *

(e) *Noncompetitive customer bids.* For each noncompetitive bid, the submitter must provide the customer's name and the amount bid.

■ 4. Section 356.15 is amended by revising the first sentence of paragraph (e) to read as follows:

§ 356.15 What rules apply to bids submitted by investment advisers?

* * * * *

(e) *Proration of awards.* Investment advisers that submit competitive bids in the names of controlled accounts are responsible for prorating any awards at the high yield, high discount rate, or high discount margin using the same percentage that we announce. * * *

■ 5. Section 356.20 is amended by revising paragraphs (a), (d)(1) and (2) to read as follows:

§ 356.20 How does the Treasury determine auction awards?

(a) *Determining the range and amount of awarded competitive bids—(1)*

Awarding bids. After the competitive auction closes, we award noncompetitive bids that were submitted prior to the noncompetitive auction close, subject to the noncompetitive bidding limitations and restrictions described in this part. Then we award competitive bids at the lowest

yields, discount rates, or discount margins, through successively higher yields, discount rates, or discount margins, up to the amount required to meet the offering amount. When necessary, we prorate bids at the high yield, high discount rate, or high discount margin as described below. If the amount of noncompetitive bids would absorb all or most of the offering amount, we will award competitive bids in an amount sufficient to provide a fair determination of the yield, discount rate, or discount margin for the securities we are auctioning.

(2) *Awarding bids at the high yield, high discount rate, or high discount margin.* Generally, the total amount of bids at the high yield, high discount rate, or high discount margin exceeds the offering amount remaining after we award the noncompetitive bids and the competitive bids at the lower yields, discount rates, or discount margins. In order to keep the total amount of awards as close as possible to the announced offering amount, we award a percentage of the bids at the high yield, high discount rate, or high discount margin. We derive the percentage by dividing the remaining par amount needed to fill the offering amount by the par amount of the bids at the high yield, high discount rate, or high discount margin and rounding up to the next hundredth of a whole percentage point, for example, 17.13%.

* * * * *

(d) * * *

(1) *Single-price auctions.* Both noncompetitive and competitive bidders receive the price equivalent to the high yield, high discount rate, or high discount margin at which bids were awarded. For inflation-protected securities, the price for awarded securities is the price equivalent to the high real yield.

(2) *Multiple-price auctions—(i) Competitive bids.* Competitive bidders receive the price equivalent to each yield, discount rate, or discount margin at which their bids were awarded.

(ii) *Noncompetitive bids.* Noncompetitive bidders receive the price equivalent to the weighted average yield, discount rate, or discount margin of awarded competitive bids.

■ 6. Section 356.21 is revised to read as follows:

§ 356.21 How are awards at the high yield, high discount rate, or high discount margin calculated?

(a) *Awards to submitters.* We generally prorate bids at the high yield, high discount rate, or high discount margin under § 356.20(a)(2) of this part. For example, if 80.15% is the

announced percentage at the high yield, high discount rate, or high discount margin, we award 80.15% of the amount of each bid at that yield, discount rate, or discount margin. A bid for \$100 million at the high yield, high discount rate, or high discount margin would be awarded \$80,150,000 in this example. We always make awards for at least the minimum to bid, and above that amount we make awards in the appropriate multiple to bid. For example, Treasury bills may be issued with a minimum to bid of \$100 and multiples to bid of \$100. Say we accept an \$18,000 bid at the high discount rate, and the percent awarded at the high discount rate is 88.27%. We would award \$15,900 to that bidder, which is an upward adjustment from \$15,888.60 (\$18,000 × .8827) to the nearest multiple of \$100. If we were to award 4.65% of bids at the high discount rate, for example, the award for a \$100 bid at that rate would be \$100, rather than \$4.65, in order to meet the minimum to bid for a bill issue.

(b) *Awards to customers.* The same prorating rules apply to customers as apply to submitters. Depository institutions and dealers, whether submitters or intermediaries, are responsible for prorating awards for their customers at the same percentage that we announce. For example, if 80.15% is the announced percentage at the high yield, high discount rate, or high discount margin, then each customer bid at that yield, discount rate, or discount margin must be awarded 80.15%.

■ 7. Section 356.23 is amended by revising paragraphs (a), (b) introductory

text, (b)(1), (b)(2), (b)(5), and (b)(6) to read as follows:

§ 356.23 How are the auction results announced?

(a) After the conclusion of the auction, we will make the auction results available on our website.

(b) The auction results may include such information as:

(1) The amounts of bids we recognized and awarded;

(2) The range of awarded yields, discount rates, or discount margins.

* * * * *

(5) A breakdown of the amounts of noncompetitive and competitive bids we recognized from, and awarded to, the public;

(6) The amounts of bids recognized from and awarded to the Federal Reserve Banks for their own accounts;

* * * * *

■ 8. Section 356.31 is amended by revising the last sentence of paragraph (a) and paragraph (c)(3)(i) to read as follows:

§ 356.31 How does the STRIPS program work?

(a) * * * We provide the CUSIP numbers and payment dates for the principal and interest components in auction announcements and on our website.

* * * * *

(c) * * *

(3) * * *

(i) *Adjusted value.* Interest components stripped from inflation-protected securities are maintained in accounts, and transferred, at their adjusted value. This value is derived by

multiplying the semiannual interest rate by the par amount and then multiplying this value by: 100 divided by the Reference CPI of the original dated date. See appendix B, section V of this part for an example of how to do this calculation.

* * * * *

■ 9. Amend appendix B to part 356 by:

■ a. In section I.B., revising paragraph 2, the first sentence of paragraph 3(iv), and the first sentence of the example in paragraph 5;

■ b. In section III:

■ i. Revising the section heading;

■ ii. Removing “Ref CPI_{IssueDate}” and adding in its place “Ref CPI_{OriginalDatedDate}” wherever it appears;

■ iii. Under the “Definitions” heading, removing the note following the undesignated text before paragraph A;

■ iv. In paragraph B(2) revising the definition of “Bidding” and the Example; and

■ c. In section V., in the Definitions section, removing the definition of “Ref CPI_{IssueDate}” and adding in its place the definition of “Ref CPI_{OriginalDatedDate}”.

The revisions read as follows:

Appendix B to Part 356—Formulas and Tables

* * * * *

I. * * *

B. * * * 2. *Index Ratio.* The numerator of the Index Ratio, the Ref CPI_{Date}, is the index number applicable for a specific day. The denominator of the Index Ratio is the Ref CPI applicable for the original dated date. The formula for calculating the Index Ratio is:

$$\text{Index Ratio}_{\text{Date}} = \frac{\text{Ref CPI}_{\text{Date}}}{\text{Ref CPI}_{\text{OriginalDatedDate}}}$$

Where:

Date = valuation date

3. * * *

(iv) To calculate the Index Ratio for April 16, 1996, for an inflation-protected security originally issued on April 15, 1996, with an original dated date of April 15, 1996, the Ref CPI_{April 16, 1996} must first be calculated. * * *

* * * * *

* * *

Example

A 10-year inflation-protected note paying 37/8% interest was originally issued on January 15, 1999, with an

original dated date of January 15, 1999, with the first interest payment on July 15, 1999. * * *

* * * * *

III. Formulas for Conversion of Inflation-Protected Security Yields to Equivalent Prices.

* * * * *

B. * * *

(2) * * *

Bidding: The dollar amount of each bid is in terms of the par amount. For example, if the Ref CPI applicable to the original dated date of the note is 120, and the reference CPI applicable to the issue date is 132, a bid of \$10,000 will

in effect be a bid of \$10,000 × (132/120), or \$11,000.

* * * * *

Example:

We originally issued a 35/8% 10-year inflation-protected note on January 15, 1998, with an original dated date of January 15, 1998, with interest payments on July 15 and January 15. For a reopening on October 15, 1998, with inflation compensation accruing from January 15, 1998 to October 15, 1998, and accrued interest accruing from July 15, 1998 to October 15, 1998 (92 days), solve for the price per 100 (P) at a real yield, as determined in the reopening

auction, of 3.65%. The base index applicable to the original dated date of this note is 161.55484 and the reference CPI applicable to October 15, 1998, is 163.29032.

* * * * *

V. * * *

Definitions: * * *

Ref $CPI_{OriginalDatedDate}$ = reference CPI for the original dated date of the underlying (unstripped) security.

* * * * *

Gary Grippo,

Acting Fiscal Assistant Secretary.

[FR Doc. 2026–21069 Filed 10–14–26; 8:45 am]

BILLING CODE 4810–AS–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2026–1291]

RIN 1625–AA00

Safety Zone; Lake Michigan, Chicago, IL

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone for navigable waters within an area of Lake Michigan in Chicago, IL. The safety zone is needed to protect personnel, vessels, and the marine environment from potential hazards created by the Navy Pier Fireworks and Drone Show. Entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port, Sector Lake Michigan or their designated representative.

DATES: This rule is effective from 9 p.m. through 9:15 p.m. on October 15, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–1291.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, call or email Lieutenant Michael Vega, Marine Safety Unit Chicago, U.S. Coast Guard; telephone (206) 815–6711, email D09-SMB-MSUChicago-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 Coast Guard received notification that fireworks will be launched from a barge and drones from the pier at Navy Pier at Chicago Harbor in Chicago, IL. The Captain of the Port (COTP) Sector Lake Michigan has determined that potential hazards associated with fireworks and drones are a safety concern for anyone within 800 feet of the fireworks display. Therefore, the COTP is issuing this rule under the authority in 46 U.S.C. 70034, which is needed to protect personnel, vessels, and the marine environment in the navigable waters within the safety zone.

Because of these potential hazards, the Coast Guard is issuing this rule without prior notice and comment. As is authorized by 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it is impracticable. The Coast Guard was notified of this event on September 25, 2026 but we must establish this safety zone by October 15, 2026 to protect personnel, vessels, and the marine environment. Therefore, we do not have enough time to solicit and respond to comments.

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

III. Discussion of the Rule

This rule establishes a safety zone from 9:00 p.m. through 9:15 p.m. on October 15, 2026. The safety zone will cover all waters in Lake Michigan bounded by the points beginning 41°53′00″ N, 87°36′36″ W, east to 41°53′00″ N, 87°36′11″ W, north to 41°53′28″ N, 87°36′11″ W, west to 41°53′28″ N, 87°36′34″ W, and then south to the point of origin. Vessels and persons will not be allowed to enter the zone during this time, 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.T09-1291 to read as follows:

§ 165.T09-1291 Safety Zone; Lake Michigan, Chicago, IL.

(a) *Location.* The following area is a safety zone: All waters in Lake Michigan within a rectangle shaped safety zone in Chicago, IL, bounded by the points beginning 41°53'00" N, 87°36'36" W, east to 41°53'00" N, 87°36'11" W, north to 41°53'28" N, 87°36'11" W, west to 41°53'28" N, 87°36'34" W, and then south to the point of origin.

(b) *Definitions.* As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the Captain of the Port Sector Lake Michigan (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. 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.* The safety zone will be enforced from 9 p.m. through 9:15 p.m. on October 15, 2026.

N.R. Downend,

Commander, U.S. Coast Guard, Acting Captain of the Port, Lake Michigan.

[FR Doc. 2026-21053 Filed 10-14-26; 8:45 am]

BILLING CODE 9110-04-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 721

[EPA-HQ-OPPT-2024-0281; FRL-12742-03-OCSPP]

RIN 2070-AB27

Significant New Use Rules on Certain Chemical Substances (24-5.5e); Correction

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule; correction.

SUMMARY: EPA is making a correction to a final rule that appeared in the **Federal Register** on August 26, 2026. The final rule established significant new use rules (SNURs) under the Toxic Substances Control Act (TSCA) for chemical substances that were the subject of premanufacture notices (PMNs) and Orders issued by EPA pursuant to TSCA. Subsequent to the publication, the Agency identified an error in a chemical name.

DATES: The final rule correction is effective on October 26, 2026.

ADDRESSES: The docket for this action, identified under docket identification (ID) number EPA-HQ-OPPT-2024-0281-0081, is available online at <https://www.regulations.gov> or in person at the Office of Pollution Prevention and Toxics Docket (OPPT Docket) in the Environmental Protection Agency Docket Center (EPA/DC). Please review the visitor instructions and additional information about the docket available at <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT: Iliriana Mushkolaj, New Chemicals Division, Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001; telephone number: (202) 564-6877; email address: mushkolaj.iliriana@epa.gov.

SUPPLEMENTARY INFORMATION: This action corrects a regulatory amendment that was published in the **Federal Register** on Wednesday, August 26,

2026, (91 FR 54992 (FRL-12742-02-OCSPP)). The error to be corrected is listed here:

1. In the table of contents and heading and regulatory provision for 40 CFR 721.12151 the chemical name should be updated to edge oxidized carbon matrix (generic).

The Agency is not providing a public comment opportunity prior to promulgation of this technical correction, because such public comment is unnecessary under 5 U.S.C. 553(b)(B) of the Administrative Procedure Act (APA). The correction established in this action is non-substantive and would not alter the regulations established in the final rule. Therefore, pursuant to the APA section 553(b)(B), EPA finds good cause to promulgate this technical correction without notice and comment.

Corrections

In FR Doc. 2026-17400 appearing on pages 54996 and 54997 in the **Federal Register** on Wednesday, August 26, 2026, the following corrections are made:

§ 721.12151 [Corrected]

■ 1. On page 54996, in the first column of the table of contents, the listing for § 721.12151 is corrected to read as follows:

■ a. "Edge oxidized carbon matrix (generic)."

■ 2. On page 54997, in the third column, the section heading is corrected to read as follows:

■ b. § 721.12151 Edge oxidized carbon matrix (generic)

Dated: October 9, 2026.

Mary Elissa Reaves,

Director, Office of Pollution Prevention and Toxics.

[FR Doc. 2026-21052 Filed 10-14-26; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 721

[EPA-HQ-OPPT-2026-0499; FRL-13317-02-OCSPP]

RIN 2070-AB27

Significant New Use Rules on Certain Chemical Substances (26-1)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: EPA is issuing significant new use rules (SNURs) under the Toxic Substances Control Act (TSCA) for

certain chemical substances that were the subject of premanufacture notices (PMNs) and are also subject to an Order issued by EPA pursuant to TSCA. The SNURs require persons to notify EPA at least 90 days before commencing the manufacture (defined by statute to include import) or processing of any of these chemical substances for an activity that is designated as a significant new use in the SNUR. The required notification initiates EPA's evaluation of the conditions of that use for that chemical substance. In addition, the manufacture or processing for the significant new use may not commence until EPA has conducted a review of the required notification; made an appropriate determination regarding that notification; and taken such actions as required by that determination.

DATES: This rule is effective on December 14, 2026. For purposes of judicial review, this rule shall be promulgated at 1 p.m. (EST) on October 29, 2026.

ADDRESSES: The docket for this action, identified under docket identification (ID) number EPA-HQ-OPPT-2026-0499, is available online at <https://www.regulations.gov> or in person at the Office of Pollution Prevention and Toxics Docket (OPPT Docket) in the Environmental Protection Agency Docket Center (EPA/DC). Please review the visitor instructions and additional information about the docket available at <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:

For technical information: Jordan Garbin, New Chemicals Division, Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001; telephone number: (202) 564-4156; email address: garbin.jordan@epa.gov.

For general information on SNURs: Iliriana Mushkolaj, New Chemicals Division, Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001; telephone number: (202) 564-6877; email address: mushkolaj.iliriana@epa.gov.

For general information on TSCA: The TSCA Assistance Information Service Hotline, Goodwill of the Finger Lakes, 422 South Clinton Ave., Rochester, NY 14620; telephone number: (800) 471-7127 or (202) 554-1404; email address: TSCA-Hotline@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

A. What is the Agency's authority for taking this action?

TSCA section 5(a)(2) (15 U.S.C. 2604(a)(2)) authorizes EPA to determine that a use of a chemical substance is a "significant new use." EPA must make this determination by rule after considering all relevant factors, including the factors in TSCA section 5(a)(2).

B. What action is the Agency taking?

EPA is finalizing SNURs under TSCA section 5(a)(2) for the chemical substances identified in this document. These chemical substances were the subject of PMNs and are also subject to an Order issued by EPA pursuant to TSCA section 5(e)(1)(A), as required by the determinations made under TSCA section 5(a)(3)(B). The SNURs identify as significant new uses any manufacturing, processing, use, distribution in commerce, or disposal that does not conform to the restrictions imposed by the underlying TSCA Orders, consistent with TSCA section 5(f)(4). The SNURs require persons who intend to manufacture or process any of these chemical substances for an activity that is designated as a significant new use in the SNURs to notify EPA at least 90 days before commencing that activity.

Previously, EPA proposed SNURs for these chemical substances in the **Federal Register** of June 10, 2026 (91 FR 35156 (FRL-13317-01-OCSPP)). The docket includes information considered by the Agency in developing the proposed and final rules, including public comments and EPA's responses to the comments received as discussed in Unit II.D.

C. Does this action apply to me?

1. General Applicability

This action applies to you if you manufacture, process, or use the chemical substances identified in this document. 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:

- Manufacturers or processors of one or more subject chemical substances (NAICS codes 325 and 324110), e.g., chemical manufacturing and petroleum refineries.

2. Applicability to Importers and Exporters

This action may also apply to certain entities through pre-existing import certification and export notification requirements under TSCA (<https://www.epa.gov/tsc-import-export-requirements>).

Chemical importers are subject to TSCA section 13 (15 U.S.C. 2612), the requirements in 19 CFR 12.118 through 12.127, 19 CFR 127.28, and 40 CFR part 707, subpart B. Importers of chemical substances in bulk form, as part of a mixture, or as part of an article (if required by rule) must certify that the shipment of the chemical substance complies with all applicable rules and orders under TSCA, including regulations issued under TSCA sections 5, 6, 7 and Title IV.

Pursuant to 40 CFR 721.20, any persons who export or intend to export a chemical substance identified in this document are subject to the export notification provisions of TSCA section 12(b) (15 U.S.C. 2611(b)) and must comply with the export notification requirements in 40 CFR part 707, subpart D.

D. What are the incremental economic impacts of this action?

EPA has evaluated the potential costs of establishing SNUN reporting requirements for potential manufacturers and processors of the chemical substances identified in this document. This analysis, which is available in the docket, is briefly summarized here.

1. Estimated Costs for SNUN Submissions

A SNUR requires that any person who intends to engage in such activity in the future must first notify EPA by submitting a SNUN. If a SNUN is submitted, costs are an estimated \$45,000 per SNUN submission for large business submitters and \$14,500 for small business submitters. These estimates include the cost to prepare and submit the SNUN (including registration for EPA's Central Data Exchange (CDX)), and the payment of a user fee. Businesses that submit a SNUN would be subject to either a \$37,000 user fee required by 40 CFR 700.45(c)(2)(ii) and (d), or, if they are a small business as defined at 13 CFR 121.201, a reduced user fee of \$6,480 (40 CFR 700.45(c)(1)(ii) and (d)). These estimates reflect the costs and fees as they are known at the time of this rulemaking.

2. Estimated Costs for Export Notifications

EPA has also evaluated the potential costs associated with the pre-existing export notification requirements under TSCA section 12(b) and the implementing regulations at 40 CFR part 707, subpart D. For persons exporting a substance that is the subject of a SNUR, a one-time notice to EPA must be provided for the first export or intended export to a particular country. The total costs of export notification will vary by chemical, depending on the number of required notifications (*i.e.*, the number of countries to which the chemical is exported). While EPA is unable to make any estimate of the likely number of export notifications for the chemical substances covered by these SNURs, as stated in the accompanying economic analysis, the estimated cost of the export notification requirement on a per unit basis is approximately \$106.

II. Background

A. General Information About SNURs

Unit II. of the proposed rule provides general information about SNURs, and additional information about EPA's new chemical program is available at <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca>.

B. Applicability of the Significant New Use Designation

To establish a significant new use, EPA must determine that the use is not ongoing. As discussed in Unit II.E. of the proposed rule, EPA concluded that the proposed significant new uses were not ongoing. EPA also stated that if EPA subsequently determined that such a use was ongoing as of the date of publication of the proposed rule and did not cease prior to issuance of the final rule, EPA would not designate that use as a significant new use in the final rule. EPA has no information to suggest that any of the significant new uses identified in this rule meet this criterion.

As discussed in the **Federal Register** of April 24, 1990 (55 FR 17376 (FRL-3658-5)), EPA believes that the intent of TSCA section 5(a)(1)(B) is best served by designating a use as a significant new use as of the date of publication of the proposed rule rather than as of the effective date of the final rule. The objective of EPA's approach is to ensure that a person cannot impede finalization of a SNUR by initiating a significant new use after publication of the proposed rule but before the effective date of the final rule. Uses arising after the publication of the proposed rule are distinguished from uses that are

identified in the final rule as having been ongoing on the date of publication of the proposed rule. The former would be new uses, the latter ongoing uses, except that uses that are identified as ongoing as of the publication of the proposed rule would not be considered ongoing uses if they have ceased by the date of issuance of a final rule.

In the unlikely event that before a final rule becomes effective a person begins commercial manufacturing (including importing) or processing of the chemical substances for a use that is designated as a significant new use in that final rule, such a person would have to cease any such activity upon the effective date of the final rule. To resume their activities, these persons would have to first comply with all applicable SNUR notification requirements and wait until all TSCA prerequisites for the commencement of manufacture or processing have been satisfied.

Issuance of a SNUR for a chemical substance does not signify that the chemical substance is listed on the TSCA Chemical Substance Inventory (TSCA Inventory). Guidance on how to determine if a chemical substance is on the TSCA Inventory is available on the internet at <https://www.epa.gov/tsca-inventory>.

C. Important Information About SNUN Submissions

1. SNUN Submissions

SNUNs must be submitted on EPA Form No. 7710–25, generated using e-PMN software, and submitted to the Agency in accordance with the procedures set forth in 40 CFR 720.40 and 721.25. E-PMN software is available electronically at <https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca>.

2. Development and Submission of Information

EPA recognizes that TSCA section 5 does not require development of any particular new information (*e.g.*, generating test data) before submission of a SNUN. There is an exception: If a person is required to submit information for a chemical substance pursuant to a rule, order or consent agreement under TSCA section 4, then TSCA section 5(b)(1)(A) requires such information to be submitted to EPA at the time of submission of the SNUN.

In the absence of a rule, TSCA order, or consent agreement under TSCA section 4 covering the chemical substance, persons are required only to submit information in their possession or control and to describe any other

information known to or reasonably ascertainable by them (see 40 CFR 720.50). However, upon review of PMNs and SNUNs, the Agency has the authority to require appropriate testing. To assist with EPA's analysis of the SNUN, submitters are encouraged, but not required, to provide the potentially useful information as identified for the chemical substance in Unit III.C. of the proposed rule.

EPA strongly encourages persons, before performing any testing, to consult with the Agency pertaining to protocol selection. Furthermore, pursuant to TSCA section 4(h), which pertains to reduction of testing in vertebrate animals, EPA encourages consultation with the Agency on the use of alternative test methods and strategies (also called New Approach Methodologies, or NAMs), if available, to generate the recommended test data. EPA encourages dialog with Agency representatives to help determine how best the submitter can meet both the data needs and the objective of TSCA section 4(h). For more information on alternative test methods and strategies to reduce vertebrate animal testing, visit <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/alternative-test-methods-and-strategies-reduce>.

The potentially useful information described in Unit III. of the proposed rule may not be the only means of providing information to evaluate the chemical substance associated with the significant new uses. However, submitting a SNUN without any test data may increase the likelihood that EPA will take action under TSCA sections 5(e) or 5(f). EPA recommends that potential SNUN submitters contact EPA early enough so that they will be able to conduct the appropriate tests.

SNUN submitters should be aware that EPA will be better able to evaluate SNUNs which provide detailed information about human exposure and environmental release that may result from the significant new use of the chemical substances.

D. Public Comments on Proposed Rule and EPA Responses

EPA received public comments on the proposed SNURs and prepared a Response to Comment document that provides the Agency responses. The comments and the Response to Comment document are available in the docket; ID number EPA-HQ-OPPT-2026-0499. EPA is finalizing these SNURs as proposed.

III. Chemical Substances Subject to These SNURs

A. What is the designated cutoff date for ongoing uses?

EPA designates the date of publication of the proposed rule as the cutoff date for determining whether the new use is ongoing, *i.e.*, June 10, 2026 (91 FR 35156 (FRL–13317–01–OCSP)). This designation is explained in more detail in Unit II.B.

B. What information was provided for each chemical substance?

In Unit III.C. of the proposed rule, EPA provided the following information for each chemical substance subject to these SNURs:

- PMN number (the CFR citation assigned in the regulatory text section of this document).
- Chemical name (generic name, if the specific name is claimed as CBI).
- Chemical Abstracts Service Registry Number (CASRN) or Accession Number (if assigned, for confidential chemical identities).
- Basis for the SNUR (*e.g.*, effective date of and basis for the TSCA Order).
- Potentially useful information.

The regulatory text section of this document specifies the chemical substances and activities designated as significant new uses. Certain new uses, including production volume limits and other uses designated, may be claimed as CBI, as discussed in more detail in Unit II.C. of the proposed rule.

In addition, as discussed in Unit III.B. of the proposed rule, these SNURs include PMN substances that are subject to orders issued under TSCA section 5(e)(1)(A), as required by the determinations made under TSCA section 5(a)(3)(B). Those TSCA Orders require protective measures to limit exposures or otherwise mitigate the potential unreasonable risk. As such, the SNURs identify as significant new uses any manufacturing, processing, use, distribution in commerce, or disposal that does not conform to the restrictions imposed by the underlying TSCA Orders, consistent with TSCA section 5(f)(4).

IV. Statutory and Executive Order Reviews

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

A. Executive Order 12866: Regulatory Planning and Review

This action establishes SNURs for new chemical substances that were the subject of PMNs. The Office of

Management and Budget (OMB) has exempted these types of actions from review under Executive Order 12866 (58 FR 51735, October 4, 1993).

B. Executive Order 14192: *Unleashing Prosperity Through Deregulation*

Executive Order 14192 (90 FR 9065, February 6, 2025) does not apply because a significant new use rule for a new chemical under TSCA section 5 is exempt from review under Executive Order 12866.

C. Paperwork Reduction Act (PRA)

According to the PRA (44 U.S.C. 3501 *et seq.*), an agency may not conduct or sponsor, and a person is not required to respond to a collection of information that requires OMB approval under PRA, unless it has been approved by OMB and displays a currently valid OMB control number. The OMB control numbers for EPA's regulations in title 40 of the CFR, after appearing in the **Federal Register**, are listed in 40 CFR part 9, and included on the related collection instrument or form, if applicable.

The information collection requirements related to SNURs have already been approved by OMB pursuant to PRA under OMB control number 2070–0038 (EPA ICR No. 1188). This action does not impose any burden requiring additional OMB approval. If an entity were to submit a SNUN to the Agency, the annual burden is estimated to average between 30 and 170 hours per submission. This burden estimate includes the time needed to review instructions, search existing data sources, gather and maintain the data needed, and complete, review, and submit the required SNUN.

D. Regulatory Flexibility Act (RFA)

I certify that this action will not have a significant economic impact on a substantial number of small entities under the RFA (5 U.S.C. 601 *et seq.*). The requirement to submit a SNUN applies to any person (including small or large entities) who intends to engage in any activity described in the final rule as a “significant new use.” Because these uses are “new,” based on all information currently available to EPA, EPA has concluded that no small or large entities presently engage in such activities.

A SNUR requires that any person who intends to engage in such activity in the future must first notify EPA by submitting a SNUN. Although some small entities may decide to pursue a significant new use in the future, EPA cannot presently determine how many, if any, there may be. However, EPA's

experience to date is that, in response to the promulgation of SNURs covering over 1,000 chemicals, the Agency receives only a small number of notices per year. For example, the number of SNUNs received was 7 in Federal fiscal year (FY) 2020, 9 in FY2021, 9 in FY2022, 23 in FY2023, and 7 in FY2024, and only a fraction of these submissions were from small businesses.

In addition, the Agency currently offers relief to qualifying small businesses by reducing the SNUN submission fee from \$37,000 to \$6,480. This lower fee reduces the total reporting and recordkeeping cost of submitting a SNUN to about \$14,500 per SNUN submission for qualifying small firms. Therefore, the potential economic impacts of complying with these proposed SNURs are not expected to be significant or adversely impact a substantial number of small entities. In a SNUR that published in the **Federal Register** of June 2, 1997 (62 FR 29684 (FRL–5597–1)), the Agency presented its general determination that SNURs are not expected to have a significant economic impact on a substantial number of small entities, which was provided to the Chief Counsel for Advocacy of the Small Business Administration.

E. Unfunded Mandates Reform Act (UMRA)

This action does not contain an unfunded mandate of \$100 million or more (in 1995 dollars) in any one year as described in UMRA, 2 U.S.C. 1531–1538, and does not significantly or uniquely affect small governments. Based on EPA's experience with proposing and finalizing SNURs, State, local, and Tribal governments have not been impacted by SNURs, and EPA does not have any reasons to believe that any State, local, or Tribal government will be impacted by these SNURs. In addition, the estimated costs of this action to the private sector do not exceed \$183 million or more in any one year (the 1995 dollars are adjusted to 2023 dollars for inflation using the GDP implicit price deflator). The estimated costs for this action are discussed in Unit I.D.

F. Executive Order 13132: *Federalism*

This action will not have federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999), because it is not expected to have a substantial direct effect on 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. Accordingly, the requirements of Executive Order 13132 do not apply to this action.

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

This action will not have Tribal implications as specified in Executive Order 13175 (65 FR 67249, November 9, 2000), because it is not expected to have substantial direct effects on Indian Tribes, significantly or uniquely affect the communities of Indian Tribal governments and does not involve or impose any requirements that affect Indian Tribes. Accordingly, the requirements of Executive Order 13175 do not apply to this action.

H. 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 it does not concern an environmental health or safety risk. Since this action does not concern a human health risk, EPA's 2026 Policy on Children's Health also does not apply. Although the establishment of these SNURs does not address an existing children's environmental health concern because the chemical uses involved are not ongoing uses, SNURs require that persons notify EPA at least 90 days before commencing manufacture (defined by statute to include import) or processing of the identified chemical substances for an activity that is designated as a significant new use by the SNUR. This notification allows EPA to assess the intended uses to identify potential risks and take appropriate actions before the activities commence.

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

This action is not a "significant energy action" as defined in Executive Order 13211 (66 FR 28355, May 22, 2001), because it is not likely to have a significant adverse effect on the supply, distribution, or use of energy.

J. National Technology Transfer and Advancement Act (NTTAA)

This action does not involve any technical standards subject to NTTAA section 12(d) (15 U.S.C. 272 note).

K. 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 721

Environmental protection, Chemicals, Hazardous substances, Reporting and recordkeeping requirements.

Dated: October 8, 2026.

Mary Elissa Reaves,

Director, Office of Pollution Prevention and Toxics.

For the reasons stated in the preamble, 40 CFR chapter I is amended as follows:

PART 721—SIGNIFICANT NEW USES OF CHEMICAL SUBSTANCES

■ 1. The authority citation for part 721 continues to read as follows:

Authority: 15 U.S.C. 2604, 2607, and 2625(c).

■ 2. Add §§ 721.12260 through 721.12278 to subpart E to read as follows:

* * * * *

Sec.

721.12260 6-Octen-1-ol, 3,7-dimethyl-, homopolymer, monoacetate.

721.12261 Alkanedioic acid, di branched alkyl esters (generic).

721.12262 Alkanedioic acid, di C11–14 isoalkyl esters (generic).

721.12263 Siloxanes and silicones, di-Me, [alkyl]piperazinium-hydroxyalkoxy]alkyl group-terminated, arylsulfonates (salts) (generic).

721.12264 Siloxanes and silicones, di-Me, [alkyl]piperazinium-hydroxyalkoxy]alkyl group- and (hydroxyalkoxy)alkyl group-terminated, ethers with polyethylene glycol alkyl ethers, arylsulfonates (salts) (generic).

721.12265 Soybean oil, polymer with diethylene glycol- and glycerol- and tetraethylene glycol- and triethylene glycol-depolymd. poly(ethylene terephthalate) waste plastics, 3-hydroxy-2-(hydroxymethyl)-2-methylpropanoic acid and phthalic anhydride.

721.12266 Benzoic acid, 2-([1,1'-biphenyl]-4-ylcarbonyl)-, 2-ethylhexyl ester.

721.12267 Ethyl modified lactam (generic).

721.12268 Substituted carbopolycyclic dicarboxylic acid dialkyl ester, polymer with alkanediol, carbopolycyclic bis(substituted carbopolycycle)bis[alkanol] and carbopolycyclic bis(substituted carbomonocycle)bis[alkanol] (generic).

721.12269 Polymeric salt of propenoic acid, acrylamido-methylpropane sulfonic acid sodium salt, hydroxyethyl methacrylate, methyl methacrylate, propenoic acid, methyl-, phosphinobis(oxy-ethanediyl) ester, sodium metabisulfite (generic).

721.12270 2-Propanamine, N,N'-(oxydi-2,1-ethanediyl)bis[N-methyl-].

721.12271 Polyalkyl substituted amine, hydrolysis products with

alkenyltrialkoxymetalloid and silica (generic).

721.12272 Alkanol, alkoxyalkylimino, salt (generic).

721.12273 Alkanol, nitrilo, salt (generic).

721.12274 Aryl-dicarboxylic acid, polymer with alkanedioic acid, 2,2'-oxypoly[alkanol], polymethylenepolyphenylene isocyanate and alkane diol (generic).

721.12275 Carbonic acid diaryl ester with alkanediol (generic).

721.12276 1,3-Butanediol, 4,4,4-trifluoro-3-(trifluoromethyl)-.

721.12277 Sulfonium tris(substituted carbomonocycle) substituted oxatricycloalkyloxycarbonyl dihalo alkane sulfonate (generic).

721.12278 Heteromonocyclic alkylsubstituted carbomonocyclic carbopolycyclic heteromonocyclic dihalo sulfoacetate (generic).

* * * * *

§ 721.12260 6-Octen-1-ol, 3,7-dimethyl-, homopolymer, monoacetate.

(a) *Chemical substance and significant new uses subject to reporting.* (1) The chemical substance identified as 6-octen-1-ol, 3,7-dimethyl-, homopolymer, monoacetate (PMN P–20–174; CASRN 2417284–25–2) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), and (g)(1) and (5). For purposes of § 721.72(g)(1), this substance may cause: specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(ii) *Industrial, commercial, and consumer activities.* It is a significant new use to manufacture, process, or use the substance in any manner that results in worker inhalation exposure to the substance.

(iii) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=669.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (c), (f) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12261 Alkanedioic acid, di branched alkyl esters (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as alkanedioic acid, di branched alkyl esters (PMN P-21-104; Accession No. 303674) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), and (g)(1) and (5). For purposes of § 721.72(g)(1), this substance may cause: skin irritation, eye irritation, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture, process, or use the substance in any manner that results in inhalation exposure to the substance.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12262 Alkanedioic acid, di C11-14 isoalkyl esters (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as alkanedioic acid, di C11-14 isoalkyl esters (PMN P-21-105; Accession No. 303663) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), and (g)(1) and (5). For purposes of § 721.72(g)(1), this substance may cause: skin irritation, eye irritation, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture, process, or use the substance in any manner that results in inhalation exposure to the substance.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12263 Siloxanes and silicones, di-Me, [alkylpiperazinium-hydroxyalkoxy]alkyl group-terminated, arylsulfonates (salts) (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as siloxanes and silicones, di-Me, [alkylpiperazinium-hydroxyalkoxy]alkyl group-terminated, arylsulfonates (salts) (PMN P-21-166) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance when contained in an article as defined at 40 CFR 720.3(c).

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as

required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: skin sensitization and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture, process, or use the substance other than in the form of a liquid solution. It is a significant new use to manufacture, process, or use the substance in any manner that results in inhalation exposure to the substance.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=9. For purposes of § 721.91(a)(7), the control technology is primary and secondary wastewater treatment as defined in 40 CFR part 133 and the percentage removal of the substance resulting from use of the specified control technology is 90%.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12264 Siloxanes and silicones, di-Me, [alkylpiperazinium-hydroxyalkoxy]alkyl group- and (hydroxyalkoxy)alkyl group-terminated, ethers with polyethylene glycol alkyl ethers, arylsulfonates (salts) (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as siloxanes and silicones, di-Me, [alkylpiperazinium-hydroxyalkoxy]alkyl group- and (hydroxyalkoxy)alkyl group-terminated, ethers with polyethylene glycol alkyl ethers, arylsulfonates (salts) (PMN P-21-167) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this

section. The requirements of this section do not apply to quantities of the substance when contained in an article as defined at 40 CFR 720.3(c).

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: skin sensitization and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture, process, or use the substance other than in the form of a liquid solution. It is a significant new use to manufacture, process, or use the substance in any manner that results in inhalation exposure to the substance.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=0.7. For purposes of § 721.91(a)(7), the control technology is primary and secondary wastewater treatment as defined in 40 CFR part 133 and the percentage removal of the substance resulting from use of the specified control technology is 90%.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12265 Soybean oil, polymer with diethylene glycol- and glycerol- and tetraethylene glycol- and triethylene glycol-depolymd. poly(ethylene terephthalate) waste plastics, 3-hydroxy-2-(hydroxymethyl)-2-methylpropanoic acid and phthalic anhydride.

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified as soybean oil, polymer with diethylene glycol- and glycerol- and tetraethylene glycol- and triethylene glycol-depolymd. poly(ethylene terephthalate) waste plastics, 3-hydroxy-2-(hydroxymethyl)-2-methylpropanoic acid and phthalic anhydride (PMN P-23-78; CASRN 2803562-50-5) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been completely reacted or cured (i.e., the substance has been reacted or cured to the extent that no release of the substance can be detected).

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1), (a)(3) through (6), and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1) and (4), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible. For purposes of § 721.63(a)(5), respirators must provide a National Institute for Occupational Safety and Health (NIOSH) assigned protection factor (APF) of at least 1,000.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: skin irritation, eye irritation, reproductive toxicity, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to use the substance unless all of the following are true: (1) the substance is used in the B side (polyol) of a spray polyurethane foam formulation, (2) the concentration of the substance on the B side does not exceed the confidential percentage by weight

listed in the Order, and (3) the substance is used in an application process designed to result in instant and complete reaction of the B side containing the substance with the A side (isocyanate) such that there is no unreacted polyol present in any overspray.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=58.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12266 Benzoic acid, 2-([1,1'-biphenyl]-4-ylcarbonyl)-, 2-ethylhexyl ester.

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified as benzoic acid, 2-([1,1'-biphenyl]-4-ylcarbonyl)-, 2-ethylhexyl ester (PMN P-23-138; CASRN 75005-95-7) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been completely reacted or cured (i.e., the substance has been reacted or cured to the extent that no release of the substance can be detected).

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: skin sensitization. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as

specified in § 721.80(o). It is a significant new use to use the substance at a concentration greater than 5% by weight in formulation.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(1), (b)(1), and (c)(1).

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12267 Ethyl modified lactam (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as ethyl modified lactam (PMN P-23-183) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been completely reacted or cured (*i.e.*, the substance has been reacted or cured to the extent that no release of the substance can be detected).

(2) The significant new uses are:

(i) *Protection in the workplace.* Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (*e.g.*, enclosure or confinement of the operation, general and local ventilation) or administrative control measures (*e.g.*, workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.* Requirements as specified in § 721.72(a) through (d), (f), and (g)(1) and (5). For purposes of § 721.72(g)(1), this substance may cause: acute toxicity, serious eye damage, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to use the substance in spray applications unless in an enclosed process.

(iv) *Disposal.* Requirements as specified in § 721.85(a)(1), (b)(1), and (c)(1).

(v) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=3143.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12268 Substituted carbopolycyclic dicarboxylic acid dialkyl ester, polymer with alkanediol, carbopolycyclic bis(substituted carbopolycycle)bis[alkanol] and carbopolycyclic bis(substituted carbomonocycle)bis[alkanol] (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as substituted carbopolycyclic dicarboxylic acid dialkyl ester, polymer with alkanediol, carbopolycyclic bis(substituted carbopolycycle)bis[alkanol] and carbopolycyclic bis(substituted carbomonocycle)bis[alkanol] (PMN P-23-193) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been incorporated into an article as defined at 40 CFR 720.3(c).

(2) The significant new uses are:

(i) *Hazard communication.* Requirements as specified in § 721.72(a) through (d), (f), and (g)(1) and (5). For purposes of § 721.72(g)(1), this substance may cause: specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(ii) *Industrial, commercial, and consumer activities.* It is a significant new use to manufacture the substance in any manner unless at least one of the following is true: (1) the substance has a mean particle size equal to or greater than 2.5 millimeters or (2) where the percentage of particles of the substance with a diameter less than 1.4 millimeters is less than or equal to 0.01 percent by weight.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (c) and (f) through (i) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12269 Polymeric salt of propenoic acid, acrylamido-methylpropane sulfonic acid sodium salt, hydroxyethyl methacrylate, methyl methacrylate, propenoic acid, methyl-, phosphinobis(oxy-ethanediyl) ester, sodium metabisulfite (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as polymeric salt of propenoic acid, acrylamido-methylpropane sulfonic acid sodium salt, hydroxyethyl methacrylate, methyl methacrylate, propenoic acid, methyl-, phosphinobis(oxy-ethanediyl) ester, sodium metabisulfite (PMN P-24-6; Accession No. 303721) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Hazard communication.* Requirements as specified in § 721.72(a) through (d), (f), and (g)(3)(iii) and (g)(5). Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(ii) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=316.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (c), (f) through (h), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12270 2-Propanamine, N,N'-(oxydi-2,1-ethanediyl)bis[N-methyl-.

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified as 2-propanamine, N,N'-(oxydi-2,1-ethanediyl)bis[N-methyl- (PMN P-24-16; CASRN 2484716-03-0) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The

requirements of this section do not apply to quantities of the substance after they have been completely reacted or cured (*i.e.*, the substance has been reacted or cured to the extent that no release of the substance can be detected).

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1), (a)(3) through (6), and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1) and (4), engineering control measures (*e.g.*, enclosure or confinement of the operation, general and local ventilation) or administrative control measures (*e.g.*, workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible. For purposes of § 721.63(a)(5), respirators must provide a National Institute for Occupational Safety and Health (NIOSH) assigned protection factor (APF) of at least 50.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: acute toxicity, skin corrosion, serious eye damage, reproductive toxicity, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to process or use the substance other than as a catalyst in two-part polyurethane spray foam insulation applications. It is a significant new use to process or use the substance at a concentration greater than 3 percent by weight in formulation.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=89.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12271 Polyalkyl substituted amine, hydrolysis products with alkenyltrialkoxymetalloid and silica (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as polyalkyl substituted amine, hydrolysis products with alkenyltrialkoxymetalloid and silica (PMN P-24-20) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been completely reacted or cured (*i.e.*, the substance has been reacted or cured to the extent that no release of the substance can be detected).

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(4) through (6), and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(4), engineering control measures (*e.g.*, enclosure or confinement of the operation, general and local ventilation) or administrative control measures (*e.g.*, workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible. For purposes of § 721.63(a)(5), respirators must provide a National Institute for Occupational Safety and Health (NIOSH) assigned protection factor (APF) of at least 1,000.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture the substance beyond the confidential annual production volume listed in the Order.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(1), (b)(1), and (c)(1).

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12272 Alkanol, alkoxyalkylimino, salt (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as alkanol, alkoxyalkylimino, salt (PMN P-24-46) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (*e.g.*, enclosure or confinement of the operation, general and local ventilation) or administrative control measures (*e.g.*, workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: serious eye damage and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture, process, or use the substance in any manner that results in inhalation exposure to the substance. It is a significant new use to manufacture, process, or use the substance other than in liquid solution.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4) where N=101 in aggregate of P-24-46 and P-24-47.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12273 Alkanol, nitrilo, salt (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as alkanol, nitrilo, salt (PMN P-24-47) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1) and (3) and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), (g)(1), (g)(3)(iii), and (g)(5). For purposes of § 721.72(g)(1), this substance may cause: serious eye damage and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture, process, or use the substance in any manner that results in inhalation exposure to the substance. It is a significant new use to manufacture, process, or use the substance other than in liquid solution.

(iv) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4) where N=101 in aggregate of P-24-46 and P-24-47.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12274 Aryl-dicarboxylic acid, polymer with alkanedioic acid, 2,2'-oxypoly[alkanol], polymethylenepolyphenylene isocyanate and alkane diol (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as aryl-dicarboxylic acid, polymer with alkanedioic acid, 2,2'-oxypoly[alkanol], polymethylenepolyphenylene isocyanate and alkane diol (PMN P-24-70) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been completely reacted or cured (i.e., the substance has been reacted or cured to the extent that no release of the substance can be detected).

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1), (a)(3) through (6), and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1) and (4), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible. For purposes of § 721.63(a)(5), respirators must provide a National Institute for Occupational Safety and Health (NIOSH) assigned protection factor (APF) of at least 1,000.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), and (g)(1) and (5). For purposes of § 721.72(g)(1), this substance may cause: acute toxicity, eye irritation, respiratory sensitization, skin irritation, skin sensitization, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o). It is a significant new use to manufacture the substance other than by import in a liquid solution into the United States (i.e., no domestic manufacture). It is a significant new use to manufacture, process, or use the substance if the concentration of the substance in solution exceeds the confidential percentage by weight listed in the Order. It is a significant new use to manufacture, process, or use the substance if the proportion of the substance below 1,000 Daltons exceeds the confidential percentage by weight listed in the Order. It is a significant new use to manufacture, process, or use the substance if the concentration of the confidential residual feedstock exceeds

the confidential percentage by weight listed in the Order. It is a significant new use to use the substance other than as an adhesive sealant foam for use in construction.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12275 Carbonic acid diaryl ester with alkanediol (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as carbonic acid diaryl ester with alkanediol (PMN P-24-105) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), and (g)(3)(iii) and (g)(5). Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(ii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(o).

(iii) *Release to water.* Requirements as specified in § 721.90(a)(4), (b)(4), and (c)(4), where N=22.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (c), (f) through (i), and (k) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12276 1,3-Butanediol, 4,4,4-trifluoro-3-(trifluoromethyl)-.

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified as 1,3-butanediol, 4,4,4-trifluoro-3-(trifluoromethyl)- (PMN P-24-114; CASRN 21379-33-9) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section.

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1), (a)(3) through (6), and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1) and (4), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible. For purposes of § 721.63(a)(5), respirators must provide a National Institute for Occupational Safety and Health (NIOSH) assigned protection factor (APF) of at least 50.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (d), (f), and (g)(1) and (5). For purposes of § 721.72(g)(1), this substance may cause: acute toxicity, skin corrosion, eye corrosion, reproductive toxicity, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(k).

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12277 Sulfonium tris(substituted carbomonocycle) substituted oxatricycloalkyloxycarbonyl dihalo alkane sulfonate (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as sulfonium tris(substituted carbomonocycle) substituted oxatricycloalkyloxycarbonyl dihalo alkane sulfonate (PMN P-25-106) is subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been completely reacted or adhered (during photolithographic processes) onto a semiconductor wafer surface or similar manufactured article used in the

production of semiconductor technologies.

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1), (a)(2)(i) and (iii), (a)(3), and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (f), (g)(1), (g)(2)(i) through (iii) and (g)(2)(v), (g)(3)(i) and (ii), and (g)(5). For purposes of § 721.72(e), the concentration is set at 1.0%. For purposes of § 721.72(g)(1), this substance may cause: acute toxicity, skin irritation, serious eye damage, skin sensitization, genetic toxicity, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(f), (k), and (t). It is a significant new use to import the substance other than in solution, unless in sealed containers weighing 5 kilograms or less. It is a significant new use to process the substance in any way that generates vapor, dust, mist, or aerosol in a non-enclosed process. It is a significant new use to manufacture the substance longer than 18 months.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

§ 721.12278 Heteromonocyclic alkylsubstituted carbomonocyclic carbopolycyclic heteromonocyclic dihalo sulfoacetate (generic).

(a) *Chemical substance and significant new uses subject to reporting.*

(1) The chemical substance identified generically as heteromonocyclic alkylsubstituted carbomonocyclic carbopolycyclic heteromonocyclic dihalo sulfoacetate (PMN P-25-107) is

subject to reporting under this section for the significant new uses described in paragraph (a)(2) of this section. The requirements of this section do not apply to quantities of the substance after they have been completely reacted or adhered (during photolithographic processes) onto a semiconductor wafer surface or similar manufactured article used in the production of semiconductor technologies.

(2) The significant new uses are:

(i) *Protection in the workplace.*

Requirements as specified in § 721.63(a)(1), (a)(2)(i) and (iii), (a)(3), and (c). When determining which persons are reasonably likely to be exposed as required for § 721.63(a)(1), engineering control measures (e.g., enclosure or confinement of the operation, general and local ventilation) or administrative control measures (e.g., workplace policies and procedures) shall be considered and implemented to prevent exposure, where feasible.

(ii) *Hazard communication.*

Requirements as specified in § 721.72(a) through (f), (g)(1), (g)(2)(i) through (iii) and (g)(2)(v), (g)(3)(i) and (ii), and (g)(5). For purposes of § 721.72(e), the concentration is set at 1.0%. For purposes of § 721.72(g)(1), this substance may cause: acute toxicity, skin irritation, serious eye damage, skin sensitization, genetic toxicity, and specific target organ toxicity. Alternative hazard and warning statements that meet the criteria of the Globally Harmonized System and OSHA Hazard Communication Standard may be used.

(iii) *Industrial, commercial, and consumer activities.* Requirements as specified in § 721.80(f), (k), and (t). It is a significant new use to import the substance other than in solution, unless in sealed containers weighing 5 kilograms or less. It is a significant new use to process the substance in any way that generates vapor, dust, mist, or aerosol in a non-enclosed process. It is a significant new use to manufacture the substance longer than 18 months.

(b) *Specific requirements.* The provisions of subpart A of this part apply to this section except as modified by this paragraph (b).

(1) *Recordkeeping.* Recordkeeping requirements as specified in § 721.125(a) through (i) are applicable to manufacturers, importers, and processors of this substance.

(2) *Limitation or revocation of certain notification requirements.* The provisions of § 721.185 apply to this section.

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DEPARTMENT OF COMMERCE**National Oceanic and Atmospheric Administration****50 CFR Part 635****[Docket No. 260813–0186; RTID 0648–XG077]****Atlantic Highly Migratory Species;
Atlantic Bluefin Tuna Fisheries;
Angling Category Quota Transfer****AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.**ACTION:** Temporary rule; quota transfer.

SUMMARY: NMFS is transferring 15 metric tons (mt) of Atlantic bluefin tuna (BFT) quota from the Reserve category to the Angling category large school/small medium subquota. This transfer results in an adjusted Angling category large school/small medium subquota of 188.4 mt and an adjusted Reserve category quota of 27 mt. This action is intended to provide further harvest opportunities for Angling category fishermen, based on consideration of the regulatory determination criteria regarding inseason adjustments and applies to HMS Angling and HMS Charter/Headboat permitted vessels when fishing recreationally for BFT.

DATES: The quota transfer is effective October 13, 2026 through December 31, 2026.

FOR FURTHER INFORMATION CONTACT: Larry Redd, Jr., larry.redd@noaa.gov or Becky Curtis, becky.curtis@noaa.gov, or by email or phone at 301–427–8503.

SUPPLEMENTARY INFORMATION: Atlantic BFT fisheries are managed under the 2006 Consolidated HMS Fishery Management Plan (FMP) and its amendments, pursuant to the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act; 16 U.S.C. 1801 *et seq.*) and consistent with the Atlantic Tunas Convention Act (ATCA; 16 U.S.C. 971 *et seq.*). ATCA is the implementing statute for binding recommendations of the International Commission for the Conservation of Atlantic Tunas (ICCAT). The HMS FMP and its amendments are implemented by regulations at 50 CFR part 635. Section 635.27(a) divides the U.S. BFT quota, established by ICCAT and as implemented by the United States among the various domestic fishing categories, per the allocations established in the HMS FMP and its amendments. NMFS is required under the Magnuson-Stevens Act at 16 U.S.C. 1854(g)(1)(D) to provide U.S. fishing

vessels with a reasonable opportunity to harvest quotas under relevant international fishery agreements such as the ICCAT Convention, which is implemented domestically pursuant to ATCA.

Every year, the BFT fishing year starts on January 1 and ends on December 31. The Angling category opens on January 1 and continues through December 31 or until the applicable quota or subquota is reached or projected to be reached, whichever comes first. NMFS recently published a final rule to implement the 2025 ICCAT recommendation 25–05 (91 FR 53526, August 19, 2026). As described in § 635.27(a), the current baseline U.S. BFT quota is 1,509.98 mt (not including the 62.5 mt ICCAT allocated to the United States to account for bycatch of BFT in pelagic longline fisheries in the vicinity of the management area boundary and adjacent areas per § 635.27(a)(3)). The baseline quotas for the Angling and Reserve categories are 341.3 mt (§ 635.27(a)(2)) and 43.8 mt (§ 635.27(a)(6)), respectively. The Angling category quota is further subdivided into subquotas by size class. Specific to this action, the subquotas are 157.2 mt for school BFT and 173.4 mt for large school/small medium BFT (*see* § 635.27(a)(2) and (a)(2)(ii)). To date, NMFS has published several actions that have adjusted the Reserve category quota (91 FR 5855, February 10, 2026; 91 FR 43571, July 16, 2026; 91 FR 53526, August 19, 2026; 91 FR 64302, October 8, 2026). The current adjusted Reserve category quota is 42 mt.

Transfer From the Reserve Category to the Angling Category Large School/Small Medium Subquota

Under § 635.27(a)(8), NMFS has the authority to transfer quota among fishing categories or subcategories after considering the determination criteria provided under § 635.27(a)(7). This section focuses on the calculations involved in transferring quota currently available from the 2026 Reserve category to the 2026 Angling category quota; the consideration of the determination criteria can be found below after this section.

As stated above, the baseline Angling category large school/small medium subquota is 173.4 mt. The adjusted Reserve category quota is 42 mt. Transferring 15 mt from the Reserve category to the Angling category large school/small medium subquota results in an adjusted Angling category large school/small medium subquota of 188.4 mt (173.4 mt + 15 mt = 188.4 mt), and an adjusted Reserve category quota of 27 mt (42 mt – 15 mt = 27 mt). With this

transfer the overall Angling category quota increases to 356.3 mt (341.3 mt + 15 mt = 356.3 mt). The Angling category quota is available for use by HMS Angling and HMS Charter/Headboat permitted vessels when fishing recreationally for BFT.

In summary, this transfer results in an adjusted Angling category large school/small medium subquota of 188.4 mt and an adjusted Reserve quota of 27 mt. The Angling category large school/small medium fishery will remain open until December 31, 2026, or until the adjusted Angling category large school/small medium subquota is reached, whichever comes first.

Consideration of the Relevant Determination Criteria

NMFS has considered all of the relevant determination criteria and their applicability to these inseason actions (§ 635.27(a)(7)). These criteria include, but are not limited to, the following:

Regarding the usefulness of information obtained from catches in the particular category for biological sampling and monitoring of the status of the stock (§ 635.27(a)(7)(i)), biological samples collected from BFT landed by recreational fishermen continue to provide NMFS with valuable parts and data for ongoing scientific studies of BFT age and growth, migration, and reproductive status. Additional opportunity to land BFT in the Angling category would support the continued collection of a broad range of data for these studies and for stock monitoring purposes.

NMFS also considered the catches of the Angling category quota to date and the likelihood of closure of that segment of the fishery if no adjustment is made (§ 635.27(a)(7)(ii)). In doing so, NMFS also reviewed the latest information regarding landings and the availability of BFT on the fishing grounds (§ 635.27(a)(7)(ix)). Fishery performance in recent years indicates that in the late summer/fall the recreational fishery shifts to large school/small medium-sized BFT as these sized fish are more geographically spread out along the east coast. A quota transfer at this time should provide additional opportunities to harvest the large school/small medium subquota while avoiding exceeding the overall Angling category quota. Should recreational landings be higher or lower than expected, NMFS could take another action later in the year to further adjust the daily retention limit or close the Angling category fishery.

Regarding the projected ability of the vessels fishing under the Angling category to harvest the additional

amount of BFT quota transferred before the end of the fishing year (§ 635.27(a)(7)(iii)), NMFS considered Angling category landings over the last several years and landings to date this year. Landings are highly variable and depend on access to recreational-sized BFT and fishing conditions, among other factors. This quota transfer would allow recreational fishermen to take advantage of the current availability of BFT on the fishing grounds and provide a reasonable opportunity to harvest the available U.S. BFT quota before the end of the fishing year.

NMFS also considered the estimated amounts by which quotas for other gear categories of the fishery might be exceeded (§ 635.27(a)(7)(iv)), and the ability to account for all 2026 landings and dead discards (§ 635.27(a)(7)(xi)), and the ability to facilitate quota accounting (§ 635.27(a)(7)(xii)). With the exception of 2024, the total U.S. BFT landings in recent years are typically below the available U.S. quota such that the United States has carried forward the maximum amount of underharvest allowed by ICCAT from one year to the next. When total U.S. BFT landings are above the available U.S. quota, the United States reduces the next year's quota by the overharvest amount (including reducing the various fishing category quotas and subquotas by their respective overharvest amounts), as was necessary in 2025 to account for the 2024 adjusted U.S. quota, consistent with ICCAT recommendations. NMFS will need to account for 2026 landings and dead discards within the adjusted U.S. quota, consistent with ICCAT recommendations, and anticipates having sufficient quota to do so.

NMFS also considered the effects of the transfer on the BFT stock and on accomplishing the objectives of the HMS FMP (§ 635.27(a)(7)(v) and (vi)). This action would be consistent with ICCAT Recommendations, ATCA, and the objectives of the HMS FMP and amendments. In establishing these quotas and subquotas and associated management measures, ICCAT and NMFS considered the best scientific information available, objectives for stock management and status, and effects on the stock. This action is in line with the established management measures and stock status determinations. Another principal consideration is the objective of providing opportunities to harvest the available Angling category quota without exceeding the annual quota. This consideration is based on the objectives of the HMS FMP and its amendments, and it includes achieving optimum yield on a continuing basis

and optimizing the ability of all permit categories to harvest available BFT quota allocations (related to § 635.27(a)(7)(x)).

In summary, this action adjusts the Angling category large school/small medium subquota and Reserve category quota to 188.4 mt and 27 mt, respectively. This action provides additional fishing opportunities to harvest the available Angling category quota and subquotas, without exceeding them, while maintaining equitable fishing opportunities for recreational fishermen. As described earlier, if needed and appropriate, NMFS could take an additional action(s) later in the year to increase or decrease the retention limits or close the fishery.

Monitoring and Reporting

NMFS will continue to monitor the BFT fishery closely. HMS Angling and HMS Charter/Headboat permitted vessel owners are required to report the catch of all BFT retained or discarded dead, within 24 hours of the landing(s) or the end of each trip, by accessing <https://hmspermits.noaa.gov> or by using the HMS Catch Reporting app, or calling (888) 872-8862 (Monday through Friday from 8 a.m. until 4:30 p.m. Eastern Time).

Depending on the level of fishing effort and catch rates of BFT, NMFS may determine that additional retention limit adjustments or closures are necessary to ensure available quota is not exceeded or to enhance scientific data collection from, and fishing opportunities in, all geographic areas. If needed, subsequent adjustments will be published in the **Federal Register**. In addition, fishermen may access <https://www.fisheries.noaa.gov/atlantic-highly-migratory-species/atlantic-highly-migratory-species-fishery-statuses-minimum-sizes>, for updates on quota monitoring and inseason adjustments.

HMS Angling and HMS Charter/Headboat permit holders may catch and release (or tag and release) BFT of all sizes, subject to the requirements of the catch-and-release and tag-and-release programs at § 635.26. All BFT that are released must be handled in a manner that will maximize their survival, and without removing the fish from the water, consistent with requirements at § 635.21(a)(1). For additional information on safe handling, see the "Careful Catch and Release" brochure available at <https://www.fisheries.noaa.gov/resource/outreach-and-education/careful-catch-and-release-brochure>.

Classification

NMFS issues this action pursuant to section 305(d) of the Magnuson-Stevens Act (16 U.S.C. 1855(d)) and regulations at 50 CFR part 635 and this action is exempt from review under Executive Order 12866.

The Assistant Administrator for NMFS (AA) finds that pursuant to 5 U.S.C. 553(b)(B), there is good cause to waive prior notice of, and opportunity for public comment on, this action because it is impracticable and contrary to the public interest for the following reasons. Specifically, the regulations implementing the HMS FMP and amendments provide for inseason adjustments and quota transfers to respond to the unpredictable nature of BFT availability on the fishing grounds, the migratory nature of this species, and the regional variations in the BFT fishery. Based on available quotas, fishery performance in recent years, and the availability of BFT on the fishing grounds, a quota transfer is warranted to provide additional flexibility to maximize fishing opportunities to land the available BFT quota. It is impracticable for NMFS to have proposed this action earlier, as it needed to consider and respond to complete 2025 recreational landings data and the most recent 2026 recreational landings data about daily landing trends and the availability of BFT on the fishing grounds. If NMFS was to offer a public comment period now, after having appropriately considered that information, it would preclude the fishery from harvesting BFT that are legally available consistent with all of the regulatory criteria. Delays in this action could result in BFT landings that exceed the Angling category quota and subquotas. Additionally, a delay in implementing this action would preclude the fishery from harvesting BFT that are currently available on the fishing grounds and that might otherwise become unavailable. This action does not raise conservation and management concerns and would support effective management of the BFT fishery. NMFS notes that the public had an opportunity to comment on the underlying rulemakings that established the U.S. BFT quota and the inseason adjustment criteria.

For all of the above reasons, the AA finds that pursuant to 5 U.S.C. 553(d)(3), there is good cause to waive the 30-day delay in effective date.

Authority: 16 U.S.C. 971 *et seq.* and 1801 *et seq.*

Dated: October 13, 2026.

Shannon Bettridge,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–21080 Filed 10–13–26; 4:15 pm]

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DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 679

[Docket No. 260305–0067; RTID 0648–XG092]

Fisheries of the Exclusive Economic Zone off Alaska; Pacific Ocean Perch in the Central Regulatory Area of the Gulf of Alaska

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

ACTION: Temporary rule; closure.

SUMMARY: NMFS is prohibiting retention of the incidental catch allowance for Pacific Ocean perch in the Central Regulatory Area of the Gulf of Alaska (GOA) except by vessels checked-in to the Central GOA Rockfish Program who are fishing with a rockfish cooperative quota permit. This action is necessary because the 2026 total allowable catch (TAC) apportioned as the incidental catch allowance for Pacific Ocean perch in the Central GOA will soon be or has been reached.

DATES: Effective 1200 hours, Alaska local time (A.l.t.), October 14, 2026, through 2400 hours, A.l.t., December 31, 2026.

FOR FURTHER INFORMATION CONTACT: Abby Jahn, 907–586–7228.

SUPPLEMENTARY INFORMATION: NMFS manages the groundfish fishery in the GOA exclusive economic zone according to the Fishery Management Plan for Groundfish of the GOA (FMP) prepared and recommended by the

North Pacific Fishery Management Council under authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). Regulations governing fishing by U.S. vessels in accordance with the FMP appear at subpart H of 50 CFR part 600 and 50 CFR part 679.

The 2026 Pacific Ocean perch TAC apportioned as the incidental catch allowance in the Central Regulatory Area of the GOA for vessels other than vessels checked-in to the Central GOA Rockfish Program who are fishing with a rockfish cooperative quota permit is 2,800 metric tons as established by the final 2026 and 2027 harvest specifications for groundfish of the GOA (91 FR 11902, March 11, 2026).

The Regional Administrator, Alaska Region, NMFS (Regional Administrator) has determined that the 2026 TAC of Pacific Ocean perch apportioned as the incidental catch allowance for vessels other than vessels checked-in to the Central GOA Rockfish Program who are fishing with a rockfish cooperative quota permit will soon be or has been reached. Therefore, in accordance with § 679.20(d)(2), NMFS is prohibiting retention of the incidental catch allowance for Pacific Ocean perch for vessels in the Central Regulatory Area of the GOA other than vessels checked-in to the Central GOA Rockfish Program who are fishing with a rockfish cooperative quota permit and requiring that Pacific ocean perch in the Central Regulatory Area of the GOA be treated in the same manner as a prohibited species, as described under § 679.21(a), for the remainder of the year, except for Pacific Ocean perch in the Central Regulatory Area of the GOA caught by catcher vessels using hook-and-line, pot, or jig gear as described in § 679.20(j), or caught by catcher vessels using trawl gear participating in the electronic monitoring program as described in § 679.21(a)(2). This action is necessary to prevent exceeding the 2026 Pacific Ocean perch TAC apportioned as the

incidental catch allowance in the Central Regulatory Area of the GOA. This action does not apply to vessels checked-in to the Central GOA Rockfish Program who are fishing with a rockfish cooperative quota permit. While this prohibition is effective the requirements of § 679.20(j)(4) apply.

Classification

NMFS issues this action pursuant to section 305(d) of the Magnuson-Stevens Act. This action is required by 50 CFR part 679, which was issued pursuant to section 304(b) of the Magnuson-Stevens Act, and is exempt from review under Executive Order 12866.

Pursuant to 5 U.S.C. 553(b)(B), there is good cause to waive prior notice and an opportunity for public comment on this action, as notice and comment would be impracticable and contrary to the public interest, as it would prevent NMFS from responding to the most recent fisheries data in a timely fashion and would delay prohibiting the retention of Pacific Ocean perch apportioned as the incidental catch allowance in the Central Regulatory Area of the GOA. NMFS was unable to publish a notice providing time for public comment because the most recent, relevant data on the total catch of Pacific Ocean perch in the Central Regulatory Area of the GOA only became available as of October 13, 2026.

There is good cause under 5 U.S.C. 553(d)(3) to establish an effective date less than 30 days after date of publication. This finding is based upon the reasons provided above for waiver of prior notice and opportunity for public comment.

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

Dated: October 13, 2026.

Shannon Bettridge,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–21106 Filed 10–14–26; 4:15 pm]

BILLING CODE 3510–22–P

Proposed Rules

Federal Register

Vol. 91, No. 198

Thursday, October 15, 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.

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Parts 704 and 713

RIN 3133-AG04

Corporate Credit Unions; Fidelity Bond and Insurance Coverage for Federally Insured Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) seeks comment on proposed amendments to its regulations governing fidelity bond and insurance coverage for federally insured credit unions (FICUs). The proposed rule would eliminate certain prescriptive procedural mandates and simplify requirements for coverage amounts and deductibles. The intended effect is greater flexibility for FICUs, simplified compliance, and reduced administrative costs without compromising safety and soundness.

DATES: Comments must be received on or before December 14, 2026.

ADDRESSES: Comments may be submitted in one of the following ways. (Please send comments by one method only):

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. The docket number for the proposed rule is NCUA-2026-1882. Follow the "Submit a comment" instructions. If you are reading this document on [federalregister.gov](https://www.federalregister.gov), you may use the green "SUBMIT A PUBLIC COMMENT" button beneath this rulemaking's title to submit a comment to the [regulations.gov](https://www.regulations.gov) docket. A plain language summary of the proposed rule is also available on the docket website.

- **Mail:** Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

- **Hand Delivery/Courier:** Same as mailing address. Mailed and hand-

delivered comments must be received by the close of the comment period.

Public Inspection: Please follow the search instructions on <https://www.regulations.gov> to view the public comments. Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received and will not be deleted, modified, or redacted. Comments may be submitted anonymously. If you are unable to access public comments on the internet, you may contact the NCUA for alternative access by calling (703) 518-6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT: Damon P. Frank, Senior Trial Attorney, Office of General Counsel, at (703) 518-6540 or at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

I. Legal Authority and Background

The Board proposes to amend its regulations at part 713, which govern fidelity bond and insurance coverage for FICUs. The provisions of part 713 note the responsibility of a FICU's board of directors to maintain adequate insurance, set the minimum requirements for fidelity bond coverage and deductibles, and outline NCUA's process for approving bond forms.

A. Legal Authority

The Board has the legal authority to issue the proposed rule pursuant to its plenary rulemaking authority under the Federal Credit Union Act and its specific rulemaking authority related to statutory requirements mandating the bonding of FICU employees and officials to protect against losses. The NCUA's statutory authority for these rules is found at 12 U.S.C. 1761a, 1761b(2), 1766(a), 1766(h), and 1789(a)(11).

B. Regulatory History

The Board established the current framework for fidelity bond and insurance coverage in a final rule published on May 27, 1999.¹ The 1999 rule created part 713 by redesignating and revising the requirements

previously set forth in § 701.20. The primary purpose of the 1999 rule was to update and clarify the requirements related to fidelity bond coverage, for credit unions to better understand them and to enhance regulatory effectiveness.

Over the years, the Board has amended part 713 to keep pace with the evolving financial and technological environment. In a final rule published on October 26, 2005,² the Board modernized the regulation by increasing the minimum required coverage limits to account for inflation, asset growth, and increased risks from technology and insider fraud. The 2005 rule also increased the maximum permissible deductible from \$200,000 to \$1 million for certain credit unions.

The Board enacted a significant update to part 713 with a final rule published on July 24, 2019.³ This amendment was prompted by an increase in losses to the National Credit Union Share Insurance Fund resulting from bond issuers rescinding coverage when the signatory on the application was aware of fraudulent activity. To strengthen oversight by boards of directors and mitigate this risk, the 2019 rule amended § 713.2 to require a FICU's board of directors to do the following:

- Review all applications for bond purchase or renewal;
- Approve submission of any such application by board resolution; and
- Delegate a non-employee board member to sign the agreement updating bond coverage, with the individual signing the agreement rotating to prevent the same signatory on consecutive renewals.

To better protect the National Credit Union Share Insurance Fund from losses related to liquidations, the 2019 rule amended § 713.3 to require that additional coverage be offered after a FICU is liquidated, which if purchased would provide a 12-month window enabling a claim to be filed under the bond for losses discovered after liquidation. In the 2019 rule, the Board amended § 713.4 by introducing a 10-year expiration period for any Board-approved bond form, to ensure the form remained current. This change was instituted after the Board discovered that some fidelity bonds issued on previously approved forms contained

² 70 FR 61713 (Oct. 26, 2005).

³ 84 FR 35517 (July 24, 2019).

¹ 64 FR 28720 (May 27, 1999).

outdated provisions, unapproved additions, or were being misinterpreted. The 2019 rule likewise amended § 704.18, which provides fidelity bond requirements for federally insured corporate credit unions, to add these requirements for fidelity bond purchases and renewals made by corporate credit unions.

On October 27, 2021, the Board published a final rule⁴ that made a technical amendment to § 713.6 as part of a broader update to the NCUA's supervisory ratings, which added the "S" component to the CAMELS rating system.

II. Proposed Rule

The Board is proposing several amendments to parts 704 and 713 to reduce regulatory burden, eliminate overly prescriptive requirements, and streamline the regulation while still requiring FICUs to maintain adequate fidelity bond coverage to protect against loss. The following discussion details the proposed changes and the Board's rationale. The Board invites comments on all aspects of this proposal.

A. Streamlining Procedural Requirements

The Board proposes to amend provisions in §§ 704.18, 713.2, and 713.4 that impose specific procedural requirements related to fidelity bonds. The Board believes these to be unnecessarily prescriptive and that their removal will reduce administrative burden on FICUs and bond issuers without compromising safety and soundness.

First, the Board proposes to amend § 713.2(b) by removing the requirement that the FICU's full board of directors review all applications for purchase or renewal of fidelity bond coverage. The Board believes that this requirement is unduly burdensome. The 2019 rule added this requirement in part to strengthen board oversight of fidelity bond purchases and renewals. The Board now believes that FICU boards can retain effective oversight by reviewing coverage annually, as § 713.2 required before 2019 and would continue to require under the proposed rule.

However, as noted in the 2019 rule, the Board was and remains concerned about the risk of a FICU's fidelity bond being revoked based on its signatory's knowledge of fraud or other potential claims under the bond, and thus believes it should retain some procedural safeguards. Accordingly, the Board is proposing to revise § 713.2(b)

to authorize a FICU board to delegate, or otherwise authorize, review and approval of applications for purchase and of renewals to an individual member of the board or the supervisory or audit committee of the FICU. The proposed rule would also authorize a FICU board to similarly delegate or otherwise authorize the final signature to a member of the board, supervisory, or audit committee who is not also an employee of the FICU. This limitation is meant to mitigate against the risk cited in the 2019 rule that a manager or chief executive officer would be more likely than a board member to be engaged in, or know of, fraud or other potential claims. By continuing to bar people in those positions from authorizing new or renewed bonds, NCUA is seeking to limit the possibility that a bond will be revoked, while recognizing that FICU boards may benefit from delegating these administrative functions to appropriate individuals. Under the proposed rule, a FICU board would still be able to review and approve fidelity bond purchases and renewals, despite the new option to delegate this task. The proposed rule is also intended to be flexible procedurally. That is, a FICU board may specifically delegate this authority to an individual member of the board or supervisory or audit committee, or such an individual may be deemed duly authorized by virtue of their assigned duties or areas of responsibility.

Likewise, the Board is proposing to remove language in § 713.2(b) that prohibits a member of the FICU's board of directors from signing consecutive fidelity bond purchase or renewal agreements. The requirement was added in the 2019 rule for the reasons just noted for the board approval requirement. However, the Board finds that this is an overly prescriptive requirement that creates an undue burden, particularly for smaller FICUs that may have a limited number of non-employee board members available to serve as a signatory. Accordingly, the Board is proposing to remove this rotation requirement.

Second, the Board proposes to eliminate § 713.4(d) in its entirety. This paragraph establishes an automatic 10-year expiration period for the Board's approval of all fidelity bond forms. The statutory authority in 12 U.S.C. 1766(h) grants the Board the power to approve the "form" of the bond but does not specify a temporal limit for that approval. The creation of an automatic 10-year expiration cycle is a substantive requirement not found in the statute. This provision was added in 2019 to reduce occurrences of Board-approved

bond forms becoming outdated or conflicting with post-approval statutory or regulatory changes. The Board now believes this automatic sunset provision creates an unnecessary and recurring administrative burden for both FICUs and bond issuers who must seek re-approval for forms that may still be suitable. A FICU board would remain responsible for ensuring that it uses only NCUA-approved forms and should contact NCUA if they need to confirm the validity of specific forms. The proposed change does not diminish the Board's authority to review bond forms at any time and rescind approvals as appropriate. Removing § 713.4(d) will eliminate a recurring burden while retaining the Board's ability to ensure all approved forms remain current.

Finally, the Board proposes to make parallel changes to § 704.18 for corporate credit unions. Specifically, the Board proposes to revise § 704.18(b)(2) to provide the same delegation option and limitation proposed for § 713.2(b). The 2019 rule added these requirements to the corporate credit union regulation for the same reasons that supported the changes to part 713. Accordingly, the Board finds it appropriate to propose the same changes in § 704.18(b)(2) as for § 713.2(b). Likewise, the Board is proposing to revise § 704.18(c)(3) to remove the 10-year expiration provision that it is proposing to remove from § 713(d). The reasons for removing this provision from part 713 apply equally to corporate credit unions—that is, the change would reduce burden on FICUs and fidelity bond carriers who would otherwise need to have all their forms reapproved by NCUA even if they remain suitable. As with § 713.2(a), § 704.18(b)(1) would continue to require a corporate credit union's board to review coverage carefully, which would keep its oversight intact.

The Board invites public comment on these proposed changes.

B. Simplifying Coverage Requirements

The Board also proposes changes to § 713.5 to simplify the rules governing the minimum amount of fidelity bond coverage under a FICU's bond. The change is intended to eliminate redundant or advisory language and remove inflexible formulas.

First, the Board proposes removing two paragraphs from § 713.5, which specify the minimum required dollar amount of fidelity bond coverage. These paragraphs use the word "should," which creates uncertainty for FICUs as to whether the provision is a requirement or a recommendation, leading to potential confusion regarding

⁴ 86 FR 59289 (Oct. 27, 2021).

compliance. Changing the minimum requirements stated in § 713.5(a) through use of ambiguous thresholds for additional coverage is not the best reading of the Board's statutory authority to prescribe a required "amount" for "reasonable coverage."

The proposal would eliminate paragraph (b), which states a FICU's board of directors "should purchase" additional coverage beyond the regulatory minimum as circumstances warrant. A FICU's board of directors already has a fundamental fiduciary duty to ensure the institution operates in a safe and sound manner, which includes securing insurance coverage that is adequate for its specific risk profile. This paragraph is purely advisory and restates a basic principle of corporate governance. Its removal simplifies the regulation without diminishing underlying responsibilities of the FICU's board of directors.

In addition, the proposal would eliminate paragraph (c), which states that FICUs "should maintain increased coverage" based on a specific formula tied to the amount of daily cash on hand or money in transit. The Board believes this provision is both overly prescriptive and ambiguous. Moreover, a rigid formula focused on only two specific criteria may not be the most relevant measure of risk for all FICUs in a modern financial environment. The existing requirement in § 713.2(a) for the board of directors to conduct an annual review based on potential risks contains a sufficiently effective, flexible, principles-based approach to determining a FICU's amount of fidelity bond coverage.

The Board invites comment on these proposed changes. The Board also specifically requests comment on one aspect of current § 704.18. The Board notes that § 704.18(d)(2) contains a "duty" for a corporate credit union's board to provide adequate protection for its unique circumstances by obtaining, when necessary, coverage above the minimum required amounts. While this provision is stated as a mandate and not guidance, the Board requests comment on eliminating this provision. The reason for removing this provision would differ from the reason for removing the guidance in part 713. The Board is interested in public feedback on whether the part 704 duty is too vague to offer a corporate credit union board enough direction on when or whether NCUA would expect it to obtain extra coverage voluntarily.

C. Making Technical Corrections

The Board additionally proposes to make a conforming change to

§ 704.18(c)(3) for corporate credit unions, in a manner more consistent with the parallel provision of § 713.4(c) for FICUs. The separation of current § 704.18(c)(3) into new subsections (i) and (ii) would be to make clear there are two distinct prohibited scenarios. No substantive effect is intended by this technical conforming amendment.

The Board similarly proposes to make a conforming change to § 713.4(c) for FICUs, to correct an inconsistency with the parallel provision of § 704.18(c)(3) for corporate credit unions. The two clauses found in the proposed § 704.18(c)(3)(i) and (ii) are separated by the word "and," while the same clauses found in the current § 713.4(c) are separated by the word "or." However, these provisions were always intended to create identical prohibitions, and have both been treated as the same in practice since the 2019 amendments. To eliminate this textual discrepancy, the Board now proposes to use "or" in both § 704.18(c) and § 713.4(c), which is best read in a way consistent with present practice that prohibits credit unions from using any of the bond documents described. No substantive effect is intended by this technical conforming amendment.

III. Regulatory Procedures

A. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023⁵ 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 2002⁶ (commonly known as *Regulations.gov*).

In summary, the Board seeks comment on proposed amendments to its regulations governing fidelity bond and insurance coverage for FICUs. The proposed rule would eliminate certain prescriptive procedural mandates and simplifies requirements for coverage amounts and deductibles. The intended effect is greater flexibility for FICUs, simplified compliance, and reduced administrative costs without compromising safety and soundness. The proposal and the required summary can be found at <https://www.regulations.gov>.

⁵ 5 U.S.C. 553(b)(4).

⁶ 44 U.S.C. 3501 note.

B. Regulatory Review—Executive Orders 12866, 13563 and 14192

Pursuant to Executive Order 12866 ("Regulatory Planning and Review"), a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.⁷ Executive Order 13563 ("Improving Regulation and Regulatory Review") supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.⁸ This proposed rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OIRA has determined that this proposed rule is not a "significant regulatory action" as defined by section 3(f) of Executive Order 12866.

Executive Order 14192 ("Unleashing Prosperity Through Deregulation") 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.⁹ This proposed rule is not an Executive Order 14192 regulatory action because this rule is not significant under Executive Order 12866. The proposed rule is expected to be a deregulatory action under Executive Order 14192.

C. The Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) generally provides that an agency may not conduct or sponsor, and notwithstanding any other provision of law, a person is not required to respond to, a collection of information unless it displays a currently valid Office of Management and Budget control number. The PRA applies to rulemakings in which an agency creates a new or amends existing information collection requirements. For purposes of the PRA, an information-collection requirement may take the form of a reporting, recordkeeping, or third-party disclosure requirement. The NCUA has determined that the changes addressed in this notice do not create a new information collection or revise an existing information collection as defined by the PRA.

⁷ 58 FR 51735 (Oct. 4, 1993).

⁸ 76 FR 3821 (Jan. 21, 2011).

⁹ 90 FR 9065 (Feb. 6, 2025).

D. The Regulatory Flexibility Act

The Regulatory Flexibility Act generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. If the agency makes such a certification, it shall publish the certification at the time of publication of either the proposed rule or the final rule, along with a statement providing the factual basis for such certification. For purposes of this analysis, the NCUA considers small credit unions to be those having under \$100 million in assets. The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions.

To the extent that the proposed rule would have any economic impacts, they will be deregulatory in nature. The proposed rule would eliminate certain prescriptive procedural mandates and simplify requirements for coverage amounts and deductibles. The intended effect is greater flexibility for FICUs, simplified compliance, and reduced administrative costs without compromising safety and soundness. While the proposed changes could create an economic benefit for FICUs, they are unlikely to be significant for purposes of the Regulatory Flexibility Act. Accordingly, the NCUA certifies the proposed rule would not have a significant economic impact on a substantial number of small entities.

E. Executive Order 13132 on Federalism

Executive Order 13132 encourages certain regulatory agencies to consider the impact of their actions on state and local interests. The NCUA, an agency as defined in 44 U.S.C. 3502(5), complies with the order to adhere to fundamental federalism principles. The proposed rule would apply to all FICUs, including state-chartered credit unions. The NCUA expects that any effect on states or on the distribution of power and responsibilities among the various levels of government will be minor. The proposed changes would mainly clarify the existing regulations and guidance in this area, eliminating certain prescriptive provisions but not fundamentally altering the calculation of or provision of insurance or fidelity bond coverage for FICUs. The proposed changes are not intended to affect the division of responsibilities between the NCUA and state regulatory authorities with oversight of federally insured, state-chartered credit unions. The NCUA welcomes comments on ways to

eliminate, or at least minimize, any potential impact in this area.

F. Assessment of Federal Regulations and Policies on Families

The NCUA has determined that the proposed rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999. The proposed rule relates to fidelity bond coverage that protects credit unions against losses due to fraud, dishonesty, and theft committed by credit union employees or volunteers; accordingly, any effect on family well-being is expected to be indirect.

List of Subjects

12 CFR Part 704

Credit unions, Reporting and recordkeeping requirements, Surety bonds.

12 CFR Part 713

Bonds, Credit unions, Insurance.

By the National Credit Union Administration Board, this 13th day of October, 2026.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons set forth in the preamble, the Board proposes to amend 12 CFR parts 704 and 713 as follows:

PART 704—CORPORATE CREDIT UNIONS

■ 1. The authority citation for part 704 continues to read as follows:

Authority: 12 U.S.C. 1766(a), 1781, 1789.

■ 2. Amend § 704.18 by:

- a. Revising paragraph (b)(2); and
- b. Removing the last sentence in paragraph (c)(3).

The revisions read as follows:

§ 704.18 Fidelity bond coverage.

* * * * *

(b) * * *

(2) The board of directors of each corporate credit union, or a duly authorized individual who sits on the corporate credit union's board of directors or supervisory committee or audit committee, must review and approve all applications for purchase or renewal of its fidelity bond coverage. After such review, a non-employee who is either an individual board member of the corporate credit union or a duly authorized individual who sits on the corporate credit union's supervisory committee or audit committee, must sign the purchase or renewal agreement and all attachments.

(c) * * *

(3) The NCUA Board must approve all bond forms before a corporate credit union may use them. Corporate credit unions may not use any of the following without first receiving approval from the NCUA Board:

(i) any bond form that has been amended since the time the NCUA Board approved the form; or

(ii) any rider, endorsement, renewal, or other document that limits coverage of approved bond forms.

* * * * *

PART 713—FIDELITY BOND AND INSURANCE COVERAGE FOR FEDERALLY INSURED CREDIT UNIONS

■ 3. The authority citation for part 713 continues to read as follows:

Authority: 12 U.S.C. 1761a, 1761b, 1766(a), 1766(h), 1789(a)(11).

■ 4. Amend § 713.2 by revising paragraph (b) to read as follows:

§ 713.2 What are the responsibilities of a federally insured credit union's board of directors under this section?

* * * * *

(b) The board of directors of each federally insured credit union, or a duly authorized individual who sits on the federally insured credit union's board of directors or supervisory committee or audit committee, must review and approve all applications for purchase or renewal of its fidelity bond coverage. After such review, a non-employee who is either an individual board member of the federally insured credit union or a duly authorized individual who sits on the federally insured credit union's supervisory committee or audit committee, must sign the purchase or renewal agreement and all attachments.

■ 5. Amend § 713.4 by:

- a. Revising paragraph (c); and
- b. Deleting paragraph (d).

The revisions read as follows:

§ 713.4 What bond forms may a federally insured credit union use?

* * * * *

(c) * * *

(1) Any bond form that has been amended or changed since the time the NCUA Board approved the form; or

(2) Any rider, endorsement, renewal, or other document that limits coverage of approved bond forms.

§ 713.5 [Amended]

■ 6. Amend § 713.5 by:

- a. removing paragraphs (b) and (c);
- b. redesignating paragraphs (d) and (e) as paragraphs (b) and (c).

[FR Doc. 2026-21087 Filed 10-14-26; 8:45 am]

BILLING CODE 7535-01-P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 721

RIN 3133-AF90

Powers of Federal Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) is proposing to amend the NCUA's regulations regarding incidental powers to clarify that federal credit unions (FCUs) are not required to seek an advisory opinion from the NCUA's Office of General Counsel before petitioning the Board to engage in an activity that does not fall within an FCU's preapproved incidental powers.

DATES: Comments must be received by December 14, 2026.

ADDRESSES: Comments may be submitted in one of the following ways. (*Please send comments by one method only*):

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. The docket number for this proposed rule is NCUA-2026-1883. Follow the "Submit a comment" instructions. If you are reading this document on [federalregister.gov](https://www.federalregister.gov), you may use the green "SUBMIT A PUBLIC COMMENT" button beneath this rulemaking's title to submit a comment to the [regulations.gov](https://www.regulations.gov) docket. A plain language summary of the proposed rule is also available on the docket website.

- *Mail:* Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

- *Hand Delivery/Courier:* Same as mailing address.

Mailed and hand-delivered comments must be received by the close of the comment period.

Public inspection: Please follow the search instructions on <https://www.regulations.gov> to view the public comments. Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received and will not be deleted, modified, or redacted. Comments may be submitted anonymously. If you are unable to access public comments on the internet, you may contact the NCUA for alternative access by calling (703) 518-6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT: John H. Brolin, Senior Staff Attorney, Division of Regulations and Legislation, Office of General Counsel, at (703) 518-6540 or at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

The Federal Credit Union Act (FCU Act) expressly grants FCUs the power to, among other activities, purchase, hold, and dispose of property; make loans to members; make certain investments; accept share, share draft, and share certificate accounts; and sell and cash negotiable instruments.¹ The accompanying incidental powers provision states that an FCU may "exercise such incidental powers as shall be necessary or requisite to enable it to carry on effectively the business for which it is incorporated."²

In 2001, the NCUA adopted regulations providing that FCUs could seek advisory opinions from the NCUA's General Counsel as to whether a proposed incidental powers activity fits into one of the preapproved categories of incidental powers under § 721.3 of the NCUA's regulations.³ It also established a process for FCUs to petition the NCUA to approve new activities or categories of activities.⁴ It is clear from the preamble to the 2001 rulemaking that seeking a legal opinion from the NCUA's General Counsel is optional.⁵ A great deal of confusion has arisen, however, regarding whether FCUs are required to obtain an advisory opinion from the NCUA's Office of General Counsel before petitioning the Board.

The Board periodically amends rules to clarify confusing information. Consistent with confusion experienced by FCUs as a result of the language in § 721.4(a) regarding obtaining legal opinion letters, this proposed rule would remove the language regarding obtaining an advisory opinion before petitioning the Board. The Board invites comments on all aspects of this proposal.

B. Legal Authority

The Board has the legal authority to issue this proposed rule pursuant to its plenary rulemaking authority under the FCU Act and its specific rulemaking

authority under the various acts the Board administers.⁶

II. Proposed Rule

A. 721.1 What activities does this part cover?

Current § 721.1 provides, among other things, that part 721 describes how interested parties may request a legal opinion from the NCUA's Office of General Counsel on whether an activity is within an FCU's incidental powers or apply to add new activities or categories to the regulation. The section provides further that an activity determined to be an incidental power for an FCU in an NCUA legal opinion to an interested party, or as a result of an application by an interested party to add new activities or categories, is recognized as an incidental powers activity for all FCUs. For reasons explained in more detail in the part of the preamble on § 721.4, the NCUA is proposing to remove from § 721.1 the language regarding obtaining legal opinions from the NCUA. This information has caused confusion for the credit union industry in the past and is unnecessary. Accordingly, the proposal would amend § 721.1 to provide that part 721 authorizes an FCU to engage in activities incidental to its business as set out in part 721. The section would provide further that part 721 also describes how interested parties may apply to add new activities or categories to the regulation. The section would also provide that an activity approved as a result of an application by an interested party to add new activities or categories is recognized as an incidental powers activity for all FCUs. Finally, the section would provide that part 721 does not apply to the activities of corporate credit unions.

B. § 721.4 How may a credit union apply to engage in an activity that is not preapproved as within a credit union's incidental powers?

Current § 721.4(a) provides, among other things, that to engage in an activity that may be within an FCU's incidental powers but that does not fall within a preapproved category listed in § 721.3, an FCU may submit an application to the Board. Paragraph (a) also outlines what information an application must contain and states that before an FCU engages in the petition process it *should* seek an advisory opinion from the NCUA's Office of General Counsel as to whether a proposed activity fits into one of the authorized categories or is otherwise

¹ 12 U.S.C. 1757(4)–(7), (12), (15).

² 12 U.S.C. 1757(17).

³ 66 FR 40845 (Aug. 6, 2001).

⁴ *Id.*

⁵ See, *Id.* at 40855 (providing "An FCU is not required to obtain an opinion from the NCUA's Office of General Counsel . . .").

⁶ 12 U.S.C. 1766, 1757, 1789.

within the FCU's incidental powers without filing a petition to amend the regulation.⁷ The last sentence in paragraph (a) and its use of the word "should" has caused confusion for FCUs wishing to petition the Board to engage in a non-preapproved incidental power. FCUs are often unsure whether seeking an advisory opinion is mandatory or optional. As the NCUA made clear in its 2001 final rule regarding incidental powers, an FCU is not required to obtain an opinion from the NCUA's Office of General Counsel before petitioning the Board.⁸ Moreover, credit unions are always able to ask the NCUA's Office of General Counsel questions on any provisions within the NCUA's regulations, not just with regard to part 721. It is commonly known throughout the credit union industry that credit unions, members, and other interested parties can contact the NCUA's Office of General Counsel, and the contact information for the office is easy to find and clearly displayed on the NCUA's website. Accordingly, consistent with other parts of the NCUA's regulations, the proposed rule would remove the last sentence of § 721.4(a) to clarify that FCUs are not required to obtain an advisory opinion from the NCUA's General Counsel's Office before submitting an application to the Board.

III. Regulatory Procedures

A. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) (Act) 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) (commonly known as *regulations.gov*). In summary, the proposed rule would amend the NCUA's regulations regarding incidental powers to clarify that FCUs are not required to seek a legal opinion from the NCUA's Office of General Counsel before petitioning the Board to engage in an activity that does not fall within an FCU's preapproved incidental powers.

The proposal and the required summary can be found at <https://www.regulations.gov>.

B. Executive Orders 12866, 13563, 14192

Pursuant to Executive Order 12866 ("Regulatory Planning and Review"), a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.⁹ Executive Order 13563 ("Improving Regulation and Regulatory Review") supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.¹⁰ This proposed rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OIRA has determined that this proposed rule is not a "significant regulatory action" as defined by section 3(f) of Executive Order 12866.

Executive Order 14192 ("Unleashing Prosperity Through Deregulation") 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.¹¹ This proposed rule is not an Executive Order 14192 regulatory action because this rule is not significant under Executive Order 12866.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act¹² generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. If the agency makes such a certification, it shall publish the certification at the time of publication of either the proposed rule or the final rule, along with a statement providing the factual basis for such certification.¹³ For purposes of this analysis, the NCUA considers small credit unions to be those having under \$100 million in assets.¹⁴ The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions.

This proposed rule would amend the NCUA's incidental powers regulation to

remove references to an optional process for FCUs wishing to apply to the Board to engage in an activity that does not fall within an FCU's preapproved incidental powers. This proposal would not impose any requirements on interested parties. The NCUA certifies the proposed rule would not have a significant economic impact on a substantial number of small credit unions.

D. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) generally provides that an agency may not conduct or sponsor, and not withstanding any other provision of law, a person is not required to respond to, a collection of information, unless it displays a currently valid Office of Management and Budget control number. The PRA applies to rulemakings in which an agency creates a new or amends existing information collection requirements. For purposes of the PRA, an information-collection requirement may take the form of a reporting, recordkeeping, or a third-party disclosure requirement. The NCUA has determined that the changes described in this notice do not create a new information collection or revise an existing information collection as defined by the PRA.

E. Executive Order 13132 on Federalism

Executive Order 13132 encourages certain agencies to consider the impact of their actions on state and local interests.¹⁵ The proposed rule does not have substantial direct effects on the states, on the relationship between the National Government and the states, or on the distribution of power and responsibilities among the various levels of government. The proposed rule does not create or alter existing rights or requirements that apply to federally insured, state-chartered credit unions or affect the ability of state regulatory agencies to examine, supervise, or regulate such credit unions. Part 721 applies solely to FCUs. The NCUA has therefore determined that this proposed rule does not constitute a policy that has federalism implications for purposes of the executive order.

F. Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this rule will not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act.¹⁶ The proposed

⁹ 58 FR 51735 (Oct. 4, 1993).

¹⁰ 76 FR 3821 (Jan. 21, 2011).

¹¹ 90 FR 9065 (Feb. 6, 2025).

¹² 5 U.S.C. 601 *et seq.*

¹³ 5 U.S.C. 605(b).

¹⁴ 80 FR 57512 (Sept. 24, 2015).

¹⁵ "Federalism," E.O. 13,132 (Aug. 10, 1999).

¹⁶ Public Law 105-277, sec. 654, 112 Stat. 2681, 2681-528 (1998).

⁷ (emphasis added).

⁸ 66 FR 40855 (providing "An FCU is not required to obtain an opinion from the NCUA's Office of General Counsel . . .").

rule merely removes confusing regulatory provisions, which discusses an optional process for FCUs to obtain advisory opinions from the NCUA's Office of General Counsel.

List of Subjects in 12 CFR Part 721

Credit Unions.

By the National Credit Union Administration Board, this 13th day of October, 2026.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons discussed in the preamble, the Board proposes to amend 12 CFR part 721 as follows:

PART 721—INCIDENTAL POWERS

■ 1. The authority section continues to read as follows:

Authority: 12 U.S.C. 1757(17), 1766 and 1789.

■ 2. Revise § 721.1 to read as follows:

§ 721.1 What does this part cover?

This part authorizes a federal credit union (you) to engage in activities incidental to your business as set out in this part. This part also describes how interested parties may apply to add new activities or categories to the regulation. An activity approved as a result of an application by an interested party to add new activities or categories is recognized as an incidental powers activity for all federal credit unions. This part does not apply to the activities of corporate credit unions.

§ 721.4 [Amended]

■ 3. In § 721.4, remove the last sentence in paragraph (a).

[FR Doc. 2026-21088 Filed 10-14-26; 8:45 am]

BILLING CODE 7535-01-P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 725

RIN 3133-AF91

Central Liquidity Facility

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) is proposing to adopt as final the revisions to the Central Liquidity Facility (CLF) rule made under two interim final rules (IFRs) published in the **Federal Register** on April 29, 2020, and March 24, 2021. The proposal would adopt the amendments made by these IFRs and, where appropriate, would remove

provisions from the NCUA's regulations that have lapsed under the terms of the IFRs. The proposal would also remove or modify certain filing requirements and criteria the Board uses to approve CLF members. Finally, the proposal would amend the timing requirements related to pay adjustments to the capital stock subscription, clarify various regulatory provisions, and make necessary conforming edits.

DATES: Comments must be received by December 14, 2026.

ADDRESSES: Comments may be submitted in one of the following ways. (*Please send comments by one method only*):

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. The docket number for this proposed rule is NCUA-2026-1889. Follow the "Submit a comment" instructions. If you are reading this document on [federalregister.gov](https://www.federalregister.gov), you may use the green "SUBMIT A PUBLIC COMMENT" button beneath this rulemaking's title to submit a comment to the [regulations.gov](https://www.regulations.gov) docket. A plain language summary of the proposed rule is also available on the docket website.

- **Mail:** Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

- **Hand Delivery/Courier:** Same as mailing address.

Mailed and hand-delivered comments must be received by the close of the comment period.

Public inspection: Please follow the search instructions on <https://www.regulations.gov> to view the public comments. Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received and will not be deleted, modified, or redacted. Comments may be submitted anonymously. If you are unable to access public comments on the internet, you may contact the NCUA for alternative access by calling (703) 518-6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT:

Policy: Matthew J. Biliouris, Acting President, Central Liquidity Facility, at 1775 Duke Street, Alexandria, VA 22314 or by telephone at (703) 518-1161. Legal: John H. Brolin, Senior Staff Attorney, Division of Regulations and Legislation, Office of General Counsel, at 1775 Duke Street, Alexandria, VA

22314 or by telephone at (703) 518-6540.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

In response to the COVID-19 pandemic, the Board issued an IFR on April 29, 2020 (April 29th IFR), which provided credit unions with greater access to liquidity to help ensure they remain operational throughout the crisis.¹ The IFR made it easier and more attractive for credit unions to join the NCUA's CLF. In addition, the rule made several amendments to conform to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).²

The CLF, a mixed-ownership government corporation managed by the Board, established in 1979, serves as a liquidity source for its member credit unions.³ Its purpose is to improve general financial stability by meeting the liquidity needs of credit unions and thereby encouraging savings, supporting consumer and mortgage lending, and providing basic financial resources to all segments of the economy.

Section 307 of the FCU Act, 12 U.S.C. 1795f, among other things, gives the Board the authority to prescribe the manner in which the general business of the CLF shall be conducted and to prescribe rules and regulations to carry out the CLF-related provisions of the FCU Act.⁴ Under this authority, the Board issued the April 29th IFR to enhance liquidity for credit unions during the COVID-19 pandemic and to make regulatory changes that cohere to the CARES Act.

The Board emphasized in the April 29th IFR that, while some of the amendments in the rule were temporary, they would afford significant liquidity support to the entire credit union system. The Board also noted that several of the changes in the IFR were conforming changes based on the recently enacted CARES Act, which temporarily amended the FCU Act. As such, the changes in the IFR that corresponded to the CARES Act were initially set to sunset in accordance with the CARES Act on December 31, 2020. To provide clarity and transparency, the Board included the temporary changes in the IFR and explained what would occur upon the sunset of the amendments.

¹ 85 FR 23731 (Apr. 29, 2020).

² *Coronavirus Aid, Relief, and Economic Security Act*, Public Law 116-136, 134 Stat 281 (Mar. 27, 2020).

³ Public Law 95-630, 92 Stat 3641 (Nov. 10, 1978), codified at 12 U.S.C. 1795, *et seq.*

⁴ 12 U.S.C. 1795f.

In December 2020, the Consolidated Appropriations Act, 2021 (CAA) was passed by Congress.⁵ The CAA, among other things, extended the sunset date of the CLF enhancements made by the CARES Act until December 31, 2021.⁶ In response, the Board issued a second IFR on March 24, 2021 (March 24th IFR), to amend its regulations to reflect the extensions.⁷ The March 24th IFR responded to comments on the April 29th IFR and also extended the withdrawal from CLF membership provisions that the Board included in the April 29th IFR.

The Board received 15 comments in response to the April 29th IFR and the March 24th IFR. All the comments supported the IFRs. The comments also requested legislative changes, other changes outside the scope of the IFRs, or both.

In addition to the changes made by the April 29th IFR and the March 24th IFR, the proposal would also remove or modify certain filing requirements and criteria the Board uses to approve CLF members. Finally, the proposal would amend the timing requirements related to pay adjustments to the capital stock subscription, clarify various regulatory provisions, and make necessary conforming edits. The changes to the NCUA's CLF regulations are discussed in more detail in the section-by-section analysis below.

B. Legal Authority

The Board has the legal authority to issue this proposed rule pursuant to its plenary rulemaking authority under the Federal Credit Union Act (FCU Act) and its specific rulemaking authority under the various provisions the Board administers.⁸ In particular, section 307 of the FCU Act, 12 U.S.C. 1795f, gives the Board the authority to prescribe the manner in which the general business of the CLF shall be conducted and to prescribe rules and regulations to carry out the CLF-related provisions of the FCU Act.⁹

II. Proposed Rule

A. Nomenclature Changes Throughout Part 725

Current part 725 uses the term “NCUA Board” and “Facility” interchangeably in numerous places throughout part 725. The Board acts through the CLF, a mixed-ownership

government corporation within the NCUA, and the Office of the Board. They are separate offices, however, with separate duties and functions. The interchangeable use of terminology in part 725 causes confusion for members and applicants because it is sometimes unclear, in places where the term “NCUA Board” is used, whether the Board is acting through the CLF or the Office of the Board. The proposed rule would replace the term “NCUA Board” with the term “Facility” throughout part 725, unless the context indicates that the Board would be acting through the Office of the Board. Regardless of whether the term “NCUA Board” or “Facility” is used, actions carried out by the CLF pursuant to part 725 originate with the NCUA Board. Accordingly, the proposal would replace the term “NCUA Board” with the term “Facility” in current §§ 725.4(c)(1), (d), and (e); 725.5(c), (d), and (e); 725.6(a), (b), and the second and third sentences in paragraph (c); 725.17(b)(2)(iii); 725.22(a) and (b); 725.23(a) and (b).

B. Definition of “Facility Lending Officer” Under § 725.2(g)

Current § 725.2(g) defines the term “facility lending officer” as any employee of the CLF or the NCUA who has been designated by the NCUA Board as a Facility lending officer. The title Facility lending officer is antiquated and no longer used by the CLF. Accordingly, the proposal would remove this definition from § 725.2(g).

C. Definition of “Liquidity Needs” Under 725.2(i)

In accordance with the CARES Act, the April 29th IFR amended the definition of “liquidity needs” to remove the words “primarily serving natural persons.” This change was intended to mirror the statutory change in the CARES Act and clarified that liquidity needs are not limited to only natural person credit unions but may also include those of corporate credit unions or a corporate credit union group. The change allowed corporate credit unions to obtain loans for their own liquidity needs. The amendment was initially set to sunset in accordance with the CARES Act on December 31, 2020.

The CAA extended this provision in the CARES Act until December 31, 2021. To address this extension, the NCUA's March 24th IFR amended the regulatory definition of “liquidity needs” to make it clear when the definition under the CARES Act applied and when such definition would revert to the pre-CARES Act version after December 31, 2021.

Current § 725.2(i)(1) defines “liquidity needs” from April 29, 2020, to December 31, 2021, as the needs of credit unions for short-term adjustment credit available to assist in meeting temporary requirements for funds or to cushion more persistent outflows of funds pending an orderly adjustment of credit union assets and liabilities; seasonal credit available for longer periods to assist in meeting seasonal needs for funds arising from a combination of expected patterns of movement in share and deposit accounts and loans; and protracted adjustment credit available in the event of unusual or emergency circumstances of a longer-term nature resulting from national, regional, or local difficulties. Current § 725.2(i)(2) defines “liquidity needs” after December 31, 2021, as the needs of credit unions primarily serving natural persons for short-term adjustment credit available to assist in meeting temporary requirements for funds or to cushion more persistent outflows of funds pending an orderly adjustment of credit union assets and liabilities; seasonal credit available for longer periods to assist in meeting seasonal needs for funds arising from a combination of expected patterns of movement in share and deposit accounts and loans; and protracted adjustment credit available in the event of unusual or emergency circumstances of a longer-term nature resulting from national, regional, or local difficulties.

Given that the definition of liquidity needs under current § 725.2(i)(1) sunset on January 1, 2022, the Board is proposing to remove paragraph (i)(1) and replace it with the definition of liquidity needs under current § 725.2(i)(2). Accordingly, this proposal would amend § 725.2(i) to provide that “liquidity needs” means the needs of credit unions primarily serving natural persons for short-term adjustment credit available to assist in meeting temporary requirements for funds or to cushion more persistent outflows of funds pending an orderly adjustment of credit union assets and liabilities; seasonal credit available for longer periods to assist in meeting seasonal needs for funds arising from a combination of expected patterns of movement in share and deposit accounts and loans; and protracted adjustment credit available in the event of unusual or emergency circumstances of a longer-term nature resulting from national, regional, or local difficulties.

⁵ Consolidated Appropriations Act, 2021, Public Law 116–260, 134 Stat 1182 (Dec. 27, 2020).

⁶ Public Law 116–260, 134 Stat 1182, section 540(a).

⁷ 86 FR 15568 (Mar. 24, 2021).

⁸ 12 U.S.C. 1766, 1789.

⁹ 12 U.S.C. 1795f.

D. Requirement for Natural-Person Credit Unions To Furnish Certain Reports and Documents Under § 725.3(a)(3)

Current § 725.3(a)(3) requires that a natural-person credit union applying to become a regular member of the CLF furnish certain reports and documents with its completed membership application. In particular, the natural-person credit union must provide a copy of the credit union's financial and statistical report for the most recent calendar month; and copies of the credit union's charter and bylaws, unless the credit union is federally chartered. These requirements were adopted in nearly identical form in 1979.¹⁰ NCUA has determined that it no longer needs to require that copies of such reports and documents be provided to the CLF for federally insured natural-person credit unions because copies of the reports and documents can already be obtained by the CLF through other means, in particular, through the NCUA's examination process. This is not the case, however, for non-federally insured natural-person credit unions. Accordingly, to streamline the NCUA's CLF regulations and eliminate outdated and unnecessary regulatory requirements, the NCUA is proposing to amend current § 725.3(a)(3) to provide that in the case of a non-federally insured natural-person credit union not otherwise subject to examination by the NCUA, the CLF may require that the credit union provide financial reports and other information to determine the financial condition of the credit union.

E. Regular Membership Requirements Under § 725.3(b)

Section 725.3(b) had previously provided that, with limited exception, any credit union that becomes a regular member of the CLF may not receive CLF advances, without approval of the Board, for six months after becoming a member. The April 29th IFR eliminated the six-month waiting period on obtaining CLF advances for a credit union that becomes a regular member. The Board continues to believe it was important to remove this restriction in response to the overarching need to make liquidity assistance timely and the advantages of accelerating liquidity-need loans to new members outweighed the practical reasons that having the waiting period afforded to the CLF's operations. Accordingly, the Board is proposing to adopt this change to § 725.3(b) as final.

F. Agent Membership in the CLF Under 725.4(a)(2)(ii)

The April 29th IFR, in accordance with the CARES Act, amended the nature of the requirement for a corporate credit union or group of corporate credit unions to subscribe to the capital stock of the CLF in an amount equal to one-half of one percent of the paid-in and unimpaired capital and surplus of all of the corporate credit union's or corporate credit union group's natural person credit union members. This change to prior § 725.4(a)(2) mirrored the statutory change in the CARES Act and allowed the Board, in its sole discretion, to determine which grouping of natural person member credit unions of the applying corporate credit union or corporate credit union group were considered covered by the agent's membership in the CLF. In turn, the approved group was the basis for calculating the amount of CLF capital stock the corporate credit union or corporate credit union group was required to purchase. This change provided a corporate credit union with the flexibility to subscribe to the capital stock of the CLF up to the maximum extent it could afford to do so.

This amendment was initially set to sunset in accordance with the CARES Act on December 31, 2020. Upon the sunset of the amendment, any corporate credit union or corporate credit union group that became an agent member under this provision was required to, within one year from the sunset date, either (1) purchase CLF stock in accordance with the terms of the regulation as written post-sunset of the CARES Act amendments; or (2) terminate its membership in the CLF. The Board believed that the two options accounted for the temporary nature of the CARES Act amendments while not causing undue disruption to the operations of a corporate credit union or corporate credit union group that joined the CLF under the CARES Act amendments.

The CAA extended this provision in the CARES Act until December 31, 2021.¹¹ To address this extension, the NCUA's March 24th IFR amended § 725.4(a)(2) to make conforming date changes to the section.

Current § 725.4(a)(2)(ii) sunset on January 1, 2022. Upon the sunset of the amendment, any corporate credit union or corporate credit union group that became an agent member under this provision was required, before January 1, 2023, to either (1) purchase CLF stock

in accordance with the terms of the regulation as written post-sunset of the CARES Act amendments; or (2) terminate its membership in the CLF. It has been over two years since the January 1, 2023, deadline passed, giving credit unions ample time to comply with the requirements of current § 725.4(a)(2)(ii). Accordingly, this proposal would remove the language in current § 725.4(a)(2)(ii) and renumber the section to conform with this change.

G. Agent Member Borrowing Under §§ 725.4(a)(2), 725.18(a) and (d), 725.19(a) and (b)

To effectuate the intent of the CARES Act in a safe and sound manner, the April 29th IFR included a clarifying amendment to § 725.4(a)(2). Section 725.4(a)(2)(iii) clarified that, from April 29, 2020, until December 31, 2020, an agent member may borrow from the CLF for its own liquidity needs but, to do so, the agent must first subscribe to the capital stock of the CLF in an amount equal to one-half of one percent of the Agent's own paid-in and unimpaired capital and surplus.¹² Paragraph (a)(2)(iii) provided further that upon approval of the application, the Agent shall forward funds equal to one-half of this stock subscription to the CLF. Paragraph (a)(2)(iii) also provided that this amount shall be in addition to the amounts required by paragraph (a)(2)(i) or (ii) of § 725.4, if a corporate credit union or corporate credit union group joined the CLF as an Agent and intended to borrow for its own liquidity needs. Finally, paragraph (a)(2)(iii) provided that any corporate credit union or corporate credit union group that received a CLF advance for its own liquidity need under the temporary requirements set forth in this paragraph must, as of January 1, 2021, and thereafter, not request any additional CLF advances for its own liquidity needs and continue to follow the terms of the CLF advance agreement entered into between the Agent and the CLF. The Board believed the inclusion of this provision appropriately accounted for the temporary nature of this provision while assuring agents that loan agreements made during this period will not also be subject to a sunset provision or be terminated before maturity. The Board believed the provision struck the appropriate balance between congressional intent and the tenets of contract law.

¹² A credit union is required to pay into the CLF one-half of the amount required by the regulations and to hold the other one-half in liquid assets on its balance sheet.

¹¹ Consolidated Appropriations Act, 2021, Public Law 116–260, 134 Stat 1182, section 540(a) (Dec. 27, 2020).

¹⁰ 44 FR 49431, 49438 (Aug. 23, 1979).

Pursuant to the extension provided in the CAA, the Board's March 24th IFR extended the periods in § 725.4(a)(2)(iii) to end on January 1, 2022. The expanded authority provided for in current paragraph (a)(2)(iii) has expired by its own terms and no loans remain outstanding. Accordingly, this proposal would remove the language in current § 725.4(a)(2)(iii) and renumber the section to conform with this change.

H. Application Requirements for Corporate Credit Unions Under § 725.4(a)(3) Through (a)(6)

Current § 725.4(a)(3) through (a)(6) set forth certain requirements that a corporate credit union or a group of corporate credit unions applying to become an Agent member of the CLF must follow. In particular, current paragraph (a)(3) requires the applicant to furnish a copy of the corporate credit union's or unions' financial and statistical report for the most recent calendar month; copies of the credit union's or unions' charter and bylaws, unless such credit union is federally chartered; and a list of all the credit union's or unions' member natural person credit unions. Current paragraph (a)(4) requires the applicant to agree to submit to the supervision of the Board and to comply with all regulations and reporting requirements which the Board shall prescribe for Agent members. Current paragraph (a)(5) requires the applicant to agree to submit to periodic unrestricted examinations by the Board or its designee. Current paragraph (a)(6) requires the applicant to obtain the written approval of the Board. These requirements were adopted in nearly identical form in 1979.¹³ Copies of the aforementioned reports, documents, agreements, and written approvals remains necessary for the CLF to approve a corporate credit union or group of corporate credit unions' application to become an agent member of the CLF. For a federally insured corporate credit union or a federally insured group of corporate credit unions, however, copies of the credit union's or unions' financial and statistical report for the most recent calendar month, copies of the credit union's or unions' charter and bylaws, and a list of all the credit union's or unions' member natural person credit unions are already available to the CLF through the examination process. In addition, the examination and reporting provisions under current paragraphs (a)(4) and (a)(5) are already codified in

the FCU Act.¹⁴ Finally, while approval of the Board is required under the FCU Act,¹⁵ the NCUA believes including an express requirement that the Board approval must be in writing as currently required under paragraph (b)(6) is unnecessary. Accordingly, to streamline the NCUA's CLF regulations and eliminate outdated and unnecessary regulatory requirements, the NCUA is proposing to remove current § 725.4(a)(3) through (a)(6) in their entirety.

For non-federally insured corporate credit unions,¹⁶ however, the NCUA would not already have a copy of the credit union's or unions' financial and statistical report for the most recent calendar month, copies of the credit union's or unions' charter and bylaws, or a list of all the credit union's or unions' member natural person credit unions, which are currently required under 725.4(a)(3). To ensure that the CLF can obtain copies of this information as part of the Agent application process, the Board is proposing to generally retain the requirements in current paragraph (a)(3), but for only non-federally insured corporate credit unions credit unions not otherwise subject to NCUA examination. Proposed new paragraph (a)(3) would provide that in the case of a non-federally insured corporate credit union not otherwise subject to examination by the NCUA, the CLF may require that the credit union provide financial reports and other information to determine the financial condition of the credit union.

I. Criteria Corporate Credit Unions Must Meet To Be Agent Members Under § 725.4(b)

Current § 725.4(b) requires that the Board may approve a corporate credit union or group of corporate credit unions as an Agent member if certain

criteria are met. In particular, a corporate credit union or each corporate credit union in a group must meet the following criteria:

1. The management policies are in writing, approved by the corporate credit union's board of directors, and reviewed annually by such board;
2. Adequate internal controls are in place to assure accurate and timely reporting of transactions and the safeguarding of assets;
3. The financial condition of the corporate credit union is sound with adequate reserves for losses;
4. Surety bond coverage provides protection for the corporate credit union while the corporate credit union is performing the duties of an Agent member of the CLF;
5. Management has demonstrated its ability to use such techniques as cash flow analysis, budgeting, and projections of sources and uses of funds to manage the affairs of the corporate credit union efficiently and in conformity with sound business practices; and
6. There are no practices, procedures, policies, or other factors that would result in discrimination by the corporate credit union among natural person credit unions or inhibit its ability to act independently in its role as an Agent member of the CLF.

The criteria listed in paragraph (b) were originally adopted in a 1979 final rule regarding CLF membership and lending.¹⁷ A comprehensive explanation of how or why the criteria were chosen was not provided.¹⁸ The criteria, however, appear to have been adopted to implement 12 U.S.C. 1795c(b)(1), which requires that an agent member of the CLF "obtain[] the approval of the Board." While Board approval is required under the Federal Credit Union Act, the particular criteria listed in § 725.4(b) are not expressly listed in the Act. After careful review of the criteria, the Board has determined that the list of criteria is obsolete and does not provide a full, accurate list of all the criteria that should be considered, particularly since extensions of credit sometimes requires additional analysis to protect the CLF. Accordingly, the Board is proposing to remove current paragraph (b) to streamline the NCUA's CLF regulations and eliminate outdated regulatory requirements. Consistent with the

¹⁴ 12 U.S.C. 1795c(b)(3) and (b)(4) (providing in relevant part that a corporate credit union or group of corporate credit unions may become an Agent member by "agreeing to comply with rules and regulations the Board shall prescribe with respect to, but not limited to, management quality, asset and liability safety and soundness, internal operating and control practices and procedures, and participation of natural persons in the affairs of such credit union or credit union group; and agreeing to submit to the supervision of the Board which shall include, but not be limited to, reporting requirements and periodic unrestricted examinations.").

¹⁵ 12 U.S.C. 1795c(b)(1) (providing in relevant part that a corporate credit union or group of corporate credit unions may become an Agent member by "obtaining the approval of the Board.").

¹⁶ While the NCUA is currently unaware of any non-federally insured corporate credit unions, neither the FCU Act nor the NCUA's regulations prohibit such an institution or institutions from becoming Agent members of the CLF.

¹⁷ 44 FR 49431 (Aug. 23, 1979).

¹⁸ But, see, *id.* at 49433 (Explaining that the criteria listed in 725.4(b)(6) was "added in response to concerns expressed to the NCUA that 'political considerations' have, in the past, played a significant role in the operations of central credit unions.").

¹³ *Id.*

removal of paragraph (b), the proposed rule would renumber the remaining paragraphs in § 725.4.

J. Independent Audits of Books and Records Under § 725.4(d)

Current § 725.4(d) requires that each Agent, or in the case of an Agent group, each corporate credit union in the group, must have on an annual basis a third-party independent audit of its books and records and provide the CLF with copies of the report of such audit. Paragraph (d) provides further that the auditor selected must be recognized by a State or territorial licensing authority as possessing the requisite knowledge and experience to perform audits. Section 704.15 already requires that federally insured corporate credit unions provide independently audited financial statements to the NCUA. The Board believes duplicating that requirement in current § 725.4(d) is redundant and unnecessary. No such requirement exists, however, for non-federally insured corporate credit unions. Accordingly, to eliminate outdated, duplicative, and unnecessary regulatory requirements, the Board is proposing to revise the language in current § 725.4(d) to limit its application to only non-federally insured corporate credit unions. Accordingly, the Board is proposing to revise the language in current paragraph (d) to provide that each non-federally insured Agent, or in the case of an Agent group, each non-federally insured corporate credit union in the group, must have on an annual basis a third-party independent audit of its books and records and provide the CLF with copies of the report of such audit. The proposed language would provide further that the auditor selected must be recognized by a State or territorial licensing authority as possessing the requisite knowledge and experience to perform audits. Consistent with other edits discussed above to § 725.4, current paragraph (d) would be renumbered as paragraph (c).

K. Limit on CLF Advances for Six Months After Membership Under § 725.4(f)

Current § 725.4(f) provides that a corporate credit union or group of corporate credit unions which becomes an Agent member of the CLF after February 23, 1980, may not receive a CLF advance without approval of the CLF for a period of six months after becoming a member. The date, February 23, 1980, has long since past and is no longer necessary in paragraph (f). Accordingly, to streamline the NCUA's CLF regulations and eliminate outdated and unnecessary provisions, the Board

is proposing to remove the reference to February 23, 1980, in its entirety. No substantive changes to the requirements of paragraph (f) are intended by this amendment. Consistent with the other edits discussed above to § 725.4, current paragraph (f) would be renumbered as paragraph (e).

L. Payments to the Capital Stock Subscription Under § 725.5(b)(2)

Current § 725.5(b)(2) requires, among other things, that payments for adjustments to the capital stock subscription must be received by the CLF no later than March 31 of the following year. This timing requirement is overly restrictive and has led to unnecessarily difficult turn-round times for both CLF members and CLF staff. The NCUA Board believes that providing additional time for calculating, processing, and making such payments would benefit CLF members and CLF staff. Accordingly, the NCUA is proposing to amend the last sentence in current § 725.5(b)(2) to provide that payments for adjustments must be received within 90 calendar days of receipt of a capital stock subscription invoice from the CLF.

M. Termination of Membership Under § 725.6

The April 29th IFR amended the waiting periods for a credit union to terminate its membership in the CLF between April 29, 2020, and January 1, 2022. Under the FCU Act and prior § 725.6 of the NCUA's regulations, a credit union member could terminate its membership after a specified time based on that credit union's stock subscription in the CLF. Previously, a member of the CLF could terminate its membership as follows:

1. Six months after notifying the Board in writing of its intention to do so, if the member's stock subscription constituted less than five percent of total subscribed CLF stock; or
2. Twenty-four months after notifying the Board in writing of its intention to do so if the member's stock subscription constituted five percent or more of total subscribed CLF stock.¹⁹

The April 29th IFR amended § 725.6 to temporarily permit a credit union, regardless of its percentage amount of stock subscription, to withdraw from membership in the CLF after notifying the Board in writing on the earlier of the following:

- (A) six months from the date of its written notice to the Board; or
- (B) December 31, 2020.

Further, the April 29th IFR amended the NCUA's regulations to allow any credit union that remained a member after December 31, 2020, to withdraw from membership immediately upon notifying the Board in writing of its intent to do so. The Board noted that such an immediate withdrawal period would expire on December 31, 2021. After December 31, 2021, the termination requirements of current paragraphs (a) and (b) of this section would be reinstated and apply to all members. The Board believed that this flexibility was necessary to encourage the greatest number of eligible credit unions to join the CLF.

The March 24th IFR extended the termination of membership provisions described above until January 1, 2023. Pursuant to self-executing language in the April 29th IFR and the March 24th IFR, the provisions expired on January 1, 2023, and were removed from § 725.6 of the NCUA's regulations by the **Federal Register** in 2023. Thus, this proposed rule would not affect these provisions.

N. Agent Member Borrowing Under § 725.17(b)(2)(iv)

The April 29th IFR amended § 725.17 to add new paragraph (b)(2)(iv), which clarified that an agent may apply for a CLF advance based on the applicant agent's own liquidity needs. Pursuant to the extensions provided by the CAA, the Board's March 24th IFR amended paragraph (b)(2)(iv) further to provide that an agent may apply for a CLF advance based on the applicant agent's own liquidity needs, for the period beginning April 29, 2020, and ending on December 31, 2021. The March 24th IFR provided further that, after this period, an agent is prohibited from submitting an application for an extension for its own liquidity needs. Given the provision in current paragraph (b)(2)(iv) ended by its own terms on December 31, 2021, this proposal would amend § 725.17 to remove the paragraph from the NCUA's regulations.

O. Applications for Extensions of Credit Under § 725.17(a) and (b)

Current § 725.17(a) provides that a Regular member may apply for a CLF advance to meet its liquidity needs by filing an application on a CLF-approved form, or by any other method approved by the CLF. Current § 725.17(b)(1) provides in relevant part that an Agent member may apply for a CLF advance by filing an application on a CLF-approved form, or by any other method approved by the CLF. Footnote 4 at the end of paragraph (b)(1) provides further that if the Agent is an Agent group, the

¹⁹ 12 CFR 725.6.

application must be filed by the Agent group representative, and any CLF advance will be made to the Agent group representative. To streamline the NCUA's CLF regulations and eliminate outdated and unnecessary provisions, the Board is proposing to merge the language in paragraphs (a) and (b)(1) into a revised paragraph (a) and to also incorporate into revised paragraph (a) the text of footnote 4. Proposed § 725.17(a) would provide that a Regular member or Agent member may apply for a CLF advance to meet its liquidity needs by filing an application on a CLF-approved form, or by any other method approved by the CLF. Proposed paragraph (a) would provide further that if the Agent is an Agent group, the application must be filed by the Agent group representative and the advance will be made to the representative.

P. Agent Member Borrowing Under §§ 725.18 and 725.19

The April 29th IFR made conforming changes to §§ 725.18 and 725.19 to clarify the requirements applicable to a CLF advance to an agent for such agent's own needs. In particular, the IFR amended § 725.18(a) to provide that, prior to CLF approval of each application of a regular member for a CLF advance or an agent member for a CLF advance for such agent member's own need, the CLF shall consider the creditworthiness of such member. The Board's March 24th IFR clarified paragraph (a) to provide that, prior to CLF approval of each application of a regular member for a CLF advance or an agent member for a CLF advance for such agent member's own need (provided such agent may submit an application under § 725.17(b)(2)(iv)), the CLF shall consider the creditworthiness of such member. Given the provisions in § 725.17(b)(2)(iv) lapsed on January 1, 2022, this proposal would amend current § 725.18(a) to remove the conforming and clarifying changes made by both the April 29th IFR and the March 24th IFR. Accordingly, current paragraph (a) would provide that, prior to CLF approval of each application of a regular member for a CLF advance, the CLF shall consider the creditworthiness of such member.

In addition, the April 29th IFR amended § 725.18(d) to provide that a credit union (whether a regular member of the CLF, agent member, or a member natural person credit union) that does not meet the CLF's creditworthiness standards may be limited in or denied the use of advances for its liquidity needs. The March 24th IFR clarified paragraph (d) to provide that a credit union (whether a regular member of the

CLF, agent member (provided such agent may submit an application under § 725.17(b)(2)(iv), or a member natural person credit union) which does not meet the CLF's creditworthiness standards may be limited in or denied the use of advances for its liquidity needs. Given the provisions in § 725.17(b)(2)(iv) lapsed on January 1, 2022, this proposal would amend current § 725.18(d) to remove the conforming and clarifying changes made by both the April 29th IFR and the March 24th IFR. Accordingly, current paragraph (d) would provide that a natural person credit union (whether a regular member of the CLF or a member natural person credit union) which does not meet the CLF's creditworthiness standards may be limited in or denied the use of advances for its liquidity needs.

The April 29th IFR also made conforming changes to § 725.19(a) to provide that each CLF advance and each agent loan shall be secured by a first priority security interest in collateral of the credit union with a net book value at least equal to an amount as required by the CLF's collateral table, published at www.NCUA.gov, or by guarantee of the National Credit Union Share Insurance Fund (NCUSIF). The amendments to paragraph (a) also reduced the amount of collateral required for certain assets used to secure each CLF advance and each agent loan. Section 725.19 previously required that each CLF advance and each agent loan be secured by a first priority security interest in collateral of the credit union with a net-book value at least equal to 110 percent of all amounts due under the applicable CLF advance or agent loan, or by guarantee of the NCUSIF. The collateral table varies the required collateral percentages based upon different types of assets, and in some cases requires less than 110 percent. Depending on the types of assets a member has available to secure an advance request, lowering the collateral requirement for certain types of assets eased the collateral requirements and permitted a greater amount of borrowing overall. The Board replaced the 110 percent requirement with a requirement that a credit union collateralize a CLF advance or agent loan per the CLF collateral table posted on the NCUA's website, www.NCUA.gov. This proposed rule would adopt as final the conforming changes to § 725.19(a) by the April 29th IFR.

The April 29th IFR also made conforming changes to § 725.19(b) to provide that the CLF may accept as collateral for each CLF advance to a regular member or to an agent member,

for such agent member's own needs, a security interest in all assets of the member; provided, however, that the value of any assets in which any third party has a perfected security interest that is superior to the security interest of the CLF shall be excluded for purposes of complying with the requirements. Given the provisions in § 725.17(b)(2)(iv) lapsed on January 1, 2022, this proposal would amend current § 725.19(b) to remove the conforming changes made by the April 29th IFR. Accordingly, § 725.19(b) would provide that the CLF may accept as collateral for each CLF advance to a regular member, a security interest in all assets of the regular member; provided, however, that the value of any assets in which any third party has a perfected security interest that is superior to the security interest of the CLF shall be excluded for purposes of complying with the requirements.

Q. Collateral Requirements Under § 725.19(a)

Current § 725.19(a) provides that each CLF advance and each Agent loan shall be secured by a first-priority security interest in collateral of the credit union with a net value at least equal to an amount as required by the CLF's collateral margins table, published at www.NCUA.gov, or by guarantee of the National Credit Union Share Insurance Fund. To account for the CLF's preferred use of terminology with regard to the terms "net book value" and "collateral table," the proposed rule would amend § 725.19(a) to instead use the more commonly used terms "net value" and "collateral margins table." Accordingly, the proposal would amend § 725.19(a) to provide that each CLF advance and each agent loan shall be secured by a first-priority security interest in collateral of the credit union with a net value at least equal to an amount as required by the CLF's collateral margins table, published at www.NCUA.gov, or by guarantee of the NCUSIF.

III. Regulatory Procedures

A. Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) (Act) 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) (commonly known as *regulations.gov*).

The proposed rule would adopt as final the revisions to the CLF rule made under two IFRs published on April 29, 2020, and March 24, 2021. The proposal would adopt the amendments made by these IFRs and, where appropriate, would remove provisions from the NCUA's regulations that have lapsed under the terms of the IFRs. The proposal would also remove or modify certain filing requirements and criteria the Board uses to approve CLF members. Finally, the proposal would amend the timing requirements related to pay adjustments to the capital stock subscription, clarify various regulatory provisions, and make necessary conforming edits.

The proposal and the required summary can be found at <https://www.regulations.gov>.

B. Executive Orders 12866, 13563, 14192

Pursuant to Executive Order 12866 ("Regulatory Planning and Review"), a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.²⁰ Executive Order 13563 ("Improving Regulation and Regulatory Review") supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.²¹ This proposed rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OIRA has determined that this proposed rule is not a "significant regulatory action" as defined by section 3(f) of Executive Order 12866.

Executive Order 14192 ("Unleashing Prosperity Through Deregulation") 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.²² This proposed rule is not an Executive Order 14192 regulatory action because this rule is not significant under Executive Order 12866.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act²³ generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. If the agency makes such a certification, it shall publish the certification at the time of publication of either the proposed rule or the final rule, along with a statement providing the factual basis for such certification.²⁴ For purposes of this analysis, the NCUA considers small credit unions to be those having under \$100 million in assets.²⁵ The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions.

This proposed rule would adopt certain IFR changes as final and remove certain criteria the Board requires to approve CLF members. These amendments would not impose any requirements on regulated entities, particularly not small entities. Accordingly, the NCUA certifies the proposed rule would not have a significant economic impact on a substantial number of small credit unions.

D. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) generally provides that an agency may not conduct or sponsor, and not withstanding any other provision of law, a person is not required to respond to, a collection of information, unless it displays a currently valid Office of Management and Budget control number. The PRA applies to rulemakings in which an agency creates a new or amends existing information collection requirements. For purposes of the PRA, an information-collection requirement may take the form of a reporting, recordkeeping, or a third-party disclosure requirement. The NCUA has determined that the changes addressed in this notice do not create a new information collection or revise an existing information collection as defined by the PRA.

E. Executive Order 13132 on Federalism

Executive Order 13132 encourages certain agencies to consider the impact of their actions on state and local interests. The proposed rule would adopt as final the amendments made by two IFRs and, where appropriate,

removes provisions from the NCUA's regulations that have lapsed under the terms of the IFRs. In addition, the proposed rule would remove certain criteria the Board requires to approve CLF members. Any 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 does not rise to the level of material impact for purposed of Executive Order 13132.

F. Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this proposed rule will not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Public Law 105-277, 112 Stat. 2681 (1998) given that the proposed rule would implement changes already made to the NCUA's regulations through the April 29, 2020, and March 24, 2021 IFRs, and would remove certain criteria the Board requires to approve CLF members.

List of Subjects in 12 CFR Part 725

Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board, this 13th day of October, 2026.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons discussed above, the Board proposes to amend 12 CFR part 725 as follows:

PART 725—NATIONAL CREDIT UNION ADMINISTRATION CENTRAL LIQUIDITY FACILITY

■ 1. The authority citation for part 725 continues to read as follows:

Authority: 12 U.S.C. 1795f(a)(2).

■ 2. Amend § 725.2 by:

- a. Removing paragraph designations (a) through (p) and placing each definition in alphabetical order;
- b. Removing the definition of "facility lending officer;" and
- c. Revising the definition of "liquidity needs".

The revisions read as follows:

§ 725.2725 Definitions.

* * * * *

Liquidity needs means the needs of credit unions primarily serving natural persons for:

(1) Short-term adjustment credit available to assist in meeting temporary requirements for funds or to cushion more persistent outflows of funds

²⁰ 58 FR 51735 (Oct. 4, 1993).

²¹ 76 FR 3821 (Jan. 21, 2011).

²² 90 FR 9065 (Feb. 6, 2025).

²³ 5 U.S.C. 601 *et seq.*

²⁴ 5 U.S.C. 605(b).

²⁵ 80 FR 57512 (Sept. 24, 2015).

pending an orderly adjustment of credit union assets and liabilities;

(2) Seasonal credit available for longer periods to assist in meeting seasonal needs for funds arising from a combination of expected patterns of movement in share and deposit accounts and loans; and

(3) Protracted adjustment credit available in the event of unusual or emergency circumstances of a longer-term nature resulting from national, regional or local difficulties.

* * * * *

■ 3. Revise and republish § 725.3 to read as follows:

§ 725.3725 Regular membership.

(a) A natural person credit union may become a Regular member of the Facility by:

(1) Making application on a form approved by the Facility;

(2) Subscribing to capital stock of the Facility in an amount equal to one-half of 1 percent of the credit union's paid-in and unimpaired capital and surplus, as determined in accordance with § 725.5(b) of this part, and forwarding with its completed application funds equal to one-half of this stock subscription; and

(3) In the case of a non-federally insured natural-person credit union not otherwise subject to examination by the NCUA, the CLF may require that the credit union provide financial reports and other information to determine the financial condition of the credit union.

(b) [Reserved]

■ 4. Revise and republish § 725.4 to read as follows:

§ 725.4 Agent Membership.

(a) A corporate credit union or a group of corporate credit unions may become an Agent member of the Facility by (in the case of a group of corporate credit unions, each corporate credit union in the group must do each of the following except for paragraph (a)(2) of this section, which shall be done by the Agent group representative):

(1) Making application on a form approved by the Facility;

(2) Subscribing to the capital stock of the Facility in an amount equal to one-half of 1 percent of the paid-in and unimpaired capital and surplus (as determined in accordance with § 725.5(b) of this part) of all the corporate credit union's or corporate credit union group's member natural person credit unions, except those which are Regular members of the Facility or which have access to the Facility through, and are included in the stock subscription of, another Agent (a natural person credit union which is a

member of more than one Agent member of the Facility must designate through which Agent it will deal with the Facility, and the designated Agent will be responsible for including the capital and surplus of such credit union in the calculation of its stock subscription). Upon approval of the application, the Agent shall forward funds equal to one-half of this initial stock subscription to the Facility; and

(3) In the case of a non-federally insured corporate credit union not otherwise subject to examination by the NCUA, the CLF may require that the credit union provide financial reports and other information to determine the financial condition of the credit union.

(b) Each Agent, or in the case of an Agent group, each corporate credit union in the group, must:

(1) Maintain records related to Facility activity in conformity with requirements prescribed by the Facility from time to time; and

(2) Submit such reports as may be required by the Facility to determine financial soundness, quality and level of service, and conformity with established guidelines and procedures.

(c) Each non-federally insured Agent, or in the case of an Agent group, each non-federally insured corporate credit union in the group, must have on an annual basis a third-party independent audit of its books and records and provide the Facility with copies of the report of such audit. The auditor selected must be recognized by a State or territorial licensing authority as possessing the requisite knowledge and experience to perform audits.

(d) Within 30 days after a natural person credit union becomes a member of a corporate credit union which is an Agent or a member of an Agent group, the Agent, or in the case of an Agent group, the Agent group representative, shall subscribe to additional capital stock of the Facility in an amount equal to one-half of 1 percent of such credit union's paid-in and unimpaired capital and surplus, and shall forward funds equal to one-half of this stock subscription to the Facility. This subsection shall not apply if the natural person credit union is a Regular member of the Facility or has access to the Facility through, and is included in the stock subscription of, another Agent.

(e) A corporate credit union or group of corporate credit unions which becomes an Agent member of the Facility, may not receive a Facility advance without approval of the Facility for a period of six months after becoming a member. This subsection shall not apply to any credit union which becomes an Agent member or a

member of an Agent group within six months after such credit union is chartered or within six months after such credit union has been an Agent or a member of another Agent group.

(f) Agent members will be compensated for the services they perform for the Facility in a manner to be specified by the Facility.

■ 5. Amend § 725.5 by:

■ a. Removing the term "NCUA Board" each place it appears and replacing it with "Facility;" and

■ b. Revising paragraph (b)(2).

The revision reads as follows:

§ 725.5 Capital stock.

* * * * *

(b) * * * (2) Adjusted at the close of each calendar year in accordance with an arithmetic average of paid-in and unimpaired capital and surplus over the twelve months in such calendar year. Payments for adjustments must be received within 90 calendar days of receipt of a capital stock subscription invoice from the facility.

* * * * *

■ 6. Amend § 725.6 by:

■ a. Amending paragraphs (a) and (b) by removing the term "NCUA Board" each place it appears and replacing it with "Facility;" and

■ b. Revising paragraph (c).

The revision reads as follows:

§ 725.6 Termination of Membership.

* * * * *

(c) The NCUA Board may terminate membership in the Facility if, after the opportunity for a hearing, the NCUA Board determines the member has failed to comply with any provision of Title III of the Federal Credit Union Act or any regulation issued pursuant thereto. If membership is terminated under this subsection, the credit union will be required to obtain the approval of the Facility before becoming a member of the Facility again. Such approval will be granted only if the Facility is satisfied that the credit union will comply with such Act and regulations.

* * * * *

■ 7. Amend § 725.17 by:

■ a. Removing footnote 4; and

■ b. Revising paragraphs (a), (b), and (d).

The revisions read as follows:

§ 725.17 Applications for extensions of credit.

(a) A Regular member or Agent member may apply for a Facility advance to meet its liquidity needs by filing an application on a Facility-approved form, or by any other method approved by the Facility. If the Agent is an Agent group, the application must be filed by the Agent group representative,

and the advance will be made to the representative.

(b) (1) The Agent's application shall be based on the following:

(i) Approved applications to the Agent by its member natural person credit unions for pending loans to meet liquidity needs;

(ii) Outstanding loans previously made by the Agent to meet liquidity needs of its member natural person credit unions; or

(iii) Such other demonstrable liquidity needs as the Facility may specify.

(2) An Agent shall not submit an application to the Facility based on the liquidity needs of any member natural person credit union which has not agreed to the repayment, security and credit reporting terms prescribed by the Facility for Agent loans;

(3) Any loan to meet liquidity needs which have been or will be the basis for an application by the Agent for a Facility advance must be applied for on an application form approved by the Facility.

(4) Unless approved by the Facility, an Agent shall not submit an application to the Facility based on the liquidity needs of any credit union which became a member natural person credit union of the Agent after February 2, 1980, unless such credit union has been a member natural person credit union of the Agent for six months, was chartered within six months before becoming a member natural person credit union of the Agent, or had access to the Facility either as a Regular member or through another Agent within six months before becoming a member natural person credit union of the Agent.

* * * * *

(d) Applications of Regular and Agent members shall be filed with the Facility. Each application for credit which is completed and properly filed will be approved or denied within five working days after the day of receipt.

■ 8. In § 725.18, revise paragraph (a) and (d) to read as follows:

§ 725.18 Creditworthiness.

(a) Prior to Facility approval of each application of a Regular member for a Facility advance, the Facility shall consider the creditworthiness of such member.

* * * * *

(d) A natural person credit union (whether a Regular member of the Facility or a member natural person credit union) which does not meet the Facility's creditworthiness standards may be limited in or denied the use of advances for its liquidity needs.

■ 9. In § 725.19, revise paragraphs (a) and (b) to read as follows:

§ 725.19 Collateral requirements.

(a) Each Facility advance and each Agent loan shall be secured by a first-priority security interest in collateral of the credit union with a net value at least equal to an amount as required by the Facility's collateral margins table, published at www.NCUA.gov, or by guarantee of the National Credit Union Share Insurance Fund.

(b) The Facility may accept as collateral for each Facility advance to a Regular member, a security interest in all assets of the Regular member; provided, however, that the value of any assets in which any third party has a perfected security interest that is superior to the security interest of the Facility shall be excluded for purposes of complying with the requirements of paragraph (a) of this section.

* * * * *

■ 10. Revise § 725.22 to read as follows:

§ 725.22 Advances to insurance organizations.

(a) In accordance with policies established by the Facility, it may advance funds to a State-credit-union share or deposit insurance corporation, guaranty credit union, guaranty association, or similar organization. Requests for such advances shall be supported by an application which sets forth and supports the need for the advance.

(b) Advances under paragraph (a) of this section shall be subject to the approval of the Facility and shall be made subject to the following terms:

(1) The advance shall be fully secured,

(2) The maturity of the advance shall not exceed 12 months,

(3) The advance shall not be renewable at maturity, and

(4) The funds advanced shall not be relent at an interest rate exceeding that imposed by the Facility.

§ 725.23 [Amended]

■ 11. Amend § 725.23 by removing the term "NCUA Board" each place it occurs and replacing it with "Facility."

[FR Doc. 2026-21089 Filed 10-14-26; 8:45 am]

BILLING CODE 7535-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2026-11810; Project Identifier MCAI-2026-00201-T]

RIN 2120-AA64

Airworthiness Directives; Airbus SAS Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to adopt a new airworthiness directive (AD) for all Airbus SAS Model A318 series airplanes; Model A319 series airplanes; Model A320 series airplanes; and Model A321 series airplanes. This proposed AD was prompted by reports of door evacuation slide systems failing to inflate during emergency evacuations, due to the fracture and separation of the connector on the inflation hose assembly. This proposed AD would require the replacement of each affected slide with a serviceable slide. This proposed AD would also prohibit the installation of affected parts. The FAA is proposing this AD to address the unsafe condition on these products.

DATES: The FAA must receive comments on this proposed AD by November 30, 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](https://www.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](https://www.regulations.gov) under Docket No. FAA-2026-11810; 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; telephone +49 221 8999 000; email ADs@easa.europa.eu. You may find this material on the EASA website at ad.easa.europa.eu. It is also available at regulations.gov under Docket No. FAA-2026-11810.

- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195.

FOR FURTHER INFORMATION CONTACT:

Nicholas Benson, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 206-231-3647; email: Nicholas.H.Benson@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 the **ADDRESSES** section. Include “Docket No. FAA-2026-11810; Project Identifier MCAI-2026-00201-T” 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 Nicholas Benson, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 206-231-3647; email:

Nicholas.H.Benson@faa.gov. 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 2026-0037R1, dated May 4, 2026 (EASA AD 2026-0037R1) (also referred to as the MCAI), to correct an unsafe condition for all Airbus SAS Model A318 series airplanes; Model A319 series airplanes; Model A320-211, -212, -214, -215, -216, -231, -232, -233, -251N, -252N, -253N, -271N, -272N, and -273N airplanes; and Model A321 series airplanes. Model A320-215 airplanes are not certificated by the FAA and are not included on the U.S. type certificate data sheet; this proposed AD therefore does not include those airplanes in the applicability. The MCAI states that reports were received of door evacuation slide systems failing to inflate during emergency evacuations. Investigations revealed that the failure was due to the fracture and separation of the connector on the inflation hose assembly. This condition, if not addressed, could prevent the inflation of the escape slide and render one evacuation path unusable in case of emergency evacuation, possibly resulting in injury to airplane occupants.

The FAA is proposing this AD to address the unsafe condition on these products.

You may examine the MCAI in the AD docket at regulations.gov under Docket No. FAA-2026-11810.

Material Incorporated by Reference Under 1 CFR Part 51

EASA AD 2026-0037R1 specifies procedures for the replacement of each affected slide with a serviceable slide. EASA AD 2026-0037R1 also prohibits the installation of affected slides.

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 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 in 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 2026-0037R1 described previously, 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 civil aviation authority (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 2026-0037R1 by reference in the FAA final rule. This proposed AD would, therefore, require compliance with EASA AD 2026-0037R1 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 2026-0037R1 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 2026-0037R1. Material required by EASA AD 2026-0037R1 for compliance will be available at regulations.gov under Docket No. FAA-2026-11810 after the FAA final rule is published.

Costs of Compliance

The FAA estimates that this AD, if adopted as proposed, would affect 1,998 airplanes of U.S. registry. The FAA estimates the following costs to comply with this proposed AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Labor cost	Parts cost	Cost per product	Cost on U.S. operators
21 work-hours × \$85 per hour = \$1,785	\$2,172	\$3,957	\$7,906,086

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:

Airbus SAS: Docket No. FAA-2026-11810; Project Identifier MCAI-2026-00201-T.

(a) Comments Due Date

The FAA must receive comments on this airworthiness directive (AD) by November 30, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to all Airbus SAS Model A318-111, -112, -121, and -122 airplanes; Model A319-111, -112, -113, -114, -115, -131, -132, -133, -151N, -153N, -171N, and -173N airplanes; Model A320-211, -212, -214, -216, -231, -232, -233, -251N, -252N, 253N, -271N, -272N, and -273N airplanes; and Model A321-111, -112, -131, -211, -212, -213, -231, -232, -251N, -252N, -253N, -271N, -272N, -251NX, -252NX, -253NX, -271NX, -272NX, -253NY, and -271NY airplanes; certificated in any category.

(d) Subject

Air Transport Association (ATA) of America Code 25, Equipment/furnishings.

(e) Unsafe Condition

This AD was prompted by reports of door evacuation slide systems failing to inflate during emergency evacuations, due to the fracture and separation of the connector on the inflation hose assembly. The unsafe condition, if not addressed, could prevent the inflation of the escape slide and render one evacuation path unusable in case of emergency evacuation, possibly resulting in injury to airplane occupants.

(f) Compliance

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

(g) Requirements

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 (EASA) AD 2026-0037R1, dated May 4, 2026 (EASA AD 2026-0037R1).

(h) Exceptions to EASA AD 2026-0037R1

(1) Where EASA AD 2026-0037R1 refers to March 11, 2026 (the effective date of the original issue of EASA AD 2026-0037), this AD requires using the effective date of this AD.

(2) Where the EASA AD 2026-0037R1 defines a serviceable slide as "Any door evacuation slide, eligible for installation in accordance with approved Airbus instructions, which is not an affected slide", this AD requires replacing that text with "Any door evacuation slide, eligible for installation, which is not an affected slide".

(3) This AD does not adopt the "Remarks" section of EASA AD 2026-0037R1.

(i) No Reporting Requirement

Although the material referenced in EASA AD 2026-0037R1 specifies to submit certain information to the manufacturer, this AD does not include that requirement.

(j) Additional AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* 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 Continued Operational Safety Branch, send it to the attention of the person identified in paragraph (k) of this AD and email 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) *Contacting the Manufacturer:* For any requirement in this AD to obtain instructions from a manufacturer, the instructions must be accomplished using a method approved by the Manager, AIR-520, Continued Operational Safety Branch, FAA; or EASA; or Airbus SAS's EASA Design Organization Approval (DOA). If approved by the DOA, the approval must include the DOA-authorized signature.

(3) *Required for Compliance (RC):* Except as required by paragraph (j)(2) of this AD, if any material contains procedures or tests that are identified as RC, those procedures and tests must be done to comply with this AD; any procedures or tests that are not identified as RC are recommended. Those procedures and tests that are not identified as RC may be deviated from using accepted methods in accordance with the operator's maintenance or inspection program without obtaining approval of an AMOC, provided the procedures and tests identified as RC can be done and the airplane can be put back in an airworthy condition. Any substitutions or

changes to procedures or tests identified as RC require approval of an AMOC.

(k) Additional Information

For more information about this AD, contact Nicholas Benson, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 206-231-3647; email: Nicholas.H.Benson@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 this AD specifies otherwise.

(i) European Union Aviation Safety Agency (EASA) AD 2026-0037R1, dated May 4, 2026.

(ii) [Reserved]

(3) For EASA material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; telephone +49 221 8999 000; email ADs@easa.europa.eu. You may find this 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, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195.

(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 October 9, 2026.

Lona C. Saccomando,

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

[FR Doc. 2026-21047 Filed 10-14-26; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2026-11812; Project Identifier MCAI-2025-01222-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 adopt a new airworthiness directive (AD) for all Airbus Helicopters Deutschland GmbH (AHD) Model MBB-BK 117 D-2 helicopters. This proposed AD was prompted by certification test results of

a certain common cargo hook beam (CCHB) on the affected helicopters, which revealed that the installed CCHB could result in fuel leakage following a survivable accident. This proposed AD would require modification of the CCHB and fuel system and installation of structural reinforcement. This proposed AD would also prohibit installing a certain CCHB on any helicopter. 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 30, 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-2026-11812; 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 find the EASA material on the EASA website at ad.easa.europa.eu.

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

FOR FURTHER INFORMATION CONTACT: Promita Dey, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946-4106; email: promita.dey@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-2026-11812; Project Identifier MCAI-2025-01222-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 Promita Dey, 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 2025-0153, dated July 18, 2025 (EASA AD 2025-0153) (also referred to as the MCAI), to correct an unsafe condition on all AHD Model MBB-BK117 D-2 helicopters, all variants. The MCAI states that certification testing of the CCHB installation on AHD Model MBB-BK117 D-3 and D-3m helicopters revealed that a survivable accident could result in fuel leakage. The MCAI further states that, due to design similarity, AHD

Model MBB-BK117 D-2 helicopters, all variants, could also be affected by the same unsafe condition.

This condition, if not addressed, could lead to fuel leakage and a possible fire after a survivable accident involving a helicopter with a certain CCHB installed.

You may examine the MCAI in the AD docket at *regulations.gov* under Docket No. FAA-2026-11812.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2025-0153, which specifies procedures for modification of the CCHB and the fuel system and installation of structural reinforcement. EASA AD 2025-0153 also specifies that, as an alternative to the modification, operation of a helicopter with an affected CCHB part number L851M1301101 installed is prohibited.

Additionally, EASA AD 2025-0153 specifies procedures to modify the helicopter by installing an improved cargo hook weighing system concurrently with the modification. EASA AD 2025-0153 also specifies that installation of an affected CCHB on any helicopter is prohibited.

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 2025-0153, described previously, as incorporated by reference, 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 2025-0153 by reference in the FAA final rule. This proposed AD would, therefore, require compliance with EASA AD 2025-0153 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 2025-0153 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 2025-0153. Material required by EASA AD 2025-0153 for compliance will be available at *regulations.gov* under Docket No. FAA-2026-11812 after the FAA final rule is published.

Costs of Compliance

The FAA estimates that this AD, if adopted as proposed, would affect 28 helicopters 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
Modify the fuel system	75 work-hours × \$85 per hour = \$6,375	\$18,625	\$25,000	\$700,000.
Install improved fuel pump cartridge (4 per helicopter).	4 work-hours × \$85 per hour = \$340	32,909	\$33,249	\$930,972.
Modify helicopter Install new CCHB	Up to 11 work-hours × \$85 per hour = \$935.	228,985	Up to \$229,920	Up to \$6,437,760.
Modify helicopter retrofit CCHB	Up to 30 work-hours × \$85 per hour = \$2,550.	10,636	Up to \$13,186 ...	Up to \$369,208.

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:

Airbus Helicopters Deutschland GmbH

(AHD): Docket No. FAA–2026–11812;
Project Identifier MCAI–2025–01222–R.

(a) Comments Due Date

The FAA must receive comments on this airworthiness directive (AD) by November 30, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to all Airbus Helicopters Deutschland GmbH (AHD) Model MBB–BK 117 D–2 helicopters, certificated in any category.

(d) Subject

Joint Aircraft System Component (JASC)
Code 2500, Cabin equipment/furnishings.

(e) Unsafe Condition

This AD was prompted by certification test results of the installation of a certain common cargo hook beam (CCHB) identifying that the installed CCHB could result in fuel leakage following a survivable accident. The FAA is issuing this AD to prevent possible fuel leakage. The unsafe condition, if not addressed, could lead to fuel leakage and a possible fire after a survivable accident involving a helicopter equipped with a certain CCHB.

(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 2025–0153, dated July 18, 2025 (EASA AD 2025–0153).

(h) Exceptions to EASA AD 2025–0153

(1) Where EASA AD 2025–0153 refers to its effective date, this AD requires using the effective date of this AD.

(2) Where EASA AD 2025–0153 requires compliance in terms of flight hours, this AD requires using hours time-in-service.

(3) Where the material referenced in EASA AD 2025–0153 specifies “discard”, this AD requires replacing that text with “remove from service”.

(4) Where the material referenced in EASA AD 2025–0153 specifies “check”, this AD requires replacing that text with “inspect”.

(5) This AD does not adopt the “Remarks” section of EASA AD 2025–0153.

(i) No Reporting Requirement

Although the material referenced in EASA AD 2025–0153 specifies to submit information to the manufacturer, 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 Promita Dey, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946–4106; email: promita.dey@faa.gov.

(l) Material Incorporated by Reference

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

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

(i) European Union Aviation Safety Agency (EASA) AD 2025–0153, dated July 18, 2025.

(ii) [Reserved]

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

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

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

Issued on October 13, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–21123 Filed 10–14–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–101576–26]

RIN 1545–BS15

Premium Tax Credit

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations that would amend regulations regarding an individual taxpayer's eligibility for a premium tax credit (PTC), the computation of a PTC, and an individual's tax liability due to excess advance payments of the PTC. The proposed regulations would affect taxpayers who enroll themselves or a family member in individual health insurance coverage through a Health Insurance Exchange and may be allowed a PTC for this coverage. This document also provides a notice of a public hearing on these proposed regulations.

DATES: Electronic or written comments must be received by November 30, 2026. A telephonic public hearing on this proposed regulation has been scheduled for December 8, 2026, at 10 a.m. ET. Requests to speak and outlines of topics to be discussed at the public hearing must be received by November 30, 2026. If no outlines are received by November 30, 2026, the public hearing will be cancelled. Requests to attend the public hearing must be received by 5 p.m. ET on December 4, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG–101576–26) by following the online instructions for submitting comments. Requests for the public hearing must be submitted as prescribed in the “Comments and 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–101576–26), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. We encourage commenters to include supporting facts, research, and evidence in their

comments. When doing so, commenters are encouraged to provide citations to the published materials referenced, including active hyperlinks. Likewise, commenters who reference materials which have not been published are encouraged to upload relevant data collection instruments, data sets, and detailed findings as a part of their comment. Providing such citations and documentation will assist us in analyzing the comments.

Plain Language Summary: In accordance with 5 U.S.C. 553(b)(4), a summary of not more than 100 words in length of this proposed rule, in plain language, may be found at <https://www.regulations.gov/>.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Mia Romano at (202) 317-4718; concerning submissions of comments or the public hearing, please contact Publications and Regulations Section at (202) 317-6901 (not toll-free numbers) or by email at publichearings@irs.gov (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This notice of proposed rulemaking contains proposed amendments that would amend the Income Tax Regulations (26 CFR part 1) under section 36B of the Internal Revenue Code (Code), as amended by sections 71119 and 71301 through 71305 of Public Law 119-21, 139 Stat. 72, 306-315, 321-325, (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBA). Section 36B(h) provides an express delegation of authority for the Secretary of the Treasury or the Secretary's delegate (Secretary) to prescribe such regulations as may be necessary to carry out section 36B, including regulations that provide for the coordination of the Premium Tax Credit (PTC) allowed under section 36B with the program for advance payment of the Premium Tax Credit (APTC) under section 1412 of the Affordable Care Act (ACA).¹ The proposed regulations are also issued under the authority of section 7805(a) of the Code, which authorizes the 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.

Background

I. Definition of “Qualified Health Plan”

Section 36B provides a PTC to applicable taxpayers who meet certain eligibility requirements, and who enroll, or enroll another member of the applicable taxpayer's family, as defined in § 1.36B-1(d)(1), in a qualified health plan (QHP) through a Health Insurance Exchange (Exchange). Under section 36B(c)(3)(A) and § 1.36B-1(c), the term “qualified health plan” has the same meaning as in section 1301(a) of the Affordable Care Act (42 U.S.C. 18021(a)) but does not include a catastrophic plan described in section 1302(e) of the Affordable Care Act (42 U.S.C. 18022(e)). Individuals must, in general, enroll in a QHP during the open enrollment period for the coverage year, but Exchanges provide special enrollment periods (SEP) for enrollments during a coverage year if certain conditions are met.

Section 71303(b) of the OBBA amends section 36B(c)(3)(A) to provide that, for taxable years beginning after December 31, 2027, the term “qualified health plan” does not include any plan enrolled in through an Exchange that fails to provide a pre-enrollment verification process described in section 36B(c)(3)(A)(ii). Section 71304(a) of the OBBA further amends section 36B(c)(3)(A) to provide that, for plan years beginning after December 31, 2025, the term “qualified health plan” does not include any plan enrolled in during a SEP described in section 36B(c)(3)(A)(iii) (relating to a SEP based on a change in an individual's expected household income).

II. Disallowing PTC During Periods of Medicaid Ineligibility Due to Alien Status

Under section 36B(c)(1)(A) and § 1.36B-2(b)(1), a taxpayer is, in general, not an applicable taxpayer eligible for a PTC unless the taxpayer's household income, as defined in section 36B(d)(2) and § 1.36B-1(e), for the taxable year, is at least 100 percent but not more than 400 percent of the Federal Poverty Level (FPL), as defined in § 1.36B-1(h), for the taxpayer's family size. Prior to the OBBA amendments, section 36B(c)(1)(B) treated a taxpayer with household income below 100 percent of the FPL for the taxpayer's family size as an applicable taxpayer if the taxpayer or a member of the taxpayer's family was an alien lawfully present in the U.S. and not eligible for the Medicaid program due to immigration status, and the

taxpayer met the other applicable taxpayer requirements. Section 71302(a) of the OBBA removed section 36B(c)(1)(B) effective for taxable years beginning after December 31, 2025. Thus, for taxable years after December 31, 2025, a taxpayer who is a lawfully present alien with household income below 100% of the FPL for the taxpayer's family size and who is ineligible for Medicaid due to his or her alien status is not eligible for the PTC.

III. Failure To Demonstrate Community Engagement

Under section 36B, a PTC is allowed only for months that are “coverage months” for a taxpayer or a member of the taxpayer's family. Section 1.36B-3(c)(1)(iii) provides that a month is not a coverage month for an individual if the individual is eligible for the full calendar month for minimum essential coverage (within the meaning of § 1.36B-2(c)) other than coverage described in section 5000A(f)(1)(C) of the Code (relating to coverage in the individual market). Under section 5000A(f)(1)(A) and § 1.5000A-2, the term “minimum essential coverage” includes coverage under Government-sponsored programs such as Medicaid.

Section 1.36B-2(c)(2)(i) provides that, for purposes of determining whether a month is a coverage month for an individual, an individual generally is considered eligible for Government-sponsored minimum essential coverage if the individual meets the criteria for coverage under a Government-sponsored program described in section 5000A(f)(1)(A) as of the first day of the first full month the individual may receive benefits under the program. Government-sponsored programs typically require individuals who meet the criteria for eligibility under the program to complete certain requirements to receive benefits under the program. Under § 1.36B-2(c)(2)(ii), an individual who fails, by the last day of the third full calendar month following the event that establishes eligibility for the Government-sponsored minimum essential coverage, to complete the requirements to obtain that coverage is generally treated as eligible for the coverage as of the first day of the fourth calendar month following the event that establishes eligibility.

Notwithstanding these provisions relating to eligibility for Government-sponsored minimum essential coverage, including Medicaid, § 1.36B-2(c)(2)(v) provides that, in general, an individual is treated as not eligible for Medicaid for a period of coverage under a QHP if, when the individual enrolls in the QHP,

¹ The Affordable Care Act refers to the Patient Protection and Affordable Care Act (Pub. L. 111-148, enacted on March 23, 2010), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152, enacted on March 30, 2010).

an Exchange conducts an eligibility determination or assessment (within the meaning of 45 CFR 155.302(b)) and determines or assesses the individual to be not eligible for Medicaid. However, § 1.36B–2(c)(2)(v) also provides that this rule does not apply for an individual who, with intentional or reckless disregard for the facts, provides incorrect information to an Exchange for the year of coverage.

Under the section 36B regulations, a reckless disregard of the facts occurs if the taxpayer makes little or no effort to determine whether the information provided to the Exchange is accurate under circumstances that demonstrate a substantial deviation from the standard of conduct a reasonable person would observe. Likewise, a disregard of the facts is intentional if the taxpayer knows that information provided to the Exchange is inaccurate. *See, e.g.*, § 1.36B–2(c)(2)(v).

Section 71119(a) of the OBBBA added subsection (xx) to section 1902 of the Social Security Act (42 U.S.C. 1396a) relating to an individual's eligibility for medical assistance under a State plan (or waiver of such plan) under title XIX of the Social Security Act (commonly referred to as the Medicaid statute). In general, section 1902(xx) of the Social Security Act provides that States must require, as a condition of Medicaid eligibility, that “applicable individuals” (generally, individuals eligible for Medicaid’s “adult group” or certain individuals eligible for medical assistance under demonstration programs authorized under section 1115 of the Social Security Act (42 U.S.C. 1315)) demonstrate “community engagement” for at least one month (and up to three consecutive months, as specified by a State) immediately preceding the month during which the applicable individual applies for Medicaid. “Community engagement” is generally defined in section 1902(xx)(2) of the Social Security Act (42 U.S.C. 1396a(xx)(2)) as working not less than 80 hours in a month, completing not less than 80 hours of community service in a month, participating in a work program for not less than 80 hours in a month, being enrolled in an educational program at least half-time, or a combination of these activities adding up to not less than 80 hours a month. Applicable individuals can also demonstrate community engagement by meeting certain income requirements. Once enrolled, applicable individuals are subject to ongoing community engagement requirements.

Some individuals are either excepted or excluded from community engagement requirements under section

1902(xx) of the Social Security Act (42 U.S.C. 1396a(xx)). States must implement community engagement requirements no later than January 1, 2027, unless the Secretary of the Department of Health and Human Services grants the state a good faith effort exemption to delay implementation under section 1902(xx)(11)(A) of the Social Security Act (42 U.S.C. 1396a(xx)(11)(A)), not to extend beyond December 31, 2028.

For purposes of the definition of coverage month under section 36B(c)(2)(B), section 1902(xx)(7)(B) of the Social Security Act (42 U.S.C. 1396a(xx)(7)(B)) provides that an individual is deemed to be eligible for minimum essential coverage under section 5000A(f)(1)(A)(ii) (the Medicaid program under title XIX of the Social Security Act) for a month if the individual would have been eligible for Medicaid but for a failure to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1).

IV. Definition of Coverage Month

Section 1.36B–3(c)(1) provides that a month is a coverage month for an individual if, (i) as of the first day of the month, the individual is enrolled in a QHP through an Exchange; (ii) the taxpayer pays the taxpayer's share of the enrollment premium by the unextended due date for the taxpayer's income tax return for the taxable year, the full premium for the month is paid by advance credit payments, or the amount of the premium paid (including by advance credit payments) for the month is sufficient to avoid termination of the individual's coverage for that month under one of the scenarios described in § 1.36B–3(c)(4); and (iii) the individual is not eligible for the full calendar month for minimum essential coverage (within the meaning of § 1.36B–2(c)) other than coverage described in section 5000A(f)(1)(C) of the Code (relating to coverage in the individual market).

Section 71303(a) of the OBBBA adds sections 36B(c)(5) and 36B(c)(6) effective for taxable years beginning after December 31, 2027.

Section 36B(c)(5)(A) generally provides that a month is not a coverage month for an individual unless the Exchange through which the individual enrolls in QHP coverage verifies for such month using applicable enrollment information provided or verified by the applicant, the individual's eligibility (i) to enroll in the plan through the Exchange, and (ii) for any APTC for the coverage. Section 36B(c)(5)(B) specifies the applicable enrollment information that Exchanges must verify. This

includes, to the extent relevant, household income and family size, whether the individual is an eligible alien, “any health coverage status or eligibility for coverage”, and place of residence, along with information not specifically identified in section 36B(c)(5) that the Secretary (in consultation with the Secretary of Health and Human Services) determines to be necessary to the verification prescribed in section 36B(c)(5)(A). Section 36B(c)(5)(E) also allows the Secretary to provide verification waivers for individuals who enroll in a QHP during a SEP based on a change in family size.

Section 36B(c)(6) provides that the term “coverage month” does not include, with respect to any individual covered by a QHP, any month for which the Exchange through which the individual enrolled does not meet the requirements of 45 CFR 155.305(f)(4)(iii), as published in the **Federal Register** on June 25, 2025 (90 FR 27074). These Exchange requirements relate to individuals who fail to reconcile their APTC with the PTC that they are allowed on the tax return for a prior enrollment year and, consequently, are determined ineligible for APTC. The prior enrollment year is the year of QHP coverage for which the Exchange would use tax data to verify household income and family size.

Section 1312 of the Affordable Care Act (42 U.S.C. 18032) provides that an individual is not eligible to enroll in a QHP unless the individual resides in the State that established the Exchange through which the individual is seeking to enroll. In addition, an individual is not eligible to enroll in a QHP if the individual is not, or is not reasonably expected to be for the entire period for which enrollment is sought, a citizen or national of the U.S., or an alien lawfully present in the U.S. These enrollment eligibility requirements are described in greater detail under 45 CFR 155.305(a).

Sections 1411 and 1412 of the Affordable Care Act (42 U.S.C. 18081 and 18082) in relevant part, require the establishment of a program for determining eligibility for enrolling in a QHP and for APTC.

V. Computation of PTC for Families With Individuals Not Lawfully Present and Individuals Lawfully Present But Not Eligible Aliens

Section 1.36B–3(a) provides that the premium assistance credit amount is the sum of the premium assistance amounts determined under § 1.36B–3(d) for all coverage months for individuals in the taxpayer's family. Under § 1.36B–3(d)(1), the premium assistance amount

for a coverage month is the lesser of (i) the enrollment premiums, which are the premiums for the month reduced by any amounts that were refunded or unpaid as of the unextended due date for filing the taxpayer's income tax return for the taxable year, for one or more QHPs in which a taxpayer or a member of the taxpayer's family enrolls; or (ii) the excess of the adjusted monthly premium for the applicable benchmark plan over $\frac{1}{12}$ of the product of a taxpayer's household income and the applicable percentage for the taxable year. The adjusted monthly premium for the applicable benchmark plan is defined in § 1.36B–3(e) and the applicable percentage is defined in § 1.36B–3(g).

For taxable years beginning before January 1, 2027, section 36B(e)(1)(A) provides that if one or more individuals in a taxpayer's family (including the taxpayer) are aliens not lawfully present (within the meaning of section 36B(e)(2)), the enrollment premiums and adjusted monthly premiums for the applicable benchmark plan otherwise taken into account in determining the taxpayer's PTC must be reduced by the portion of such premiums attributable to the individuals who are aliens not lawfully present. In addition, section 36B(e)(1)(B) and § 1.36B–3(l) provide that in determining the taxpayer's applicable percentage, (i) the percentage the taxpayer's household income bears to the FPL for the taxpayer's family size is determined by excluding aliens who are not lawfully present from family size and (ii) by treating household income as equal to the product of the taxpayer's household income and a fraction, the numerator of which is the FPL for the taxpayer's family size determined by excluding aliens who are not lawfully present, and the denominator of which is the FPL for the taxpayer's family size determined by including aliens who are not lawfully present.

Section 71301(a) of the OBBBA amended section 36B(e)(1) to expand the applicability of section 36B(e)(1) to the QHP coverage of individuals in a taxpayer's family (including the taxpayer) who are aliens lawfully present in the U.S. but are not eligible aliens. Section 71301(a) of the OBBBA also adds a definition of the term "eligible alien" to section 36B(e)(2). The OBBBA section 71301 amendments to section 36B are effective for taxable years beginning after December 31, 2026.

VI. Multiple Families Enrolled in One Policy

Section 1.36B–3(h) provides that if a QHP covers more than one family under a single policy, each applicable taxpayer

covered by the plan may claim a PTC, if otherwise allowable. In addition, in determining for a month the lesser of the enrollment premiums or the excess of the benchmark plan premium over $\frac{1}{12}$ of the product of household income and the applicable percentage, the enrollment premiums for the month are allocated to each taxpayer in proportion to the premiums for each taxpayer's applicable benchmark plan.

VII. Excess APTC Repayment Limitation

Section 36B(f)(1) provides that, if APTC is paid for the QHP coverage of a taxpayer or another member of the taxpayer's family, the taxpayer's PTC allowed under section 36B is reduced by the amount of the APTC. Under section 36B(f)(2), if the taxpayer's APTC exceeds the PTC that would have been allowed had no APTC been paid, the taxpayer must increase tax liability for the taxable year of the coverage. For taxable years beginning before January 1, 2026, the tax liability increase was equal to the excess of the APTC over the PTC (excess APTC), unless a repayment limitation in section 36B(f)(2)(B) applied to the taxpayer and the amount of the repayment limitation was less than the excess APTC. This excess APTC repayment limitation is reflected in § 1.36B–4(a)(3)(ii). In addition, § 1.36B–4(a)(3)(iii) provides the excess APTC limitation that must be used by taxpayers who claim a section 162(l) deduction for their QHP premiums. Section 71305 of the OBBBA removed the section 36B(f)(2)(B) repayment limitation for taxable years beginning after December 31, 2025. Thus, for taxable years beginning after December 31, 2025, a taxpayer's tax liability for the taxable year of the coverage is increased by the full amount of the excess APTC.

VIII. Reporting of QHP Information by Exchanges

Section 36B(f)(3) and § 1.36B–5 require Exchanges to report to taxpayers and the IRS certain information relating to QHP enrollment. This information is reported to taxpayers on IRS Form 1095–A, *Health Insurance Marketplace Statement*. The Centers for Medicare & Medicaid Services (CMS), part of the Department of Health and Human Services (HHS), is responsible for the Form 1095–A reporting for Exchanges that use the Federal eligibility and enrollment platform (Federally-facilitated Exchanges, or FFEs, and State-based Exchanges on the Federal platform, or SBE-FPs). States with their own platforms (State-based Exchanges or SBEs) are responsible for the Form 1095–A reporting for individuals who

enroll in their State-based Exchange. Among the items Exchanges must report are (i) enrollment premiums for the plan or plans enrolled in (excluding the portion of the premiums allocable to benefits in excess of essential health benefits), and (ii) for plans for which APTC is paid, the premium for the applicable benchmark plan for purposes of computing advance credit payments and the amount of the advance credit payments.

Explanation of Provisions

The proposed regulations would amend the regulations under section 36B to reflect the amendments to section 36B made by sections 71301 through 71305 of the OBBBA. The proposed regulations would also amend the regulations under section 36B to reflect section 71119(a) of the OBBBA's addition of subsection (xx)(7)(B) to section 1902 of the Social Security Act (42 U.S.C. 1396a) regarding an individual's eligibility for Medicaid for purposes of determining whether a month is a coverage month under section 36B(c)(2)(B).

I. Change to the Definition of "Qualified Health Plan"

To reflect the amended definition of the term "qualified health plan" in section 36B(c)(3)(A) provided by sections 71303(b) and 71304(a) of the OBBBA, the proposed regulations would amend the definition of "qualified health plan" in § 1.36B–1(c). The proposed regulations would provide that the term "qualified health plan" does not include any plan enrolled in through an Exchange if the Exchange fails to provide a pre-enrollment verification process through which an applicant may, beginning not later than August 1 of the year prior to the enrollment year, verify with the Exchange the applicant's household income and eligibility for enrollment in a plan for the plan year beginning in the subsequent year. For the pre-enrollment verification process that Exchanges must provide, see 45 CFR part 155 and any successor or other applicable regulations as may be promulgated.

In addition, the proposed regulations would amend the definition of "qualified health plan" in § 1.36B–1(c) to provide that, for the purposes of section 36B, the term "qualified health plan" does not include any plan enrolled in during a SEP provided by an Exchange on the basis of the percentage that the individual's expected household income bears to the FPL for the individual's family size (income-based SEP), and not in connection with the occurrence of an event or change in

circumstances specified by the Secretary of Health and Human Services for such purposes.

II. Determination of “Applicable Taxpayer”

To reflect the OBBBA’s removal of section 36B(c)(1)(B), which allowed a taxpayer with household income less than 100 percent of the FPL for the taxpayer’s family size to be treated as an applicable taxpayer if the taxpayer is a lawfully present alien not eligible for the Medicaid program due to immigration status, the proposed regulations would remove the reiteration of that rule in § 1.36B–2(b)(5).

III. Deemed Eligibility for Minimum Essential Coverage When Ineligible for Medicaid Solely Because of Failure To Demonstrate Community Engagement

To reflect section 1902(xx)(7)(B) of the Social Security Act (42 U.S.C. 1396a(xx)(7)(B)), as added by section 71119(a) of the OBBBA, the proposed regulations would amend § 1.36B–2(c)(2)(ii) to provide that an individual who is determined or assessed (within the meaning of 45 CFR 155.302(a) and (b)) by an Exchange to be not eligible for Medicaid solely because the individual failed to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1) is treated as being eligible for minimum essential coverage under section 5000A(f)(1)(A)(ii) as of the first month the individual would have been enrolled in Medicaid but for the failure to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1). *See* proposed § 1.36B–2(c)(2)(ii)(B). The months the individual was ineligible for Medicaid solely for failing to meet the requirement to demonstrate community engagement would not be coverage months for the individual.

The proposed regulations would also provide that the proposed rule in § 1.36B–2(c)(2)(ii)(B) ceases to apply once the individual is determined or assessed by an Exchange to be, or becomes, no longer ineligible for Medicaid solely for failing to demonstrate community engagement. *See* proposed § 1.36B–2(c)(2)(ii)(C). For example, assume a taxpayer in January is determined ineligible for Medicaid solely for failing to meet the requirement to demonstrate community engagement. The taxpayer enrolls in a QHP without APTC and pays all of the premiums for the coverage. In March, the taxpayer’s income increases to above the taxpayer’s state’s Medicaid eligibility income threshold. The

taxpayer may be eligible for a PTC beginning in March when the taxpayer’s income increases above the taxpayer’s state’s Medicaid income threshold because the taxpayer has become ineligible for Medicaid for a reason other than failing to meet the requirement to demonstrate community engagement.

For purposes of determining eligibility for a PTC, the proposed regulations would disregard an Exchange’s determination or assessment that an individual is no longer ineligible for Medicaid for failing to meet the requirement to demonstrate community engagement if the Exchange’s determination or assessment is based on incorrect information provided by the individual with intentional or reckless disregard for the facts. *See* proposed § 1.36B–2(c)(2)(vi). The proposed regulations would use the same standard for intentional or reckless disregard of the facts as used in the existing regulations.

To reflect section 1902(xx) of the Social Security Act, the proposed regulations would provide that the rule in § 1.36B–2(c)(2)(v)(A), which treats an individual as not eligible for Medicaid for a period of coverage under a QHP if an Exchange determines or assesses the individual to be not eligible for Medicaid, does not apply for individuals determined or assessed by an Exchange to be ineligible for Medicaid, solely for failing to meet the requirement to demonstrate community engagement. *See* proposed § 1.36B–2(c)(2)(v)(B).

Proposed regulation § 1.36B–2(c)(2)(v)(C) would also provide that, once an Exchange determines or assesses an individual to be ineligible for Medicaid for a reason other than failing to meet the requirement to demonstrate community engagement, the individual is treated as not eligible for Medicaid for the individual’s period of coverage under a QHP and, therefore, those months may be coverage months for the individual. However, proposed regulation § 1.36B–2(c)(2)(vi) would disregard an Exchange’s determination or assessment that an individual is ineligible for Medicaid for a reason other than failing to meet the requirement to demonstrate community engagement if the Exchange’s determination or assessment is based on incorrect facts provided by the individual with intentional or reckless disregard for the facts.

IV. Changes to the Definition of “Coverage Month”

a. General Verification Rule

As noted previously, section 71303(a) of the OBBBA, effective for taxable years beginning after December 31, 2027, adds section 36B(c)(5) to provide that a month is not a coverage month for a taxpayer unless the Exchange through which the taxpayer or another member of the taxpayer’s family enrolls in QHP coverage, using applicable enrollment information, verifies the individual’s eligibility (i) to enroll in the plan through the Exchange, and (ii) for any APTC for the coverage. Because section 36B(c)(5)(A) requires, for coverage month purposes, verification of an individual’s eligibility to enroll in a QHP and for any APTC, if relevant, verification is required for any individual for whom a month is to be treated as a coverage month. Therefore, this requirement applies regardless of whether the enrollee requests APTC for their coverage. Exceptions associated with changes in family size are further explained below in section IV.b of this proposed rule.

Section 36B(c)(5)(B)(ii) specifies that applicable enrollment information includes whether an individual is an eligible alien, but section 36B(c)(5)(B) does not expressly identify citizenship, status as a national of the U.S., or lawful presence as applicable enrollment information. In addition to eligible aliens, U.S. citizens, nationals of the U.S., and other aliens who are lawfully present are also eligible to enroll in a QHP and an Exchange also verifies these statuses for enrollment eligibility. *See* 42 U.S.C. 18032 and 18081.

Accordingly, pursuant to the authority of the Secretary under section 36B(c)(5)(B)(v), in consultation with the HHS Secretary, to require verification of other items deemed necessary, these proposed regulations would provide that information regarding whether an individual is a U.S. citizen, a national of the U.S., or an alien lawfully present in the U.S., is applicable enrollment information necessary to verify eligibility to enroll in a QHP through an Exchange and, if applicable, eligibility for APTC. Consistent with this proposed rule, a month would not be a coverage month for an individual if the Exchange through which the individual enrolled fails to verify the individual’s place of residence and that the individual is a U.S. citizen, a national of the U.S., or an alien lawfully present in the U.S.

The proposed regulations would provide that a month may be a coverage month for an individual who does not request APTC if the Exchange verifies

only the QHP enrollment eligibility information discussed in the previous paragraph (the individual's place of residence and that the individual is a U.S. citizen, a national of the U.S., or an alien lawfully present in the U.S.). Similarly, a month of enrollment may be a coverage month for an individual who does request APTC but for whom no APTC is paid, provided the Exchange verifies enrollment eligibility information. However, months of enrollment would not be coverage months for an individual if the Exchange is unable to verify an individual's eligibility to enroll in the QHP. For example, if the Exchange enrolls an individual in coverage while verification is pending, but the Exchange is subsequently unable to verify the individual's eligibility to enroll in the QHP, then the months of enrollment before the individual was removed from the coverage would not be coverage months for that individual.

In addition, the proposed regulations would provide that a month for which APTC is paid for an individual is not a coverage month for the individual if the Exchange through which the individual enrolled fails to verify relevant applicable enrollment information. The Treasury Department and the IRS believe the language in section 36B(c)(5)(B) "any health coverage status or eligibility for coverage" is referring to eligibility for minimum essential coverage, other than individual market coverage. This is consistent with the function of section 36B(c)(5)(A), which provides rules regarding when a month is not a coverage month for an individual, and with section 36B(c)(2)(B), under which a month is not a coverage month for an individual if the individual is eligible for minimum essential coverage other than individual market coverage.

Therefore, the proposed regulations would provide that a month for which APTC is paid for an individual is not a coverage month for the individual unless the Exchange through which the individual enrolled verifies all of the following items: the prescribed verification items related to enrollment such as residency, and whether the individual is a U.S. citizen, national of the U.S., or an alien lawfully present in the U.S.; the household income and family size of the taxpayer who is expected to file an income tax return for the year of coverage reconciling the APTC for the individual's coverage with the PTC allowed for the coverage; whether the individual is eligible for minimum essential coverage, other than individual market coverage; and, if the individual is a lawfully present alien,

whether the individual is an eligible alien as defined in section 36B(e)(2)(B). In sum, for a month for which APTC is paid to be a coverage month, the Exchange must verify the applicable enrollment information for both eligibility to enroll in a QHP and eligibility for APTC.

Regarding the verification requirements for Exchanges in section 36B(c)(5), the process Exchanges must follow to verify that an individual is eligible to enroll in a QHP and, if applicable, eligible for APTC for the coverage is provided in section 1411 and 1412 of the Affordable Care Act (42 U.S.C. 18081 and 18082) and the regulations in 45 CFR part 155 subpart D and any successor or other applicable regulations as may be promulgated (collectively, the CMS regulations). The CMS regulations address the process for all individuals, including current enrollees seeking to re-enroll in a QHP and enrollees with a change in circumstances that affects applicable enrollment information during the plan year. If an Exchange follows the process described in the CMS regulations with respect to verifying that an individual is eligible to enroll in a QHP through the Exchange, including the process for an individual's re-enrollment, and verifies the information necessary to establish that the individual is eligible to enroll and, if applicable, eligible for APTC, under the CMS regulations, then section 36B(c)(5) will not cause a month to fail to be a coverage month for the individual.

b. Changes To Verified Information During a Plan Year

The Treasury Department and the IRS anticipate that forthcoming CMS proposed regulations would provide that once an Exchange learns of a change in circumstances relating to a QHP enrollee, the Exchange will, in general, seek to verify that information before adjusting the enrollee's current enrollment, including the amount of APTC being paid for the coverage, when applicable. Once an Exchange has verified the relevant applicable enrollment information for an individual for a plan year, section 36B(c)(5) will not cause a month to fail to be a coverage month for the individual for the remainder of the plan year provided the Exchange follows the procedures in the CMS regulations for eligibility and verification relating to enrollee-reported changes in circumstances.

For example, assume all items in section 36B(c)(5)(B) have been verified for an individual and the individual is enrolled in a QHP and is determined to

be eligible for APTC in the amount of \$250 per month beginning in January of a plan year. In June of the plan year, the individual informs the Exchange that the individual's projected household income will be less than previously projected and verified, which would make the individual eligible for more than \$250 of APTC per month. If the Exchange maintains the current amount of \$250 of APTC per month and increases APTC only after it verifies the new lower household income amount, the section 36B(c)(5) verification requirements will be met for this individual. However, if the enrollee informs the Exchange that the enrollee's projected household income will be more than previously projected and verified, which would make the enrollee eligible for less than \$250 of APTC per month, section 36B(c)(5) does not prevent the Exchange from immediately implementing the lower APTC amount, prior to verification of the new information.

It is further anticipated that forthcoming CMS proposed regulations would provide one exception to this general rule that is consistent with section 36B(c)(5)(E). This one exception would be for situations in which the Secretary provides a verification waiver under section 36B(c)(5)(E). Under section 36B(c)(5)(E), the Secretary may waive the verification requirement in section 36B(c)(5)(A) in the case of an individual who is eligible to enroll in a QHP through an Exchange "during a SEP provided by the Exchange on the basis of a change in the family size of the individual." Primarily, a waiver in this context would permit the Exchange to pay APTC for the individual's QHP coverage before verification of the individual's eligibility for enrollment and APTC is completed.

The rules under 45 CFR 155.420 for SEPs do not explicitly identify which SEPs are based on a change in family size. The proposed regulations would identify the SEPs triggered by the events described in 45 CFR 155.420(d)(2)(i) and (ii) as SEPs based on change in family size referred to in section 36B(c)(5)(E). Generally, these triggering events are (1) when a qualified individual gains a dependent, which for purposes of the SEP rules, means any individual who is or may become eligible for coverage under the terms of a QHP because of a relationship to an enrollee, including an enrollee's spouse (rather than being limited to a dependent as defined under section 152); (2) when an enrollee loses a dependent or dependent status through divorce; and (3) upon the death of an enrollee or a dependent of the enrollee. Thus, the proposed regulations

would provide that the Secretary's authority to waive verification under section 36B(c)(5)(E) applies with respect to all individuals eligible to enroll in a QHP, including current enrollees, during a SEP that is triggered by an event described in 45 CFR 155.420(d)(2)(i) or (ii) by waiving, for coverage month purposes, the requirement to verify applicable enrollment information provided to an Exchange during the SEP.

c. Reconciliation of APTC for an Individual's Prior Plan Years

Section 36B(c)(6), as added by section 71303(a) of the OBBA, provides that the term "coverage month" does not include, with respect to any individual covered by a QHP, any month for which the Exchange does not meet the requirements of 45 CFR 155.305(f)(4)(iii), as published in the **Federal Register** on June 25, 2025 (90 FR 27074), applied as though it applied to all plan years after 2025, with respect to the individual. Title 45 CFR 155.305(f)(4)(iii) relates to any individual determined to be ineligible for APTC for failing to reconcile APTC with the actual PTC allowed on the tax return for the year of coverage for which the Exchange would use tax data to verify household income and family size. The proposed regulations would provide that, for taxable years beginning after December 31, 2027, a month is not a coverage month for an individual for months APTC is paid if the Exchange through which the individual enrolled has failed to comply with section 36B(c)(6) for the month.

V. Eligible Alien Requirement and Conforming Amendments to PTC Computation

The proposed regulations would amend § 1.36B-3 to reflect the OBBA's expansion of the limitation on aliens' eligibility for the PTC in section 36B(e)(1) to encompass individuals in a taxpayer's family who are aliens lawfully present in the U.S., but who are not eligible aliens, as defined in section 36B(e)(2)(B). The OBBA section 71301 amendments to section 36B are effective for taxable years beginning after December 31, 2026. Specifically, the proposed regulations would amend § 1.36B-3 to provide that, in determining the premium assistance amount under § 1.36B-3(d)(1), a taxpayer must reduce both the enrollment premiums under § 1.36B-3(d)(1)(i) and the applicable benchmark plan premium under § 1.36B-3(d)(1)(ii) by the portion of the premiums attributable to any individual in the

taxpayer's family enrolled in a QHP who is an alien not lawfully present in the U.S. or, if a lawfully present alien, is not an eligible alien. In addition, the proposed regulations would expand § 1.36B-3(l), which now applies to taxpayers with a family member who is an alien not lawfully present in the U.S., to also apply to taxpayers with a family member who is a lawfully present alien, but not an eligible alien.

The proposed regulations would also amend § 1.36B-3(h) relating to the manner in which, in computing the PTC, the enrollment premiums for a QHP are allocated among multiple families enrolled in the QHP. The proposed regulations would provide that if (1) a QHP covers more than one family on a single policy and (2) one or more of the families have individuals enrolled in the QHP who are aliens not lawfully present or, in the case of aliens who are lawfully present, are not eligible aliens, then taxpayers must allocate enrollment premiums in accordance with § 1.36B-3(h)(2). Because the actual enrollment premium is a single amount for the policy and is not family specific, an allocation is required to appropriately reflect the correct amount of enrollment premiums for each family when computing the PTC. Consequently, this allocation must exclude individuals enrolled in the QHP who are aliens not lawfully present or, in the case of aliens who are lawfully present, are not eligible aliens.

The proposed rule would provide that a taxpayer's allocation of the monthly enrollment premium equals the total monthly enrollment premium for the policy (including the premium attributable to any individuals not lawfully present or if lawfully present, not eligible aliens), multiplied by the ratio of the monthly applicable benchmark plan premium for the taxpayer's family, which is determined by excluding any alien who is not lawfully present, or a lawfully present alien but not an eligible alien, to the monthly applicable benchmark plan premium for all families enrolled in the policy, which is determined by including any alien who is not lawfully present or, if an alien lawfully present, is not an eligible alien. Using the applicable benchmark plan premium for all families enrolled in the policy, including any individuals who are not lawfully present or, if lawfully present aliens, are not eligible aliens, as the denominator ensures that the full monthly enrollment premium is consistently allocated across all families who share the same policy.

VI. Elimination of Excess APTC Repayment Limitation

The proposed regulations would revise § 1.36B-4(a)(3) to reflect the OBBA amendment to section 36B(f)(2)(B), which eliminates the limitation on the amount of excess APTC that a taxpayer is required to repay for taxable years beginning after December 31, 2025. Consequently, when reconciling APTC on a taxpayer's Federal income tax return for such taxable year, the full amount by which APTC exceeds PTC allowed under section 36B increases the taxpayer's tax liability for that taxable year.

VII. Information Reporting by Exchanges

Section 1.36B-5 provides the QHP enrollment information that Exchanges must report to taxpayers, on Form 1095-A, *Health Insurance Marketplace Statement*, and to the IRS. Taxpayers use this information to compute their PTC and to reconcile the APTC paid for their coverage and the coverage of other family members with the PTC the taxpayer is allowed.

To conform to the changes to section 36B(e) made by section 71301 of the OBBA relating to the computation of the PTC for the QHP coverage of individuals who are lawfully present aliens but not eligible aliens, the proposed regulations would amend § 1.36B-5. Specifically, the proposed regulations would provide that in the case of taxpayers for whom APTC was paid, Exchanges must exclude from the amount of the reported enrollment premiums and the benchmark plan premiums reported on Form 1095-A and to the IRS, the portion of the premiums allocable to individuals in the tax filer's family who are aliens not lawfully present or who are lawfully present aliens but not eligible aliens.

Proposed Applicability Dates

Proposed §§ 1.36B-1(o) and 1.36B-3(n), would provide that proposed §§ 1.36B-1(c)(2) and 1.36B-3(c)(6) and (7), respectively, apply to taxable years beginning after December 31, 2027. Proposed § 1.36B-1(o) would provide that proposed § 1.36B-1(c)(3) applies to plan years beginning on or after October 15, 2026. Proposed § 1.36B-2(e) would remove § 1.36B-2(b)(5) for taxable years beginning on or after October 15, 2026. Proposed § 1.36B-2(e) would provide that proposed § 1.36B-2(b)(5)(i) and (b)(6) apply to taxable years beginning on or after October 15, 2026. See section 7805(b)(1)(B). Proposed § 1.36B-4(c)(3) would provide that § 1.36B-4(a)(3) will not apply to taxable years beginning on

or after October 15, 2026. Proposed §§ 1.36B–2(e), 1.36B–3(n), and 1.36B–5(h) would provide that proposed § 1.36B–2(c)(2)(ii), (v), (vi), and (c)(2)(vii)(G) through (I); proposed § 1.36B–3(d)(2), (h), (l)(1), and (l)(2)(i); and proposed § 1.36B–5(c)(1)(iv) and (viii), and (c)(3)(iii), respectively, apply to taxable years beginning after December 31, 2026. *See* section 7805(b)(1)(B). While certain sections of the proposed regulations apply to tax years and plan years beginning on or after October 15, 2026, the related statutory provisions are effective for tax years and plan years beginning on or after December 31, 2025, and supersede any conflicting provisions in the existing regulations as of that date.

Special Analyses

I. Regulatory Planning and Review—Economic Analysis

Executive Orders 12866 and 13563 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

The proposed regulations have been designated by the Office of Management and Budget's (OMB's) Office of Information and Regulatory Affairs (OIRA) as subject to review under Executive Order 12866 pursuant to the Memorandum of Agreement (MOA, July 4, 2025) between the Treasury Department and the OMB regarding review of tax regulations. OIRA has determined that the proposed rulemaking is significant under section 3(f) of Executive Order 12866 and subject to review under Executive Order 12866 and section 1(b) of the MOA. Accordingly, the proposed regulations have been reviewed by OMB.

a. Need for Regulation

The OBBBA revised the eligibility and computational rules for an individual taxpayer's PTC, and these proposed regulations are necessary to comply with the OBBBA amendments to section 36B.

b. The Statute and the Proposed Regulations

The OBBBA amended section 36B of the Code. Additionally, the OBBBA amendment to section 1902 of the Social

Security Act affects the section 36B “coverage month” determination.

Section 71301(a) expands the existing section 36B(e)(1) rule that excludes family members who are not lawfully present from PTC computations. The amendment, effective for taxable years beginning after December 31, 2026, also excludes lawfully present alien family members who are not “eligible aliens.” The proposed regulations would require taxpayers to reduce the enrollment premiums and premiums for the applicable benchmark plan allocable to family members who are not lawfully present or who are aliens lawfully present but not eligible aliens, apply that reduction after any multiple family allocation of enrollment premiums, and exclude those individuals from certain household income calculations used for applicable percentage purposes.

Section 71302(a) removes the rule in section 36B(c)(1)(B) that previously treated certain taxpayers with household income below 100 percent of the applicable FPL as applicable taxpayers if they, or a family member, were lawfully present aliens not eligible for Medicaid because of immigration status, effective for taxable years beginning after December 31, 2025. The proposed regulations would remove the corresponding regulatory provision.

Section 71119 added section 1902(xx)(7)(B) to the Social Security Act and provides, for section 36B coverage month purposes, that an individual is deemed eligible for Medicaid minimum essential coverage for a month if the individual would have been eligible for Medicaid but for a failure to meet a community engagement requirement under section 1902(xx)(1). The proposed regulations would provide that this deemed Medicaid eligibility starts when Medicaid would otherwise have begun, blocks use of the Exchange Medicaid ineligibility safe harbor in these cases, ends once Medicaid ineligibility arises for another reason, and preserves an anti-abuse rule for intentional or reckless misstatements.

Section 71303(a) adds section 36B(c)(5), effective for taxable years beginning after December 31, 2027. Section 36B(c)(5) makes Exchange verification a condition of having a coverage month and, under the related amendment to section 36B(c)(3)(A), of having a QHP for section 36B purposes. The proposed regulations would provide that a month is not a coverage month for an individual who enrolls in a QHP unless the Exchange verifies the individual's residence and citizenship, national status, or lawful presence for the month. For individuals for whom APTC is paid, the proposed regulations

would also provide that a month is not a coverage month for an individual unless the Exchange verifies the individual's household income, family size, absence of other minimum essential coverage, and eligible alien status where relevant. The proposed regulations would further coordinate these tax rules with Exchange procedures for re-enrollment and changes in circumstances by tying tax consequences to whether Exchange verification requirements have been satisfied.

Section 71303(a) also adds section 36B(c)(6), which provides that a month is not a coverage month for an individual covered by a QHP if the Exchange fails to satisfy the applicable prior reconciliation requirements with respect to that individual.² That prior reconciliation requirement generally requires the Exchange to check whether advance credit payments were made for the tax filer, or the tax filer's spouse if the tax filer is married, and whether or not the tax filer or spouse failed to file the required Federal income tax return and reconcile those advance credit payments for the relevant prior year used in the Exchange's verification process. Thus, the proposed regulations would provide that, for individuals for whom advance credit payments are made, a month is not a coverage month when the Exchange fails to carry out the procedures needed to verify whether prior reconciliation requirements were satisfied.

Section 71304(a) amends section 36B(c)(3)(A) to provide that, for plan years beginning after December 31, 2025, the term “qualified health plan” does not include certain plans enrolled in through income-based SEPs. The proposed regulations would clarify that this exclusion applies when no qualifying event or specified change in circumstances exists.

Section 36B(c)(5)(E), added by section 71303(a), authorizes the Secretary to waive the section 36B(c)(5)(A) verification requirement for an individual who enrolls in a QHP through an Exchange during a SEP based on a change in family size. The proposed regulations would identify change in family size SEPs based on the events described in 45 CFR 155.420(d)(2)(i) and (ii), which generally include gaining a dependent, losing a dependent or dependent status through divorce or legal separation, and the death of an enrollee or dependent. The proposed regulations would provide

² Section 36B(c)(6) cites to the reconciliation requirements of 45 CFR 155.305(f)(4)(iii), as published in the *Federal Register* on June 25, 2025.

that the waiver applies for all individuals eligible to enroll in a QHP, including current enrollees, during a SEP triggered by one of those events, by waiving, for coverage month purposes, the requirement to verify applicable enrollment information provided to an Exchange during the SEP.

Section 71305 removes section 36B(f)(2)(B), effective for taxable years beginning after December 31, 2025. Section 36B(f)(2)(B) previously limited the amount by which taxpayers below 400 percent of the FPL had to increase tax liability when advance credit payments exceeded the PTC properly allowed. The proposed regulations would make conforming changes by amending § 1.36B-4(a)(3)(i) to provide that the repayment limitation does not apply for taxable years beginning after December 31, 2025. The proposed regulations would make conforming changes by amending § 1.36B-4(a)(3)(iii) to provide that the tax liability increase that must be used by taxpayers claiming a section 162(l) deduction for their QHP premiums applies only for taxable years beginning before January 1, 2026.

Section 36B(f)(3) and the existing regulations require Exchanges to report monthly enrollment premiums, applicable benchmark-plan premiums, and advance credit payments on Form 1095-A and to the IRS. The proposed regulations would amend § 1.36B-5 to provide that, for taxpayers for whom advance credit payments were made, Exchanges must exclude from the enrollment premium and premium for the applicable benchmark plan amounts reported on Form 1095-A and to the IRS the portion allocable to family members who are not lawfully present or are aliens lawfully present but not eligible aliens. The proposed regulations would also conform the mid-month enrollment reporting rules to ensure that, when the revised reporting rule applies, amounts attributable to such individuals are excluded from the relevant enrollment premium and applicable benchmark plan premium reporting. These reporting changes apply for taxable years beginning after December 31, 2026.

c. Baseline

The Treasury Department and the IRS have assessed the benefits and costs of the proposed regulations relative to a no-action baseline reflecting anticipated Federal income tax-related behavior in the absence of these proposed regulations.

d. Affected Entities and Taxpayers

The proposed regulations are expected to affect about 15.6 million

total individuals enrolled in Exchange coverage, including 13.5 million enrollees potentially eligible to claim PTC.

The proposed regulations may also affect the 22 State-Based Exchanges that administer eligibility, verification, and reporting processes for those enrollees. The costs and benefits associated with Exchange administration of those processes are expected to be addressed in forthcoming regulations issued by the Department of Health and Human Services.

e. Economic Effects of the Proposed Regulations

The proposed regulations would clarify the amended statute and the preexisting regulations by clarifying when Exchange enrollment produces section 36B consequences and how premium amounts must be computed and reported. The proposed regulations provide rules describing how eligibility, reporting, and coverage-month consequences would be operationalized. In the absence of regulatory clarification, similarly situated taxpayers could face inconsistent Exchange treatment, less reliable reporting information, and greater uncertainty regarding whether months of enrollment are coverage months and how the PTC must be computed when completing their Federal income tax returns. The proposed regulations provide clarity and should result in fewer amended tax returns. This should allow Exchanges and issuers to implement the amended statute with greater predictability and allow taxpayers to determine their correct Federal income tax liability with greater certainty.

i. Eligible-Alien Reporting Approach Reduces Reporting and Implementation Burdens

The proposed regulations would also reduce reporting and implementation burdens in the eligible-alien context by selecting a narrower reporting approach for Form 1095-A. The proposed rule would require Exchanges, for taxpayers for whom APTC was paid, to exclude from reported enrollment premiums and premiums for the applicable benchmark plan the portions allocable to individuals who are lawfully present but not eligible aliens. An alternative to the proposed regulations would extend that reporting rule to unsubsidized enrollees. That alternative would require reporting adjustments for approximately 2.1 million unsubsidized Exchange enrollees, representing 13 percent of total Exchange enrollees in 2028, even though Exchanges generally

would not otherwise need to determine eligible-alien status for those enrollees for purposes of administering APTC. This alternative was not chosen because Treasury and the IRS expected that it would require Exchanges to incur significant administrative costs. The costs and benefits associated with Exchange administration of the eligibility, verification, and reporting processes are expected to be addressed in parallel regulations issued by the Department of Health and Human Services. See Patient Protection and Affordable Care Act, HHS Notice of Benefit and Payment Parameters for 2027; and Basic Health Program, 91 FR 29526 (May 20, 2026) (addressing Exchange eligibility and verification requirements and administration of advance payments of the premium tax credit). Under current regulations, Exchanges do not verify eligible-alien status for non-financial-assistance applicants. Treasury and the IRS estimate that the proposed regulations, relative to the alternative, would reduce the cost and disruption of system changes, and avoid a broader redesign of Exchange reporting and related data submissions. For affected APTC households, the proposed narrower approach would also improve the alignment between Form 1095-A reporting and the amounts relevant to section 36B reconciliation, which should reduce misreporting on Form 8962, *Premium Tax Credit (PTC)*. For example, assume a household consists of one U.S. citizen and one lawfully present individual who is not an eligible alien, and that each individual has a monthly premium of \$500. Reporting the \$1,000 premium on Form 1095-A would not reflect the premium amount that the household should use in computing their allowable PTC. Conversely, leaving the amount blank would require the taxpayer to manually determine the correct amount to use, potentially by contacting the issuer. The proposed regulations would instead require a premium of \$500 to be reported on Form 1095-A, thus enabling the taxpayer to complete Form 8962 using the amount reported on Form 1095-A. This should reduce taxpayer burden and the risk that taxpayers will miscalculate or misreport the premium amount they use to determine the PTC.

ii. Verification and Family-Size SEP Waiver

The proposed regulations would also produce important economic effects through the verification provisions. The OBBA gave the Secretary authority, in consultation with HHS, to specify additional criteria necessary for

verification. The proposed regulations would exercise that authority by requiring Exchanges to verify, for enrollment eligibility, an individual's place of residence and that the individual is a U.S. citizen, a national of the U.S., or an alien lawfully present in the United States. The proposed regulations would also clarify that, for months for which APTC is paid, Exchanges must verify both enrollment-eligibility items and the items relevant to APTC eligibility. An alternative would have been to omit the additional criteria necessary for verification. Relative to the alternative, the proposed regulations would strengthen program integrity because they align coverage-month treatment with the prerequisites for Exchange enrollment and APTC. For example, assume two individuals enroll in full-price Exchange coverage without APTC. The Exchange verifies the first individual's eligibility to enroll, including residence and citizenship, national, or lawful-presence status, but is unable to verify the second individual's eligibility to enroll and removes the second individual from coverage after the applicable verification process. The proposed regulations would clarify that section 36B(c)(5) does not prevent the first individual's months of enrollment from being coverage months solely because no APTC was paid, while the second individual's months of unverified enrollment would not be coverage months for purposes of the PTC. Relative to the alternative, the proposed regulations would also reduce the risk that credits are paid for months that should not be subsidized. As proposed, the regulations would also reduce burdens on States and Exchanges by giving them an administrable set of criteria to implement rather than leaving the consequences of section 36B(c)(5) to case-by-case interpretation. The administrative costs, operational effects, and benefits associated with Exchange eligibility, verification, and reporting procedures are expected to be evaluated in parallel regulations issued by the Department of Health and Human Services.

The proposed regulations would also make a separate policy choice under section 36B(c)(5)(E) to apply the family-size SEP waiver broadly to any SEP triggered by a change in family size. As proposed, that waiver would extend to the SEP categories identified by cross-reference to the CMS rules, including newborn, adoption, or foster-care events, marriage, and loss of dependent through death, divorce, or legal separation. An alternative to the proposed broad waivers would be a

partial waiver that did not include all the categories listed in the CMS rules. Such an alternative would be operationally complex and could create gaps or delays in access to subsidized coverage for vulnerable populations. HHS, in consultation with the Treasury Department, identified a risk that, while verification remained pending for an individual in the household, the SEP window could expire or that families could face full-price premiums while. Relative to the alternative, the broader waiver should reduce the risk of delayed or disrupted coverage in family-change situations and should reduce the out-of-pocket health care costs and administrative strain that would arise if affected households were required to complete full verification before any APTC could be applied. The Treasury Department and the IRS estimate that roughly 50,000 families with newborns will benefit.

To assess the impact of the family-size SEP waiver, the Treasury Department and the IRS analyzed data on Exchange enrollment and APTC extracted from information returns, specifically Form 1095-A. Based on that analysis, approximately 0.3 percent of Exchange plans with APTC include a newborn during the plan year. The average monthly APTC associated with newborn coverage is estimated to be approximately \$222. The estimated number of newborns in APTC households, 50,000 newborns, is then multiplied by the average monthly APTC attributable to newborn coverage and by the expected duration of verification-related delay absent the waiver, 2 months, resulting in approximately \$22 million in APTC that could be delayed for affected households under an alternative rule that did not waive verification for newborn-related family-size SEPs.

iii. Medicaid Community Engagement

The proposed regulations would also clarify how the new Medicaid community engagement requirement operates for section 36B purposes. In general, an individual who is eligible for or enrolled in Medicaid is treated as having minimum essential coverage and therefore is not eligible for the PTC for that month. As of February of 2026, CMS reported that approximately 68 million individuals were enrolled in Medicaid, making the interaction of PTC and Medicaid eligibility rules relevant to a substantial population. The statute deems an individual to be eligible for minimum essential coverage if the individual would have been eligible for Medicaid but for failure to meet community engagement requirements,

but it did not fully specify how that deemed-minimum essential coverage rule should operate when the individual later becomes ineligible for Medicaid for a different reason. The proposed regulations would resolve that question by providing that once an individual is no longer ineligible for Medicaid solely because of failure to meet the requirement to demonstrate community engagement, the deemed-minimum essential coverage treatment no longer applies. They would also provide that if, after enrollment in a QHP, the Exchange later determines or assesses the individual to be ineligible for Medicaid for a reason other than failure to meet the requirement to demonstrate community engagement, the ordinary rule treating the individual as not eligible for Medicaid can apply from that later month.

This approach provides an administrable and well-targeted balance by tying the application of the community engagement requirement to the reason for Medicaid ineligibility in the relevant month. The proposed rule would preserve program integrity by preventing taxpayers who remain subject to the Medicaid community engagement requirement from avoiding that requirement through qualified health plan enrollment. At the same time, it would allow taxpayers whose circumstances change so that community engagement is no longer the sole reason for Medicaid ineligibility to be treated under the ordinary section 36B rules for later months. The result should be greater certainty at enrollment and tax filing and fewer disputes about whether an earlier Medicaid determination continues to control after a later change in circumstances.

iv. Elimination of Excess APTC Repayment Limitations

The elimination of the excess APTC repayment limitation is expected to increase the amount of excess APTC that affected taxpayers must repay when filing their Federal income tax returns. The Treasury Department and the IRS estimate that, in 2028, approximately 3.7 million returns will include a repayment of excess APTC.

II. Paperwork Reduction Act

These proposed regulations do not impose any additional information collection requirements in the form of reporting, recordkeeping requirements, or third-party disclosure statements. Taxpayers who claim PTC on their income tax returns are required to file Form 8962. The proposed regulations, if finalized, would require the IRS to revise the instructions for Form 8962.

For purposes of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(c)), the reporting burden associated with the collection of information for Form 8962 will be reflected in the PRA submission associated with income tax returns under the OMB control number 1545–0074. To the extent there is a change in burden because of these proposed regulations, the change in burden will be reflected in the updated burden estimates for Form 8962. Nothing in these proposed regulations affects any information reporting requirements for employers, including the reporting required under sections 6055 and 6056, which is done on Form 1095–B, *Health Coverage*, and Form 1095–C, *Employer-Provided Health Insurance Offer and Coverage*, respectively.

In addition, these proposed regulations, if finalized, would amend § 1.36B–5, which requires Exchanges to report information to the IRS and to taxpayers. This information enables taxpayers to claim a PTC on their tax return and to comply with the requirement in § 1.36B–4 to reconcile the APTC paid on their behalf with the PTC they may claim. Exchanges use Form 1095–A to report the information provided in § 1.36B–5 to taxpayers. The proposed regulations, if finalized, will require the IRS to revise the instructions for recipients of Form 1095–A and the instructions for Exchanges completing Form 1095–A. For purposes of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(c)), the reporting burden associated with the collection of information for Form 1095–A will be reflected in the PRA submission associated with Form 1095–A under the OMB control number 1545–2232. To the extent there is a change in burden because of these final regulations, the change in burden will be reflected in the updated burden estimates for Form 1095–A.

III. Regulatory Flexibility Act

When an agency issues a proposed rulemaking, the Regulatory Flexibility Act (5 U.S.C. chapter 6) (RFA) requires the agency to “prepare and make available for public comment an initial regulatory flexibility analysis” that “describe[s] the impact of the proposed rule on small entities.” See 5 U.S.C. 603(a). The term “small entities” is defined in 5 U.S.C. 601 to mean “small business,” “small organization,” and “small governmental jurisdiction,” which are also defined in 5 U.S.C. 601. Small business size standards define whether a business is “small” and have been established for types of economic activities, or industry, generally under

the North American Industry Classification System (NAICS). See title 13, part 121 of the Code of Federal Regulations (Small Business Size Regulations). The size standards look at various factors, including annual receipts, number of employees, and amount of assets, to determine whether the business is small. See title 13, § 121.201 of the Code of Federal Regulations for the Small Business Size Standards by NAICS Industry.

Section 605 of the RFA provides an exception to the requirement to prepare an initial regulatory flexibility analysis if the agency certifies that the proposed rulemaking will not have a significant economic impact on a substantial number of small entities. The Treasury Department and the IRS hereby certify that these proposed regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that the majority of the effect of the proposed regulations falls on individual taxpayers, and entities will experience only small changes.

IV. Section 7805(f)

Pursuant to section 7805(f) of the Code, these proposed regulations have been 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 (updated annually for inflation). This proposed regulation does 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

E.O. 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. This proposed regulation does not have federalism implications and does not impose substantial direct compliance costs on

State and local governments or preempt State law within the meaning of the Executive order.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to comments that are submitted timely to the IRS as prescribed in this preamble in the ADDRESSES section. The Treasury Department and the IRS request comments on all aspects of the proposed regulations, including the economic impact of the proposed regulations. Any comments submitted will be made available at www.regulations.gov or upon request. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn.

A telephonic public hearing is being held on December 8, 2026, beginning at 10 a.m. ET. The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing must submit an outline of the topics to be discussed as well as the time to be devoted to each topic by November 30, 2026. A period of ten minutes will be allocated to each person for making comments. After the deadline for receiving outlines has passed, the IRS will prepare an agenda containing the schedule of speakers. Copies of the agenda will be made available free of charge. If no outlines of the topics to be discussed at the hearing are received by November 30, 2026, the public hearing will be cancelled. If the public hearing is cancelled, a notice of cancellation of the public hearing will be published in the **Federal Register**.

Individuals who want to testify by telephone at the public hearing must send an email to publichearings@irs.gov to receive the telephone number and access code for the hearing. The subject line of the email must contain the regulation number REG–101576–26 and the language TESTIFY Telephonically. For example, the subject line may say: Request to TESTIFY Telephonically at Hearing for REG–101576–26.

Individuals who want to attend the public hearing telephonically without testifying must also send an email to publichearings@irs.gov to receive the telephone number and access code for the hearing. The subject line of the email must contain the regulation number REG–101576–26 and the language ATTEND Hearing Telephonically. For example, the subject line may say: Request to ATTEND Hearing Telephonically for REG–101576–26. Requests to attend the public hearing must be received by 5:00 p.m. ET on December 4, 2026.

Hearings will be made accessible to people with disabilities. To request special assistance during the hearing, contact the Publications and Regulations Section of the Office of Associate Chief Counsel (Procedure and Administration) by sending an email to publichearings@irs.gov (preferred) or by telephone at (202) 317-6901 (not a toll-free number) by December 3, 2026.

Statement of Availability of IRS Documents

Guidance cited in this preamble is published in the Internal Revenue Bulletin and is available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <https://www.irs.gov>.

Drafting Information

The principal author of these proposed regulations is Mia C. Romano of the Office of Associate Chief Counsel (Income Tax and Accounting). However, other personnel from the Treasury Department and the IRS participated in the development of the regulations.

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 in numerical order for § 1.36B-3(c)(6)(i) and 1.36B-3(c)(6)(iii) to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

Section 1.36B-3(c)(6)(i) also issued under 26 U.S.C. 36B(c)(5)(B)(v).

Section 1.36B-3(c)(6)(iii) also issued under 26 U.S.C. 36B(c)(5)(E).

* * * * *

■ **Par. 2.** Section 1.36B-1 is amended by revising paragraphs (c) and (o)(1), and adding paragraph (o)(4) to read as follows:

§ 1.36B-1 Premium tax credit definitions.

* * * * *

(c) *Qualified health plan*—(1) *In general.* Except as provided in paragraphs (c)(2) and (3) of this section, the term “qualified health plan” has the same meaning as in section 1301(a) of the Affordable Care Act (42 U.S.C. 18021(a)) but does not include a catastrophic plan described in section

1302(e) of the Affordable Care Act (42 U.S.C. 18022(e)).

(2) *Pre-enrollment verification process required.* The term “qualified health plan” does not include any plan enrolled in through an Exchange that fails to provide a pre-enrollment verification process through which an applicant may, beginning not later than August 1, verify with the Exchange the applicant’s household income and eligibility for enrollment in a plan for the plan year beginning in the subsequent year.

(3) *Certain special enrollment periods.* The term “qualified health plan” does not include any plan enrolled in during a special enrollment period provided for by an Exchange—

(i) On the basis of the percentage that the individual’s expected household income bears to the Federal poverty line for the individual’s family size as is prescribed by the Secretary of Health and Human Services for purposes of the enrollment period; and

(ii) Not in connection with the occurrence of an event or change in circumstances specified by the Secretary of Health and Human Services for such purposes.

* * * * *

(o) * * *

(1) Except as provided in paragraphs (o)(2) through (4) of this section, this section applies to taxable years ending after December 31, 2013.

* * * * *

(4) Paragraph (c)(2) of this section applies to taxable years beginning after December 31, 2027. Paragraph (c)(3) of this section applies to plan years beginning on or after October 15, 2026.

■ **Par. 3.** Section 1.36B-2 is amended by:

■ 1. Removing paragraph (b)(5) and redesignating paragraphs (b)(6) and (7) as new paragraphs (b)(5) and (6), respectively;

■ 2. Revising the introductory text of newly redesignated paragraph (b)(5)(i);

■ 3. Revising newly redesignated paragraph (b)(5)(ii);

■ 4. Removing newly redesignated paragraphs (b)(5)(iii) and (iv);

■ 5. In newly redesignated paragraph (b)(6), removing the language “or (b)(6)”;

■ 6. Revising paragraphs (c)(2)(ii) and (v);

■ 7. Redesignating paragraph (c)(2)(vi) as paragraph (c)(2)(vii) and adding new paragraph (c)(2)(vi);

■ 8. In newly redesignated paragraph (c)(2)(vii), designating *Example 1* through *Example 6* as paragraphs (c)(2)(vii)(A) through (F), respectively;

■ 9. In newly designated paragraph (c)(2)(vii)(C), removing the language

“*Example 2*” and adding the language “paragraph (c)(2)(vii)(B) of this section (*Example 2*)” in its place;

■ 10. In newly designated paragraph (c)(2)(vii)(F), removing the language “*Example 5*” and adding the language “paragraph (c)(2)(vii)(E) of this section (*Example 5*)” in its place;

■ 11. Adding paragraphs (c)(2)(vii)(G), (H), and (I); and

■ 12. Revising paragraphs (e)(1), (2), and (6) and adding paragraph (e)(7).

The revisions and additions read as follows:

§ 1.36B-2 Eligibility for premium tax credit.

* * * * *

(b) * * *

(5) * * *

(i) * * * A taxpayer whose household income for a taxable year is less than 100 percent of the Federal poverty line for the taxpayer’s family size is treated as an applicable taxpayer for the taxable year if—

* * * * *

(ii) *Exceptions.* This paragraph (b)(5) does not apply for an individual who, with intentional or reckless disregard for the facts, provides incorrect information to an Exchange for the year of coverage. A reckless disregard of the facts occurs if the taxpayer makes little or no effort to determine whether the information provided to the Exchange is accurate under circumstances that demonstrate a substantial deviation from the standard of conduct a reasonable person would observe. A disregard of the facts is intentional if the taxpayer knows the information provided to the Exchange is inaccurate.

* * * * *

(c) * * *

(2) * * *

(ii) *Obligation to complete certain requirements to obtain coverage*—(A) *Administrative requirements.* An individual who meets the criteria for eligibility for government-sponsored minimum essential coverage must complete certain administrative requirements in order to receive benefits. Except as provided in paragraph (c)(2)(ii)(B) of this section, an individual who fails by the last day of the third full calendar month following the event that establishes eligibility under paragraph (c)(2)(i) of this section to complete the requirements to obtain government-sponsored minimum essential coverage (other than a veteran’s health care program) is treated as eligible for government-sponsored minimum essential coverage as of the first day of the fourth calendar month following the event that establishes eligibility.

(B) *Medicaid community engagement requirement.* For taxable years beginning after December 31, 2026, an individual who is determined or assessed (within the meaning of 45 CFR 155.302(b)) by an Exchange to be not eligible for Medicaid solely because the individual failed to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1) is treated as eligible for minimum essential coverage under section 5000A(f)(1)(A)(ii) as of the later of the first day of the first full month the individual would have been eligible to receive benefits under the Medicaid program or the first day of the first calendar month beginning after the assessment or determination that the individual would have been eligible for Medicaid but for the failure to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1).

(C) *No longer ineligible for failing to demonstrate community engagement.* For any month in which an individual described in paragraph (c)(2)(ii)(B) of this section is determined or assessed by an Exchange to be, or becomes, no longer ineligible for Medicaid solely for failing to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1), paragraph (c)(2)(ii)(B) of this section does not apply.

* * * * *

(v) *Determination of Medicaid or Children's Health Insurance Program (CHIP) ineligibility—(A) In general.* Except as provided in paragraph (c)(2)(v)(B) of this section, an individual is treated as not eligible for Medicaid, CHIP, or a similar program such as a Basic Health Program, for a period of coverage under a qualified health plan if, when the individual enrolls in the qualified health plan, an Exchange conducts an eligibility determination or, if applicable, eligibility assessment (within the meaning of 45 CFR 155.302(b)) for Medicaid, CHIP, or a similar program and determines or assesses the individual to be not eligible for coverage under the program.

(B) *Determination of Medicaid community engagement.* For taxable years beginning after December 31, 2026, paragraph (c)(2)(v)(A) of this section does not apply for an individual who is determined or assessed by an Exchange to be not eligible for Medicaid solely because the individual failed to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1).

(C) *Determination of Medicaid ineligibility after enrollment.* If an

individual treated as eligible for Medicaid due to an Exchange determination or assessment that the individual was ineligible for Medicaid as described in paragraph (c)(2)(ii)(B) of this section enrolls in a qualified health plan and, after the enrollment, an Exchange conducts an eligibility determination or, if applicable, eligibility assessment (within the meaning of 45 CFR 155.302(b)) for Medicaid and determines or assesses the individual to be not eligible for Medicaid for a reason other than the individual failing to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1), then the individual is treated as not eligible for Medicaid for the period of coverage under the qualified health plan as of the first day of the first calendar month after the Exchange makes such determination or assessment.

(vi) *Inapplicability due to intentional or reckless disregard of the facts.* Paragraphs (c)(2)(ii)(C), (c)(2)(v)(A), and (c)(2)(v)(C) of this section do not apply for an individual who, with intentional or reckless disregard for the facts, provides incorrect information to an Exchange for the year of coverage. A reckless disregard of the facts occurs if the taxpayer makes little or no effort to determine whether the information provided to the Exchange is accurate under circumstances that demonstrate a substantial deviation from the standard of conduct a reasonable person would observe. A disregard of the facts is intentional if the taxpayer knows that information provided to the Exchange is inaccurate.

(vii) * * *

(G) *Example 7: Medicaid ineligibility determination—community engagement.* Taxpayer H is determined to be ineligible for Medicaid as of January 1, 2027, solely because of H's failure to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1). H begins a new job in March of 2027 that makes H ineligible for Medicaid due to H's income being above the income threshold for Medicaid eligibility in H's state. In March, H goes to the Exchange in H's rating area and enrolls in a qualified health plan and is determined to be eligible for advance credit payments beginning in April 2027. H was not enrolled in a qualified health plan before April 2027. Under paragraph (c)(2)(v)(A) of this section, H is treated as ineligible for Medicaid for the period of H's qualified health plan coverage in 2027 because, when H enrolled in a qualified health plan, the Exchange determined that H was

ineligible for Medicaid for a reason other than failing to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1).

(H) *Example 8—(1) Mid-year Medicaid ineligibility redetermination—community engagement.* The facts are the same as in paragraph (c)(2)(vii)(G) of this section (*Example 7*), except that H enrolled in a qualified health plan as of January 1, 2027, and paid the total amount of the premiums for the coverage for January through March. Thus, January and February are not coverage months for H because H's ineligibility for Medicaid for those months is solely due to H's failure to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1).

(2) *No longer ineligible for failing to demonstrate community engagement.* Because H's income for March is above the income threshold for Medicaid eligibility in H's state, March is the month H becomes no longer ineligible for Medicaid solely for failing to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1), as described in paragraph (c)(2)(ii)(C) of this section. For March, H does not meet the criteria for eligibility for Medicaid as described in paragraph (c)(2)(i) of this section and March may be a coverage month for H.

(3) *Determination of Medicaid ineligibility after enrollment.* Under paragraph (c)(2)(v)(C) of this section, H is treated as ineligible for Medicaid in April and the months of H's 2027 enrollment after April. This is because after H's January enrollment in a qualified health plan, the Exchange conducted an eligibility determination for Medicaid in March and determined H to be ineligible for Medicaid for a reason other than failing to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1). Thus, April, the first calendar month after the Exchange made such determination, and the months after April in which H was enrolled in a qualified health plan, may be coverage months for H.

(I) *Example 9—(1) Mid-year Medicaid eligibility redetermination—community engagement.* Taxpayer J is determined by an Exchange to be ineligible for Medicaid as of January 1, 2027, solely because of J's failure to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1). J enrolls in a qualified health plan through the Exchange as of January 1, 2027, and is determined to be ineligible for advance credit payments consistent with paragraph (c)(2)(ii)(B) of

this section. Subsequently, J meets the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1) and meets the criteria for eligibility for Medicaid as described in paragraph (c)(2)(i) of this section as of April 1, 2027.

(2) *No longer ineligible for failing to demonstrate community engagement.* Because J becomes eligible for Medicaid as of April 1, 2027, J is no longer ineligible for Medicaid solely for failing to meet the requirement to demonstrate community engagement under 42 U.S.C. 1396a(xx)(1), as described in paragraph (c)(2)(ii)(C) of this section. Thus, paragraph (c)(2)(ii)(B) of this section does not apply to J starting with the month of April 2027.

(3) *Administrative requirements.* Under paragraph (c)(2)(ii)(A) of this section, J must complete certain administrative requirements necessary to receive Medicaid benefits because J meets the criteria for eligibility for Medicaid as described in paragraph (c)(2)(i) of this section. If J does not complete the administrative requirements necessary to enroll in Medicaid by June 30, 2027, which is the last day of the third full calendar month following the event that establishes J's eligibility (J meeting the requirement to demonstrate community engagement and, thus, the criteria for eligibility for Medicaid), J is treated as eligible for government-sponsored minimum essential coverage under paragraph (c)(2)(ii)(A) of this section as of July 1, 2027, the first day of the fourth calendar month following the event that establishes J's eligibility.

* * * * *

(e) * * *

(1) Except as provided in paragraphs (e)(2) through (7) of this section, this section applies to taxable years ending after December 31, 2013.

(2) Paragraph (c)(2)(vi) of this section applies to taxable years beginning after December 31, 2026. The last three sentences of § 1.36B–2(c)(2)(v) as contained in 26 CFR part 1 edition revised as of April 1, 2025, apply to taxable years beginning after December 31, 2016, and ending before January 1, 2027. Paragraph (b)(5)(i) of this section applies to taxable years beginning on or after October 15, 2026. Section 1.36B–2(b)(6)(i) as contained in 26 CFR part 1 edition revised as of April 1, 2025, applies to taxable years ending after December 31, 2013, and beginning before October 15, 2026. Paragraphs (b)(5)(ii), (c)(3)(i), and (c)(3)(iii)(A), the last three sentences of paragraph (c)(3)(v)(A)(3), and paragraph (c)(4) of this section apply to taxable years

beginning after December 31, 2016.

Section 1.36B–2(b)(6), (c)(3)(i), (c)(3)(iii)(A), and (c)(4) as contained in 26 CFR part 1 edition revised as of April 1, 2016, apply to taxable years ending after December 31, 2013, and beginning before January 1, 2017.

* * * * *

(6) Paragraph (c)(2)(v) of this section applies to taxable years beginning after December 31, 2026. The first sentence of § 1.36B–2(c)(2)(v) as contained in 26 CFR part 1 edition revised as of April 1, 2025, applies to taxable years beginning on or after January 1, 2025, and ending before January 1, 2027. The first sentence of § 1.36B–2(c)(2)(v) as contained in 26 CFR part 1 edition revised as of April 1, 2024, applies to taxable years ending after December 31, 2013, and beginning before January 1, 2025.

(7) Paragraphs (c)(2)(ii) and (c)(2)(vii)(G) through (I) of this section apply to taxable years beginning after December 31, 2026. Paragraph (c)(2)(ii) of this section as contained in 26 CFR part 1 edition revised as of April 1, 2025, applies to taxable years beginning before December 31, 2026. Paragraph (b)(6) of this section applies to taxable years beginning on or after October 15, 2026. Section 1.36B–2(b)(5) and (7) as contained in 26 CFR part 1 edition revised as of April 1, 2025, applies to taxable years ending after December 31, 2013, and beginning before October 15, 2026.

■ **Par. 4.** Section 1.36B–3 is amended by:

- 1. Revising paragraph (c)(1);
- 2. Redesignating paragraph (c)(6) as paragraph (c)(8) and adding new paragraph (c)(6);
- 3. Adding paragraph (c)(7);
- 4. In newly redesignated paragraph (c)(8), designating *Example 1* through *Example 4* as paragraphs (c)(8)(i) through (iv), respectively.
- 5. In newly designated paragraph (c)(8)(i), redesignating paragraphs (c)(8)(i)(i) and (ii) as paragraphs (c)(8)(i)(A) and (B), respectively.
- 6. In newly designated paragraph (c)(8)(ii), redesignating paragraphs (c)(8)(ii)(i) and (ii) as paragraphs (c)(8)(ii)(A) and (B), respectively.
- 7. In newly designated paragraph (c)(8)(iii), redesignating paragraphs (c)(8)(iii)(i) and (ii) as paragraphs (c)(8)(iii)(A) and (B), respectively.
- 8. Redesignating paragraph (d)(2) as paragraph (d)(3), and adding new paragraph (d)(2);
- 9. In newly redesignated paragraph (d)(3), designating *Example 1* through *Example 3* as paragraphs (d)(3)(i) through (iii), respectively.

■ 10. In newly designated paragraph (d)(3)(ii), redesignating paragraphs (d)(3)(ii)(i) through (d)(3)(ii)(iii) as paragraphs (d)(3)(ii)(A) through (d)(3)(ii)(C), respectively.

■ 11. In newly designated paragraph (d)(3)(iii), removing the language “*Example 2* of this paragraph (d)(2)” and adding the language “paragraph (d)(3)(ii) of this section (*Example 2*)” in its place.

■ 12. Revising paragraph (h);

■ 13. Revising paragraphs (l)(1) and (l)(2)(i); and

■ 14. Revising paragraph (n)(1), revising the first sentence of paragraphs (n)(2) and (3), and adding paragraphs (n)(5) and (6).

The revisions and additions read as follows:

§ 1.36B–3 Computing the premium assistance credit amount.

* * * * *

(c) * * *

(1) *In general.* Except as provided in paragraphs (c)(6) and (7) of this section, a month is a coverage month for an individual if—

(i) As of the first day of the month, the individual is enrolled in a qualified health plan through an Exchange;

(ii) The taxpayer pays the taxpayer's share of the premium for the individual's coverage under the plan for the month by the unextended due date for filing the taxpayer's income tax return for that taxable year, the full premium for the month is paid by advance credit payments, or the amount of the premium paid (including by advance credit payments) for the month is sufficient to avoid termination of the individual's coverage for that month under one of the scenarios described in paragraph (c)(4) of this section; and

(iii) The individual is not eligible for the full calendar month for minimum essential coverage (within the meaning of § 1.36B–2(c)) other than coverage described in section 5000A(f)(1)(C) (relating to coverage in the individual market).

* * * * *

(6) *Verification requirements*—(i) *In general.* A month is not a coverage month for an individual enrolled in a qualified health plan if the Exchange through which the individual enrolled fails to verify—

(A) *Enrollment eligibility*—

(1) The individual's place of residence meets the applicable residency standard in 45 CFR 155.305(a)(3);

(2) The individual is a U.S. citizen, a national of the U.S., or an alien lawfully present in the U.S.; and

(B) *Advance credit payment eligibility.* For individuals for whom advance credit payments are made—

(1) The items in paragraph (c)(6)(i)(A) of this section;

(2) The household income and family size of the taxpayer who is expected to file an income tax return for the year of coverage reconciling the advance credit payments for the individual's coverage with the premium tax credit allowed for the coverage;

(3) That the individual is ineligible for minimum essential coverage, other than individual market coverage; and

(4) If the individual is an alien lawfully present in the U.S., that the individual is an eligible alien as defined in section 36B(e)(2)(B).

(ii) *Waiver of verification requirements.* Paragraph (c)(6)(i) of this section does not apply for an individual's months of coverage in a qualified health plan in a plan year with respect to the applicable enrollment information described in paragraph (c)(6)(i) of this section provided during a special enrollment period that is triggered by an event described in 45 CFR 155.420(d)(2)(i) or (ii).

(7) *Failure to reconcile status.* A month is not a coverage month for an individual for whom advance credit payments were made for the individual's qualified health plan coverage if the Exchange through which the individual enrolled failed to comply with section 36B(c)(6) for the month.

* * * *

(d) * * *

(2) *Reduction for amounts allocable to individuals not lawfully present or not eligible aliens.* In determining the premium assistance amount in paragraph (d)(1) of this section for a taxpayer, if any individual in the taxpayer's family who is enrolled in a qualified health plan is not lawfully present or is an alien lawfully present but not an eligible alien, as defined in section 36B(e)(2)(B), the taxpayer must reduce the enrollment premiums under paragraph (d)(1)(i) of this section and the adjusted monthly premium for the applicable benchmark plan under paragraph (d)(1)(ii) of this section by the portion of the premiums attributable to such individual.

* * * *

(h) *Plan covering more than one family under a single policy—(1) In general.* If a qualified health plan covers more than one family under a single policy, each applicable taxpayer with a family member covered by the policy may claim a premium tax credit, if otherwise allowable. Each taxpayer computes the credit using that taxpayer's applicable percentage, household income, and the benchmark plan that applies to the taxpayer under

paragraph (f) of this section. Except as provided in paragraph (h)(2) of this section, in determining whether the amount computed under paragraph (d)(1)(i) of this section (the enrollment premiums) is less than the amount computed under paragraph (d)(1)(ii) of this section (the benchmark plan premium minus the product of household income and the applicable percentage), the enrollment premiums are allocated to each taxpayer in proportion to the premiums for each taxpayer's applicable benchmark plan.

(2) *Allocation if an individual is not lawfully present or not an eligible alien—(i) In general.* Except as provided in paragraph (h)(2)(ii) of this section, if a qualified health plan covers more than one family under a single policy and one or more individuals covered by the policy is not lawfully present, or is a lawfully present alien but not an eligible alien, then this paragraph (h)(2)(i) is used to determine the portion of the enrollment premiums for the policy allocable to each taxpayer with a family member covered by the policy for purposes of determining whether the amount under paragraph (d)(1)(i) of this section is less than the amount under paragraph (d)(1)(ii) of this section, as adjusted by paragraph (d)(2) of this section. Under this paragraph (h)(2)(i), the portion of the enrollment premiums allocated to a taxpayer with a family member covered by the policy is the enrollment premiums for the policy multiplied by a fraction, the numerator of which is the taxpayer's applicable benchmark plan premium, excluding individuals covered by the policy who are not lawfully present or who are lawfully present aliens but not eligible aliens, and the denominator of which is the amount the applicable benchmark plan premium would be if all of the individuals covered by the policy were treated as members of one coverage family, including individuals enrolled in the plan who are not lawfully present or who are lawfully present aliens but not eligible aliens.

(ii) *Allocation if an individual is not lawfully present or not an eligible alien and an individual is not in the coverage family.* If a qualified health plan covers more than one family under a single policy and one or more individuals covered by the policy is not lawfully present, or is a lawfully present alien but not an eligible alien, and one or more individuals covered by the policy is not in a coverage family because, for example, the individual is eligible for minimum essential coverage, this paragraph (h)(2)(ii) is used to determine the portion of the enrollment premiums for the policy allocable to each taxpayer

with a family member covered by the policy for purposes of determining whether the amount under paragraph (d)(1)(i) of this section is less than the amount under paragraph (d)(1)(ii) of this section as adjusted by paragraph (d)(2) of this section. For purposes of this paragraph (h)(2)(ii), the amount of the enrollment premium to be allocated (the net allocable premium) equals the enrollment premium for the policy multiplied by a fraction, the numerator of which is the amount the applicable benchmark plan premium would be if all of the individuals covered by the policy were treated as members of one coverage family, excluding individuals covered by the policy who are not lawfully present or who are lawfully present aliens but not eligible aliens, and the denominator of which is the amount the applicable benchmark plan premium would be if all of the individuals covered by the policy were members of one coverage family, including individuals covered by the policy who are not lawfully present or who are lawfully present aliens but not eligible aliens. The net allocable premium is then allocated to a taxpayer with a family member covered by the policy by multiplying the net allocable premium by a fraction, the numerator of which is the applicable benchmark plan premium for the taxpayer's coverage family, excluding individuals covered by the policy who are not lawfully present or who are lawfully present aliens but not eligible aliens, and the denominator of which is the amount the applicable benchmark plan premium would be if the members of the coverage families covered by the policy were treated as members of a single coverage family, excluding individuals covered by the policy who are not lawfully present or who are lawfully present aliens but not eligible aliens.

(3) *Examples.* The following examples illustrate the rules of this paragraph (h):

(i) *Example 1.* (A) Taxpayers A and B enroll in a qualified health plan under a single policy. B is A's 25-year old child who is not A's dependent. B has no dependents. The plan covers A, B, and A's two additional children who are A's dependents. The enrollment premium for the policy is \$15,000. The applicable benchmark plan premium for A's coverage family of A and A's dependents is \$12,000. The applicable benchmark plan premium for B's coverage family, which includes only B, is \$6,000. A and B are applicable taxpayers and otherwise eligible to claim the premium tax credit.

(B) Under paragraph (h)(1) of this section, both A and B may claim a premium tax credit. A computes her

credit using her household income, a family size of three, and a benchmark plan premium of \$12,000. B computes his credit using his household income, a family size of one, and an applicable benchmark plan premium of \$6,000.

(C) In determining whether the amount in paragraph (d)(1)(i) of this section (the enrollment premiums for the taxpayer) is less than the amount in paragraph (d)(1)(ii) of this section (the benchmark plan premium for the taxpayer minus the product of household income and the applicable percentage), the \$15,000 enrollment premium for the policy is allocated to A and B in proportion to the premiums for their applicable benchmark plans. Thus, the portion of the enrollment premium allocated to A is \$10,000 ($\$15,000 \times \$12,000/\$18,000$) and the portion allocated to B is \$5,000 ($\$15,000 \times \$6,000/\$18,000$).

(ii) *Example 2.* (A) Taxpayers C and D enroll in a qualified health plan under a single policy. D is C's 25-year old child and is not C's dependent. The plan also covers C's spouse and D's child who is a dependent of D. C, D, and D's child are U.S. citizens and C's spouse is lawfully present in the U.S. but not an eligible alien as defined in section 36B(e)(2)(B). The enrollment premium for the policy is \$14,000. The applicable benchmark plan premium for C's coverage family is \$5,500, which under paragraph (d)(2) of this section does not include the cost of covering C's spouse because C's spouse is an alien lawfully present in the U.S. but not an eligible alien. The applicable benchmark plan premium for D's coverage family of D and D's child is \$7,150. If all of the individuals enrolled in the plan were treated as members of one coverage family, the applicable benchmark plan premium including C's spouse, who is an alien lawfully present but not an eligible alien, would be \$15,400. C and D are applicable taxpayers and otherwise eligible to claim the premium tax credit.

(B) Under paragraph (h)(1) of this section, both C and D may claim a premium tax credit. Because C's family and D's family are enrolled in the qualified health plan under a single policy and C's spouse, an alien lawfully present in the U.S. but not an eligible alien, is enrolled in the plan, paragraph (h)(2)(i) of this section applies to determine the enrollment premium for the policy C and D use in determining whether the amount in paragraph (d)(1)(i) of this section is less than the amount in paragraph (d)(1)(ii) of this section as adjusted by paragraph (d)(2) of this section. Under paragraph (h)(2)(i) of this section, C's enrollment premium

is \$5,000 ($\$14,000 \times \$5,500$ (C's applicable benchmark plan premium)/ $\$15,400$ (the applicable benchmark plan premium for all of the individuals enrolled in the plan, including C's spouse, if treated as members of one coverage family)). Under paragraph (h)(2)(i) of this section, D's enrollment premium is \$6,500 ($\$14,000$ (enrollment premium for the plan) $\times$ $\$7,150$ (D's applicable benchmark plan premium)/ $\$15,400$ (the applicable benchmark plan premium for all of the individuals enrolled in the plan, including C's spouse, if treated as members of one coverage family)).

(iii) *Example 3.* (A) The facts are the same as in paragraph (h)(3)(ii) of this section (*Example 2*) except that D's child is eligible for minimum essential coverage and therefore not a member of D's coverage family. Thus, paragraph (h)(2)(ii) of this section applies to determine the enrollment premiums that C and D use in determining whether the amount in paragraph (d)(1)(i) of this section is less than the amount in paragraph (d)(1)(ii) of this section as adjusted by paragraph (d)(2) of this section. If all of the individuals enrolled in the plan were treated as members of one coverage family, the applicable benchmark plan premium, excluding individuals enrolled in the plan who are not lawfully present or who are lawfully present aliens but not eligible aliens, would be \$12,650, which includes all individuals enrolled in the plan except C's spouse, who is an alien lawfully present in the U.S. but not an eligible alien. The applicable benchmark plan premium for D's coverage family is \$4,400, which does not include the cost of covering D's child, who is eligible for minimum essential coverage and thus not includible in D's coverage family. If the members of the coverage families enrolled in the plan were treated as members of a single coverage family, the applicable benchmark plan premium, excluding individuals enrolled in the plan who are not lawfully present or who are lawfully present aliens but not eligible aliens, would be \$9,900, which excludes both D's child and C's spouse.

(B) Under paragraph (h)(1) of this section, both C and D may claim premium tax credits. The net allocable premium for the plan is \$11,500 ($\$14,000$ (enrollment premium for the plan) $\times$ $\$12,650$ (the applicable benchmark plan premium for all of the individuals enrolled in the plan, excluding C's spouse who is an alien lawfully present in the U.S. but not an eligible alien, if treated as members of one coverage family)/ $\$15,400$ (the applicable benchmark plan premium for

all of the individuals enrolled in the plan, including C's spouse, if treated as members of one coverage family)). Under paragraph (h)(2)(ii) of this section, C's enrollment premium is \$6,389 ($\$11,500$ (net allocable enrollment premium) $\times$ $\$5,500$ (C's applicable benchmark plan premium)/ $\$9,900$ (the total of C's and D's applicable benchmark plan premium)). Under paragraph (h)(2)(ii) of this section, D's enrollment premium is \$5,111 ($\$11,500 \times \$4,400$ (D's applicable benchmark plan premium)/ $\$9,900$ (the total of C's and D's applicable benchmark plan premiums)).

* * * * *

(l) * * *

(1) *In general.* If one or more individuals for whom a taxpayer is allowed a deduction under section 151 are not lawfully present (within the meaning of § 1.36B-1(g)) or, in the case of aliens who are lawfully present, are not eligible aliens, the percentage a taxpayer's household income bears to the Federal poverty line for the taxpayer's family size for purposes of determining the applicable percentage under paragraph (g) of this section is determined by excluding from family size individuals who are not lawfully present, or, in the case of aliens who are lawfully present, are not eligible aliens, and by determining household income in accordance with paragraph (l)(2) of this section.

(2) * * *

(i) *Statutory method.* For purposes of paragraph (l)(1) of this section, household income is equal to the product of the taxpayer's household income (determined without regard to this paragraph (l)(2)) and a fraction—

(A) The numerator of which is the Federal poverty line for the taxpayer's family size determined by excluding individuals who are not lawfully present or, in the case of aliens who are lawfully present, are not eligible aliens; and

(B) The denominator of which is the Federal poverty line for the taxpayer's family size determined by including individuals who are not lawfully present or, in the case of aliens who are lawfully present, are not eligible aliens.

* * * * *

(n) * * *

(1) Except as provided in paragraphs (n)(2) through (6) of this section, this section applies to taxable years ending after December 31, 2013.

(2) Paragraphs (d)(1) (except for paragraph (d)(1)(i)) and (d)(3) of this section apply to taxable years beginning after December 31, 2016. * * *

(3) Paragraphs (c)(4), (5), and (8) of this section apply to taxable years

beginning on or after January 1, 2025.

* * *

* * * * *

(5) Paragraphs (c)(6) and (7) of this section apply to taxable years beginning after December 31, 2027.

(6) Paragraphs (d)(2), (h), (l)(1), and (l)(2)(i) of this section apply to taxable years beginning after December 31, 2026. Paragraphs (h), (l)(1), and (l)(2)(i) of this section as contained in 26 CFR part 1 edition revised as of April 1, 2025, applies to taxable years ending after December 31, 2013, and beginning before January 1, 2027.

■ **Par. 5.** Section 1.36B–4 is amended by revising paragraph (c) to read as follows:

§ 1.36B–4 Reconciling the premium tax credit with advance credit payments.

* * * * *

(c) *Applicability date*—

(1) Except as provided in paragraphs (c)(2) through (3) of this section, this section applies to taxable years ending after December 31, 2013.

(2) The last sentence of paragraphs (a)(1)(ii)(B)(1) and (2), and (a)(1)(ii)(C) of this section apply to taxable years ending on or after December 31, 2020.

(3) Paragraph (a)(3) of this section applies to taxable years ending after December 31, 2013, and beginning before October 15, 2026.

■ **Par. 6.** Section 1.36B–5 is amended by:

■ 1. Revising paragraphs (c)(1)(iv) and (viii);

■ 2. Revising paragraph (c)(3)(iii)(B); and

■ 3. Revising paragraph (h).

The revisions read as follows:

§ 1.36B–5 Information reporting by Exchanges.

* * * * *

(c) * * *

(1) * * *

(iv) For plans for which advance credit payments are made, the premium (excluding the premium allocated to benefits in excess of essential health benefits, see § 1.36B–3(j), and the premium allocable to individuals in the tax filer's family enrolled in the plan who are not lawfully present or, in the case of aliens who are lawfully present, are not eligible aliens) for the applicable benchmark plan for purposes of computing advance credit payments;

* * * * *

(viii) The monthly premium for the plan in which the individuals enroll, however—

(A) The premium allocated to benefits in excess of essential health benefits is excluded, see § 1.36B–3(j);

(B) For plans for which advance credit payments are made, the premium

allocable to individuals in the tax filer's family enrolled in the plan who are not lawfully present or, in the case of aliens who are lawfully present, are not eligible aliens, is excluded;

(C) The premium for a stand-alone dental plan allocated to pediatric dental benefits is added, see § 1.36B–3(k), but if a family (within the meaning of § 1.36B–1(d)) is enrolled in more than one qualified health plan, the pediatric dental premium is added to the premium for only one qualified health plan; and

(D) The amount is not reduced for advance credit payments;

* * * * *

(3) * * *

(iii) * * *

(B) *Certain mid-month enrollments and terminations.* For information reporting that is due on or after January 1, 2019, if an individual's qualified health plan is terminated before the last day of a month, or if an individual is enrolled in coverage after the first day of a month and the coverage is effective on the date of the individual's birth, adoption, or placement for adoption or in foster care, or on the effective date of a court order, the amount reported under paragraphs (c)(1)(iv) and (v) of this section is the premium for the applicable benchmark plan for a full month of coverage (excluding the premium allocated to benefits in excess of essential health benefits), and the amount reported under paragraph (c)(1)(viii) of this section is the enrollment premium for the month, reduced by any amounts that were refunded. However, for information reporting for coverage months in taxable years beginning after December 31, 2026, any amount of the premiums allocable to individuals in the tax filer's family enrolled in the plan who are not lawfully present or, in the case of aliens who are lawfully present, are not eligible aliens must be excluded from the amount reported under paragraph (c)(1)(iv) of this section. In addition, for information reporting for coverage months in taxable years beginning after December 31, 2026, the amount reported as enrollment premiums for the month is the amount described under paragraph (c)(1)(viii) of this section, reduced by any amounts that were refunded and allocable to individuals in the tax filer's family enrolled in the plan who are lawfully present or, in the case of aliens who are lawfully present, are eligible aliens.

* * * * *

(h) *Applicability date.*

(1) Except as provided in paragraphs (h)(2) and (3) of this section, this section

applies to taxable years ending after December 31, 2013.

(2) Paragraph (c)(3)(iii) of this section applies to taxable years beginning after December 31, 2026. Paragraph (c)(3)(iii) of this section as contained in 26 CFR part 1 edition revised as of April 1, 2025, applies to taxable years beginning after December 31, 2018, and ending before January 1, 2027. The last sentence of paragraph (c)(3)(i) of this section applies to taxable years beginning after December 31, 2018. Section 1.36B–5(c)(3) as contained in 26 CFR part 1 edition revised as of April 1, 2016, applies to information reporting for taxable years ending after December 31, 2013, and beginning before January 1, 2019.

(3) Paragraphs (c)(1)(iv) and (viii) of this section apply to taxable years beginning after December 31, 2026. Paragraphs (c)(1)(iv) and (viii) of this section as contained in 26 CFR part 1 edition revised as of April 1, 2025, apply to taxable years ending after December 31, 2013, and beginning before January 1, 2027.

Frank J. Bisignano,
Chief Executive Officer.

[FR Doc. 2026–21056 Filed 10–14–26; 8:45 am]

BILLING CODE 4831–GV–P

DEPARTMENT OF JUSTICE

28 CFR Part 16

[CPCLO Order No. 012–2026]

Privacy Act of 1974; Implementation

AGENCY: Bureau of Justice Statistics, Office of Justice Programs, United States Department of Justice.

ACTION: Notice of proposed rulemaking.

SUMMARY: In the Notice section of today's **Federal Register**, the Office of Justice Programs (OJP), a component within the United States Department of Justice (DOJ or Department), has published a notice of a new system of records, Bureau of Justice Statistics (BJS) Statistical Data, JUSTICE/OJP–017, for the statistical data collections that BJS conducts under 34 U.S.C. 10132. In this notice of proposed rulemaking, the OJP proposes to exempt this system of records from certain provisions of the Privacy Act in order to comply with the confidentiality provisions of 34 U.S.C. 10231 and 34 U.S.C. 30303 and the requirement of 34 U.S.C. 10134 that the data are to be used solely for statistical or research purposes. Additionally, data are to be used for authorized purposes under the Prison Rape Elimination Act of 2003 (PREA; 44 U.S.C. 3563) and the

Death in Custody Reporting Act of 2013 (DCRA; Pub. L. 113–242). Consistent with the data use requirements set forth in 34 U.S.C. 10134, no adverse determinations are made from these records as to any identifiable individual. For the reasons provided below, the Department proposes to amend its Privacy Act regulations by establishing an exemption for records in this system from certain provisions of the Privacy Act. Public comment is invited.

DATES: Comments must be received by November 16, 2026.

ADDRESSES: You may send comments by any of the following methods:

- *Email:* privacy.compliance@usdoj.gov. To ensure proper handling, please reference the CPCLO Order No. in the subject line of the message.

- *Fax:* 202–307–0693.

- *Mail:* United States Department of Justice, Justice Management Division, Office of the General Counsel, Office of Privacy and Civil Liberties, ATTN: Privacy Analyst, 2 Constitution Square, 145 N Street NE, Suite 8W.300, Washington, DC 20530. All comments sent via regular or express mail will be considered timely if postmarked on the day the comment period closes. To ensure proper handling, please reference the CPCLO Order No. in your correspondence.

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. When submitting comments electronically, you must include the CPCLO Order No. in the subject box. Please note that the Department is requesting that electronic comments be submitted before midnight Eastern Daylight Savings Time on the day the comment period closes because <http://www.regulations.gov> terminates the public's ability to submit comments at that time. Commenters in time zones other than Eastern Time may want to consider this so that their electronic comments are received.

Posting of Public Comments: Please note that all comments received are considered part of the public record and made available for public inspection online at <http://www.regulations.gov> and in the Department's public docket. Such information includes personally identifying information (such as your name, address, etc.) voluntarily submitted by the commenter. If you want to submit personal identifying information (such as your name, address, etc.) as part of your comment, but do not want it to be posted online or made available in the public docket, you must include the phrase "PERSONAL IDENTIFYING INFORMATION" in the first paragraph of your comment. You must also place

all personal identifying information that you do not want posted online or made available in the public docket in the first paragraph of your comment and identify what information you want redacted.

If you want to submit confidential business information as part of your comment, but do not want it to be posted online or made available in the public docket, you must include the phrase "CONFIDENTIAL BUSINESS INFORMATION" in the first paragraph of your comment. You must also prominently identify confidential business information to be redacted within the comment. If a comment has so much confidential business information that it cannot be effectively redacted, all or part of that comment may not be posted online or made available in the public docket.

Personal identifying information and confidential business information identified and located as set forth above will be redacted and the comment, in redacted form, may be posted online and placed in the Department's public docket file. Please note that the Freedom of Information Act applies to all comments received. If you wish to inspect the agency's public docket file in person by appointment, please see the **FOR FURTHER INFORMATION CONTACT** paragraph, below.

FOR FURTHER INFORMATION CONTACT:

Bureau of Justice Statistics, 999 N Capitol St. NE, Washington, DC 20531, AskBJS@usdoj.gov. To ensure proper routing, please reference "BJS SORN" in the subject line of the correspondence.

SUPPLEMENTARY INFORMATION: BJS is a Federal statistical agency and is a principal source of official statistics on crime and justice. BJS's mission is to collect, analyze, and disseminate information on crime, criminal offenders, victims of crime, and the operation of justice systems at all levels of government. "BJS Statistical Data" is a new system of records that includes information collected under BJS's authority from sources including survey respondents and from administrative records that are routinely maintained by other entities including Federal, state, local, and tribal criminal justice or governmental agencies and offices. The purpose of this system of records is to maintain data collected under BJS's authority through questionnaires, paper and electronic surveys, interviews, focus groups, and administrative records to support its statistical mission. BJS regularly obtains records with names, dates of birth, addresses, social security numbers, and other identification numbers, to complete its statistical work.

Executive Orders 12866 and 13563—Regulatory Review

In accordance with 5 U.S.C. 552a(k)(4), this proposed action is subject to formal rulemaking procedures by giving interested persons an opportunity to participate in the rulemaking process "through submission of written data, views, or arguments," pursuant to 5 U.S.C. 553. The purpose of this system of records is to maintain data collected under BJS's authority through questionnaires, paper and electronic surveys, interviews, focus groups, and administrative records maintained and provided by Federal, state, local, and tribal criminal justice or governmental agencies. This proposed action does not raise novel legal or policy issues, nor does it adversely affect the economy, the budgetary impact of entitlements, grants, user fees, loan programs, or the rights and obligations of recipients thereof in a material way. The Office of Management and Budget has determined that this rule is not a "significant regulatory action" under Executive Order 12866, section 3(f), and accordingly this rule has not been reviewed by the Office of Information and Regulatory Affairs within the Office of Management and Budget pursuant to Executive Order 12866.

Regulatory Flexibility Act

This proposed rule will only impact Privacy Act-protected records, which are personal and generally do not apply to an individual's entrepreneurial capacity, subject to limited exceptions. Accordingly, the Chief Privacy and Civil Liberties Officer, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this regulation and by approving it certifies that this regulation will not have a significant economic impact on a substantial number of small entities.

Small Business Regulatory Enforcement Fairness Act of 1996 (Subtitle E—Congressional Review Act)

The Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996, 5 U.S.C. 801 *et seq.*, requires the Department to comply with small entity requests for information and advice about compliance with statutes and regulations within the Department's jurisdiction. Any small entity that has a question regarding this document may contact the person listed in **FOR FURTHER INFORMATION CONTACT** paragraph, above. Persons can obtain further information regarding SBREFA on the Small Business Administration's web page at <https://www.sba.gov/advocacy>. This

proposed rule is not a major rule as defined by 5 U.S.C. 804 of the Congressional Review Act.

Executive Order 13132—Federalism

This proposed rule will not have substantial direct effects on the States, on the relationship between the national government and the States, or on distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 13132, it is determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Executive Order 12988—Civil Justice Reform

This proposed regulation meets the applicable standards set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 to eliminate drafting errors and ambiguity, minimize litigation, provide a clear legal standard for affected conduct, and promote simplification and burden reduction.

Executive Order 13175—Consultation and Coordination With Indian Tribal Governments

This proposed rule will have no implications for Indian Tribal governments. More specifically, it does not 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. Therefore, the consultation requirements of Executive Order 13175 do not apply.

Unfunded Mandates Reform Act of 1995

This proposed rule will not result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100,000,000, as adjusted for inflation, or more in any one year, and it will not significantly or uniquely affect small governments. Therefore, no actions are deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d), requires the Department to consider the impact of paperwork and other information collection burdens imposed on the public. The Paperwork Reduction Act applies to some records collected as part of this system of records. Relevant

collections are approved by the Office of Management and Budget (OMB) and are assigned OMB control numbers.

List of Subjects in 28 CFR Part 16

Administrative practice and procedure, Courts, Freedom of information, Privacy Act.

Pursuant to the authority vested in the Attorney General by 5 U.S.C. 552a and delegated to me by Attorney General Order 2940–2008, the Department of Justice proposes to amend 28 CFR part 16 as follows:

PART 16—PRODUCTION OR DISCLOSURE OF MATERIAL OR INFORMATION

■ 1. The authority citation for part 16 continues to read as follows:

Authority: 5 U.S.C. 301, 552, 552a, 553; 28 U.S.C. 509, 510, 534; 31 U.S.C. 3717.

Subpart E—Exemption of Records Systems Under the Privacy Act

■ 1. Amend § 16.100 by adding paragraphs (c) and (d) to read as follows:

(c) The following system of records is exempted from subsections 5 U.S.C. 552a(c)(3); (d); (e)(1), (e)(4)(G), and (H); and (f) of the Privacy Act:

(1) BJS Statistical Data, (JUSTICE/OJP—017).

These exemptions apply only to the extent that records in this system are subject to exemption pursuant to 5 U.S.C. 552a (k)(4).

(d) The reasons for asserting these exemptions are to comply with the confidentiality provisions of 34 U.S.C. 10231 and 34 U.S.C. 30303 and the requirement of 34 U.S.C. 10134 that the data is to be used solely for statistical purposes and for authorized purposes under the PREA (44 U.S.C. 3563) and DCRA (Pub. L. 113–242), and to avoid unlawful consideration of these records whose sole statistical use comports fully with a basic purpose of the Privacy Act, namely, that no adverse disclosures are made from these records as to any identifiable individual.

Dated: October 5, 2026.

Laurence E. Rothenberg,

*Chief Privacy and Civil Liberties Officer,
United States Department of Justice.*

[FR Doc. 2026–21060 Filed 10–14–26; 8:45 am]

BILLING CODE 4410–18–P

DEPARTMENT OF JUSTICE

28 CFR Part 16

[CPCLO Order No. 014–2026]

Privacy Act of 1974; Implementation

AGENCY: Executive Office for Immigration Review, United States Department of Justice.

ACTION: Notice of proposed rulemaking.

SUMMARY: In the Notice section of today's **Federal Register**, the Executive Office for Immigration Review (EOIR), a component within the United States Department of Justice (DOJ or Department), has published a notice of a new system of records titled "Fraud and Abuse Prevention Program Records" and numbered JUSTICE/EOIR–006. This system of records is exempt from U.S.C. 552a(c)(3) and (d) pursuant to 5 U.S.C. 552a (k)(2). EOIR proposes to exempt this system of records from certain provisions of the Privacy Act in order to protect law enforcement sensitive materials maintained in the system. For the reasons provided below, the Department proposes to amend its Privacy Act regulations by exempting records in this system from certain provisions of the Privacy Act. Public comment is invited.

DATES: Comments must be received by November 16, 2026.

ADDRESSES: You may send comments by any of the following methods:

- **Email:** privacy.compliance@usdoj.gov. To ensure proper handling, please reference the CPCLO Order No. in the subject line of the message.
- **Fax:** 202–307–0693.
- **Mail:** United States Department of Justice, Office of Privacy and Civil Liberties, ATTN: Privacy Analyst, Two Constitution Square, 145 N St. NE, Suite 8W–300, Washington, DC 20530. All comments sent via regular or express mail will be considered timely if postmarked on the day the comment period closes. To ensure proper handling, please reference the CPCLO Order No. in your correspondence.

• **Federal eRulemaking Portal:** <http://www.regulations.gov>. When submitting comments electronically, you must include the CPCLO Order No. in the subject box. Please note that the Department is requesting that electronic comments be submitted before midnight Eastern Daylight Savings Time on the day the comment period closes because <http://www.regulations.gov> terminates the public's ability to submit comments at that time. Commenters in time zones other than Eastern Time may want to consider this so that their electronic comments are received.

Posting of Public Comments: Please note that all comments received are considered part of the public record and made available for public inspection online at <http://www.regulations.gov> and in the Department's public docket. Such information includes personally identifying information (such as your name, address, etc.) voluntarily submitted by the commenter. If you want to submit personal identifying information (such as your name, address, etc.) as part of your comment, but do not want it to be posted online or made available in the public docket, you must include the phrase "PERSONAL IDENTIFYING INFORMATION" in the first paragraph of your comment. You must also place all personal identifying information that you do not want posted online or made available in the public docket in the first paragraph of your comment and identify what information you want redacted.

If you want to submit confidential business information as part of your comment, but do not want it to be posted online or made available in the public docket, you must include the phrase "CONFIDENTIAL BUSINESS INFORMATION" in the first paragraph of your comment. You must also prominently identify confidential business information to be redacted within the comment. If a comment has so much confidential business information that it cannot be effectively redacted, all or part of that comment may not be posted online or made available in the public docket.

Personal identifying information and confidential business information identified and located as set forth above will be redacted and the comment, in redacted form, may be posted online and placed in the Department's public docket file. Please note that the Freedom of Information Act applies to all comments received. If you wish to inspect the agency's public docket file in person by appointment, please see the **FOR FURTHER INFORMATION CONTACT** paragraph, below.

FOR FURTHER INFORMATION CONTACT: Justine Fuga, Senior Component Official for Privacy, Office of the General Counsel; Executive Office for Immigration Review, 5107 Leesburg Pike, Suite 2600, Falls Church, VA 22041; Justine.Fuga@usdoj.gov; EOIR.Privacy.Intake@usdoj.gov.

SUPPLEMENTARY INFORMATION:

I. Background

The primary mission of EOIR is to adjudicate immigration cases by fairly, expeditiously, and uniformly interpreting and administering the

Nation's immigration laws. Under delegated authority from the Attorney General, EOIR conducts immigration court proceedings, appellate reviews, and administrative hearings. Individuals who are subjects of EOIR immigration proceedings may be represented by counsel.

Within EOIR's Office of the General Counsel (OGC), under the supervision of a designated anti-fraud officer, the Fraud and Abuse Prevention Program (Fraud Program) investigates complaints of immigration fraud, immigration scams, and the unauthorized practice of immigration law within EOIR proceedings. The Fraud Program refers complaints of fraud to appropriate law enforcement and disciplinary authorities; and it provides training for EOIR personnel, outreach materials, and education for the public on these issues. See 8 CFR 1003.0(f)(2).

The anti-fraud officer serves as a point of contact relating to concerns about possible fraud involving EOIR proceedings, particularly with respect to matters relating to fraudulent applications or documents affecting multiple removal proceedings, applications for relief from removal, appeals, or other proceedings before EOIR. 8 CFR 1003.0(f)(2)(i). The Fraud Program coordinates with investigative authorities of the Department of Justice, Department of Homeland Security, and other appropriate agencies with respect to the identification of and response to reported fraud. 8 CFR 1003.0(f)(2)(ii). The Fraud Program also collaborates with the EOIR disciplinary counsel and with other appropriate authorities with respect to instances of fraud, misrepresentation, or abuse pertaining to an attorney or accredited representative providing representation to clients in EOIR immigration proceedings. 8 CFR 1003.0(f)(2)(iii).

The Fraud Program maintains a system of records in connection with its work receiving, tracking, managing, investigating, and responding to reports of suspected immigration fraud, abuse, and unauthorized practice of immigration law. The Fraud Program refers complaints to appropriate Federal, state, local, territorial, or tribal law enforcement and disciplinary authorities for further investigation into potential violations of civil and/or criminal law. When referring complaints, the Fraud Program will provide authorities with copies of records maintained in the system. The records include information pertaining to complainants, witnesses, and subjects of investigations of alleged fraud and individuals (EOIR adjudicators or personnel, or members of the public)

reporting or observing alleged fraud. Such records contain law enforcement sensitive information and are properly exempt from various provisions of the Privacy Act pursuant to 5 U.S.C. 552a(k)(2).

II. Privacy Act Exemptions

The Privacy Act allows Federal agencies to exempt eligible records in a system of records from certain provisions of the Act, including those that provide individuals with a right to request access to and amendment of records about the individual. If an agency intends to exempt a particular system of records, it must first issue a rulemaking pursuant to 5 U.S.C. 553(b)(1)–(3), (c), and (e).

The Department proposes to modify 28 CFR part 16 to amend the Privacy Act exemptions for the new system of records, Fraud and Abuse Prevention Program Records, JUSTICE/EOIR–006. Specifically, in section 16.83, the Department proposes to add paragraph (g) claiming certain records within the new system of records are exempt from 5 U.S.C. 552a(c)(3) and (d) and (2) pursuant to 5 U.S.C. 552a(k)(2). The exemption is justified because access to or an accounting for disclosures of records contained in this system of records could inform the subject of the investigation of an actual or potential criminal, civil, or regulatory violation or the existence of that investigation; of the nature and scope of the information and evidence obtained by the investigation as to the subject's activities; of the identity of confidential sources, witnesses, and law enforcement personnel; and of information that may enable the subject to avoid detection or apprehension. These factors would present a serious impediment to effective law and regulatory enforcement where they prevent the successful completion of the investigation; endanger the physical safety of confidential sources, witnesses, and law enforcement personnel; and/or lead to the improper influencing of witnesses, the destruction of evidence, or the fabrication of testimony.

These exemptions apply only to the extent that information in this system of records is subject to exemption pursuant to 5 U.S.C. 552a (k)(2). To the extent that information in a record pertaining to an individual does not relate to official Federal investigations and/or law enforcement matters, the exemption does not apply. In addition, where compliance would not appear to interfere with or adversely affect the overall law or regulatory enforcement process, the applicable exemption may be waived by EOIR.

Executive Orders 12866 and 13563—Regulatory Review

In accordance with 5 U.S.C. 552a(k), this proposed action is subject to formal rulemaking procedures by giving interested persons an opportunity to participate in the rulemaking process “through submission of written data, views, or arguments,” pursuant to 5 U.S.C. 553. The purpose of this proposed rule is to exempt certain records within this system from the requirements of 5 U.S.C. 552a(c)(3) and (d) to protect law enforcement sensitive information contained within the system of records. This proposed rule does not raise novel legal or policy issues, nor does it adversely affect the economy, the budgetary impact of entitlements, grants, user fees, loan programs, or the rights and obligations of recipients thereof in a material way. The Office of Management and Budget has determined that this rule is not a “significant regulatory action” under Executive Order 12866, section 3(f), and accordingly this rule has not been reviewed by the Office of Information and Regulatory Affairs within the Office of Management and Budget pursuant to Executive Order 12866.

Regulatory Flexibility Act

This proposed rule will only impact Privacy Act-protected records, which are personal and generally do not apply to an individual’s entrepreneurial capacity, subject to limited exceptions. Accordingly, the Chief Privacy and Civil Liberties Officer, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this regulation and by approving it certifies that this regulation will not have a significant economic impact on a substantial number of small entities.

Small Business Regulatory Enforcement Fairness Act of 1996 (Subtitle E—Congressional Review Act)

The Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996, 5 U.S.C. 801 *et seq.*, requires the Department to comply with small entity requests for information and advice about compliance with statutes and regulations within the Department’s jurisdiction. Any small entity that has a question regarding this document may contact the person listed in **FOR FURTHER INFORMATION CONTACT** paragraph, above. Persons can obtain further information regarding SBREFA on the Small Business Administration’s web page at <https://www.sba.gov/advocacy>. This proposed rule is not a major rule as defined by 5 U.S.C. 804 of the Congressional Review Act.

Executive Order 13132—Federalism

This proposed rule will not have substantial direct effects on the States, on the relationship between the national government and the States, or on distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 13132, it is determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Executive Order 12988—Civil Justice Reform

This proposed regulation meets the applicable standards set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 to eliminate drafting errors and ambiguity, minimize litigation, provide a clear legal standard for affected conduct, and promote simplification and burden reduction.

Executive Order 13175—Consultation and Coordination With Indian Tribal Governments

This proposed rule will have no implications for Indian Tribal governments. More specifically, it does not 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. Therefore, the consultation requirements of Executive Order 13175 do not apply.

Unfunded Mandates Reform Act of 1995

This proposed rule will not result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100,000,000, as adjusted for inflation, or more in any one year, and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d), requires the Department to consider the impact of paperwork and other information collection burdens imposed on the public. This system of records may include copies of the official records of proceedings (ROPs) in immigration cases before EOIR, which are comprised in part by EOIR and DHS forms subject to the Paperwork Reduction Act. A list of active EOIR forms and their OMB Control Numbers can be found on the

EOIR website at <https://www.justice.gov/eoir/eoir-forms>. A list of active DHS forms and their OMB Control Numbers can be found on the DHS website at <https://www.dhs.gov/find-dhs-forms>.

List of Subjects in 28 CFR Part 16

Administrative practice and procedure, Courts, Freedom of information, Privacy Act.

Pursuant to the authority vested in the Attorney General by 5 U.S.C. 552a and delegated by Attorney General Order 2940—2008, the Department of Justice proposes to amend 28 CFR part 16 as follows:

PART 16—PRODUCTION OR DISCLOSURE OF MATERIAL OR INFORMATION

■ 1. The authority citation for part 16 continues to read as follows:

Authority: 5 U.S.C. 301, 552, 552a, 553; 28 U.S.C. 509, 510, 534; 31 U.S.C. 3717.

Subpart E—Exemption of Records Systems Under the Privacy Act

■ 2. In § 16.83, add paragraph (g) to read as follows:

§ 16.83 Exemption of the Executive Office for Immigration Review System—limited access.

* * * * *

(g) The following system of records is exempt from 5 U.S.C. 552a(c)(3) and (d): Fraud and Abuse Prevention Program Records (JUSTICE/EOIR—006).

(1) Exemption from 5 U.S.C. 552a(c)(3) and (d) is justified because access to or an accounting of disclosures of records contained in this system of records could inform the subject of the investigation of an actual or potential criminal, civil, or regulatory violation or the existence of that investigation; of the nature and scope of the information and evidence obtained as to the subject’s activities; of the identity of confidential sources, witnesses, and law enforcement personnel; and of information that may enable the subject to avoid detection or apprehension. These factors would present a serious impediment to effective law and regulatory enforcement where they prevent the successful completion of the investigation; endanger the physical safety of confidential sources, witnesses, and law enforcement personnel; and/or lead to the improper influencing of witnesses, the destruction of evidence, or the fabrication of testimony.

(2) This exemption applies only to the extent that information in the system is subject to exemption pursuant to 5 U.S.C. 552a(k)(2). To the extent that

information in a record pertaining to an individual does not relate to official Federal investigations and/or law enforcement matters, the exemption does not apply. In addition, where compliance would not appear to interfere with or adversely affect the overall law or regulatory enforcement process, the applicable exemption may be waived by the Executive Office for Immigration Review.

Dated: October 5, 2026.

Laurence E. Rothenberg,

*Chief Privacy and Civil Liberties Officer,
United States Department of Justice.*

[FR Doc. 2026–21063 Filed 10–14–26; 8:45 am]

BILLING CODE 4410–30–P

FEDERAL MARITIME COMMISSION

46 CFR Part 551

[FMC–2026–0463; Docket No. 26–14]

Investigation Into Conditions Affecting Shipping in the Foreign Trade and Denial of Entry of Vessels Into Spanish Ports and Proposed Remedies To Meet or Adjust the Unfavorable Conditions

AGENCY: Federal Maritime Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Maritime Commission (Commission) proposes to adjust or meet unfavorable shipping conditions created by the Government of Spain. The Commission proposes a per-voyage fee on all Spanish vessels of \$200,000 and restrictions on the import of certain Spanish goods into the United States. The Commission also proposes using additional statutory authority to impose these remedies because the Government of Spain has unduly impaired the access of U.S. flag vessels to trade between foreign ports. The Commission herein offers an opportunity for a public hearing. The Commission invites public comment on all aspects of this proposed rule.

DATES: Comments and related material must be received by the Commission on or before December 14, 2026.

ADDRESSES: To view background documents or comments received, you may use the Federal eRulemaking Portal at www.regulations.gov under FMC–2026–0463. See the “Public Participation and Request for Comments” portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments. This notice of proposed rulemaking with its plain-language, 100-word-or-less proposed rule summary will be available in this same docket.

FOR FURTHER INFORMATION CONTACT: David Eng, Secretary; Phone: (202) 523–5725; Email: secretary@fmc.gov.

SUPPLEMENTARY INFORMATION:

I. Background

A. Legal Authority

The Federal Maritime Commission (Commission) is charged with investigating and prescribing regulations to adjust or meet conditions unfavorable to shipping in the foreign trade of the United States which arise out of or result from the laws or regulations of a foreign country. 46 U.S.C. 42101(a). The Commission must also investigate when a foreign government is unduly impairing the access of a vessel documented under the laws of the United States to ocean trade between foreign ports and take appropriate action to remedy any such violation. 46 U.S.C. 41108(d). The Commission is empowered to remedy foreign government actions that impair the access of U.S. flag vessels to ocean trade between foreign ports by Chapter 423 of Title 46, United States Code. The remedies provided by Chapter 421 and Chapter 423 of Title 46 authorize the Commission to charge fees to foreign-flagged vessels entering U.S. ports and limit the import into the United States of amounts or types of cargo.

B. Investigation

The Commission initiated this investigation in December 2024 under Title 46, Chapter 421 of the United States Code to determine whether the Government of Spain (Spain) is creating general or special conditions unfavorable to shipping in U.S. foreign trade by barring certain vessels from its ports, including vessels transporting cargo under the United States Maritime Administration’s (MARAD) Maritime Security Program (MSP). Docket No. 24–30; FMC–2024–0022. Initial reports that prompted this investigation indicated that Spain had refused port access in November 2024 to three MSP vessels on the grounds that they were carrying cargo bound for or coming from Israel. Spain reportedly cited European Union (EU) regulations as the basis for these port refusals.¹

The Commission published a notice of investigation and request for comments in the **Federal Register** on December 6, 2024. *Investigation into Conditions Affecting Shipping in the Foreign Trade and Denial of Entry of Vessels into Spanish Ports*, 89 FR 96973

¹ The Commission consulted with other appropriate U.S. governmental agencies and received information that will not be disclosed to the public. 46 U.S.C. 42105, 42109.

(Dec. 6, 2024) (December 2024 notice). That request resulted in over 8,000 comments from the public and interested parties. Many comments expressed views about Spain’s policy based on views about Israel. That is not part of this investigation, which is focused only on maintaining the reliability and efficiency of the U.S. ocean shipping supply chain, including whether Spain is refusing docking privileges to certain vessels, and if so, how Spain’s refusal of docking privileges is affecting shipping in U.S. foreign trade.

The Commission reviewed these comments and also ordered information to be supplied under oath as necessary to further the investigation. 46 U.S.C. 42104(a). Materials the Commission ordered to be supplied under oath will not be disclosed to the public. 46 U.S.C. 42105.

The Commission published a second notice and request for comments in the **Federal Register** on December 22, 2025. *Investigation Into Conditions Affecting Shipping in the Foreign Trade and Denial of Entry of Vessels Into Spanish Ports; Request for Additional Comments*, 90 FR 59826 (Dec. 22, 2025) (December 2025 notice). The evidence the Commission received up to that point confirmed that the unfavorable conditions identified in this investigation still existed, and the Commission provided 60 additional days for commenters to weigh in. The Commission also described its authority to prescribe remedies and solicited comment on possible remedies, including remedies focused on vessels with links to Spain, cargo from Spain that might be appropriately limited, or other possible remedies. The second notice resulted in only one comment that was not relevant to the purposes of the Commission’s investigation.

II. Public Comments

The Commission received over 8,000 comments in response to the December 2024 notice. The Commission received only one comment in response to the December 2025 notice. The Commission reviewed these comments and considered the issues they raised.

Many of the responses to the December 2024 notice and the lone comment on the December 2025 notice did not raise issues relevant to this investigation. For instance, the one comment responding to the Commission’s December 2025 notice urged the National Oceanic and Atmospheric Administration to approve an economic fishery disaster

declaration.² Many of the responses to the December 2024 notice focused on concerns about possible human rights violations. These issues are beyond the scope of this investigation. The Commission is investigating Spain's denial of docking privileges to certain vessels and whether such denials are creating conditions unfavorable to shipping in the foreign trade. Because of the volume of comments, the Commission's analysis focuses on comments raising relevant issues within the scope of the Commission's investigation.

A. Government of Spain³

Spain submitted a comment in response to the Commission's December 2024 notice but not the December 2025 notice. In its comment, Spain argued that the Commission does not have power to compel Spain's participation in this proceeding, the Commission does not have jurisdiction over Spain given sovereign immunity, and the appropriate remedy is for the Commission to pursue a diplomatic solution through the U.S. Secretary of State. Moreover, Spain argued that it must follow Spanish, EU, and international laws that require it to prevent the transit of defense and dual-use goods through its ports and Spain is doing so in a non-discriminatory manner. Spain's arguments do not address the questions posed by the Commission, and Spain's unquestioned sovereignty to act within its borders does not affect the Commission's authority to investigate and regulate conditions unfavorable to U.S. foreign shipping under Chapter 421.

First, the Commission cannot compel Spain to participate in this proceeding. The Commission's power to remedy unfavorable conditions to shipping in foreign trade is the power to take action within the jurisdiction of the United States. The Commission can deny vessels entry into the United States, impose fees on vessels coming to the United States, and take other appropriate actions to adjust or meet unfavorable shipping conditions. 46 U.S.C. 42106. The Commission cannot force Spain to take any action or repeal any Spanish or EU law or regulation. Likewise, Spain cannot infringe on U.S. sovereignty by demanding the Commission take or refrain from any action.

Further, Spain's compliance with Spanish, EU, and international law is not a defense to a Chapter 421 investigation. Chapter 421 presupposes

that Spain's actions are consistent with its laws and regulations. Section 42101 obligates the Commission to prescribe regulations meeting unfavorable conditions that "arise out of or result from laws or regulations of a foreign country." This statutory language shows Congress assumed that the unfavorable conditions arise from compliance with foreign laws or regulations, not non-compliance or illegal behavior. The Commission's investigation is into whether the conditions created by Spain result in unfavorable conditions affecting shipping in the foreign trade, not whether Spain was required by its own legal system to create those conditions.

Spain's claims that it is enforcing its laws in a non-discriminatory manner without regard to flag is also not a defense against an investigation of whether Spain has created unfavorable conditions in the foreign trade. Spain claims that it did not reject docking authorization to certain vessels on the basis of a vessel's flag or port of origin, but that it only rejected the transit of the individual containers. Spain, however, failed to support these claims in its response, and they are inconsistent with the evidence received in this investigation. The evidence shows that Spain rejected docking privileges for U.S. flag vessels and did not merely deny offloading or transshipment of specific containers. Moreover, the argument that it did not discriminate based on flag or port of origin does not rebut a finding that Spain's actions created unfavorable conditions. Selectively enforcing laws or regulations to deny docking privileges to specific vessels can create, and has created, unfavorable conditions even if Spain allows access to other vessels of the same flag or origin.

Finally, it is true, as Spain contends, that a diplomatic solution may resolve this investigation. Spain is uniquely positioned to make that occur. But until that time, Spain continues to create unfavorable shipping conditions. The Commission is charged with meeting or adjusting those conditions while they persist. The Commission can rescind any final remedies once a diplomatic solution has been reached, but does not intend to delay the proposed remedies based on a hypothetical solution.⁴

⁴ The Commission may consult with other agencies, such as the State Department, prior to taking action. 46 U.S.C. 42109.

B. Members of Congress⁵

The Commission received a comment from two then-current members and one former member of Congress. These members opposed the Commission's investigation, but their comment did not address the questions posed in the Commission's December 2024 notice or discuss the Commission's statutory authority. The members argued that Spain's actions are legitimate actions of a sovereign state, Spain is right to follow its affirmative legal obligations to block weapons that may facilitate violations of the Geneva Convention, Spain's actions do not threaten the reliable international ocean shipping system, and U.S. agencies should not punish its allies for enforcing international obligations. The members' arguments that Spain's actions do not threaten international ocean shipping were not supported by evidence submitted to the Commission. Their remaining arguments are beyond the scope of the Commission's investigation or outside the Commission's authority to investigate.

C. Maritime Labor Unions⁶

The Commission received a comment submitted on behalf of maritime labor unions.⁷ The unions supported the Commission's investigation and argued that Spain's port denials undermine fair trade and create unfavorable conditions for U.S. shipping in the foreign trade. The comment contended that MSP vessels are essential for maintaining the security and reliability of U.S. foreign trade and defense readiness, and that Spain's actions jeopardize the free flow of commerce and disrupt shipping operations. The unions affirmed their support for promoting the economic and national security interest of the U.S. by delivering timely cargo on behalf of the American people, encouraged the Commission to use every available tool to compel a reversal of Spain's policy, and argued that Spain's actions set a dangerous precedent for the treatment of U.S. vessels abroad. The unions urged the Commission to protect the right of U.S. flag vessels to operate freely in international trade and offered their support in any way necessary.

⁵ Members of Congress (FMC-2024-0022-8168). The Members were Rashida Tlaib, Cori Bush, and Summer L. Lee.

⁶ Maritime Labor Organizations (FMC-2024-0022-0002).

⁷ The union representatives who commented are: American Maritime Officers; Maritime Trades Department and Transportation Trades Department—AFL-CIO; Sailors' Union of the Pacific; Seafarers International Union; International Organization of Masters, Mates, and Pilots; Marine Firemen's Union, and the Marine Engineers' Beneficial Association.

² WhooPoo App (FMC-2024-0022-8325).

³ Government of Spain (FMC-2024-0022-8217).

D. Former State Department Diplomat⁸

A self-identified former State Department diplomat who worked on Middle East issues opposed the Commission's investigation. He argued that any remedies contemplated under Chapter 421 would be unwarranted given the current circumstances and contended that an investigation is unwarranted and inappropriate. This commenter argued that Spain's actions were legally obligated given that cargo carried on U.S. Government ships contributes to violations of the Geneva Convention and international law. Spain's compliance with domestic and international law, however, is not a defense to a Chapter 421 investigation because the Commission's authority is premised on the conditions arising out of the "laws or regulations of a foreign country." That these conditions are arising out Spain's laws or regulations is necessary for a Chapter 421 investigation. This commenter concluded that the United States should cease arming Israel and should not stand in the way of Spain's legally and morally necessary arms embargo. These issues are beyond the scope of this investigation.

E. Mass Comments

The Commission received thousands of mass comments with almost identical language. The Commission used federal comment deduplication tools to identify representative comments for consideration. The Commission included all of these mass comments in the online rulemaking docket. Most of the mass comments opposed the Commission's investigation for reasons already discussed and discussed further below.⁹ The commenters raised Spain's legal obligation to follow Spanish, EU and international law,¹⁰ the sovereign right of Spain to enforce an arms embargo, and the Commission's lack of authority to exercise jurisdiction over Spain.¹¹ The mass comments also argued that the United States is obligated by law to stop arming Israel, that this investigation is a waste of government resources and tax dollars, and that the International Court of Justice's (ICJ) preliminary ruling against Israel binds the United States and requires it to stop arming Israel. These issues, and others raised in the mass comments, were not responsive to the Commission's December 2024 notice and do not address the focus of the

Commission's investigation. Arguments about obligations to human rights treaties and ICJ rulings do not provide evidence about the impact of Spain's port denials on the efficiency and reliability of the ocean shipping supply chain or whether Spain's actions are creating unfavorable shipping conditions. Although the volume of the comments opposing Commission action in this regard was high, the Commission finds the analysis in these comments unpersuasive.

One set of mass comments supported the Commission's investigation.¹² This set of mass comments argued that Spain's refusal of docking privileges undermines equitable trade and critical logistics networks, and that Spain has jeopardized bilateral trade and NATO defense efforts. This set of mass comments urged the Commission to impose remedies such as fines or vessel bans to reaffirm the importance of fair and open maritime commerce. This set of mass comments is relevant to the investigation because it addresses whether Spain's actions have impacted the efficiency and reliability of the ocean shipping supply chain. This set of mass comments does not provide new evidence for the Commission to consider, but it does reinforce the Commission's concerns about Spanish actions creating unfavorable shipping conditions.

F. Palestinian Youth Movement¹³

The Commission received a set of mass comments created by the Palestinian Youth Movement (PYM). The PYM did not submit a comment itself, but many commenters followed a template created by the PYM. These commenters argued that Spain's blocking of specific ships is not only within Spain's purview as a sovereign country but is a legal obligation. Any remedies contemplated in Chapter 421 of United States Code, Title 46 would be unwarranted under the current circumstance according to these commenters. They argued the cargo carried on Maersk ships, provided by the U.S. Government, contributes to war crimes, crimes against humanity, the crime of genocide, violations of the 4th Geneva Convention and Additional Protocols, and violations of international legal norms. These commenters concluded that the United States should cease arming Israel and should not stand in the way of Spain's legally and morally necessary arms

embargo. The Commission's investigation focuses on whether Spain's actions result in unfavorable conditions affecting shipping in the foreign trade, and Spain complying with its own law in taking those actions is presupposed by the statute.

III. Investigation Results

The Commission's investigation provided conclusive evidence that Spain's actions have created unfavorable shipping conditions in the foreign trade resulting from its laws or regulations. Spain has publicly denied docking privileges to multiple vessels and publicly stated it will deny docking privileges to certain vessels in the future. Those vessels had to reroute to non-Spanish ports and omit Spanish ports from future voyages. Spain's policy of port denials is ongoing. Confidentially submitted evidence confirms that Spain's policy has created unfavorable conditions. The Commission concludes that Spain's actions create unfavorable shipping conditions in the foreign trade resulting from its laws or regulations.

The Commission's investigation returned public and non-public evidence of Spain's actions. In May 2024, Spain publicly announced a policy of preventing vessels from docking at its ports and Spain's transport minister identified a vessel that had been refused docking privileges as the *Marianne Danica*.¹⁴ In November 2024, Spain's foreign ministry said two vessels participating in MSP, the *Maersk Seletar* and the *Maersk Denver*, "will not stop in Spain." Those vessels did not dock in Spain. Another MSP vessel, the *Maersk Hartford*, with a stop planned at a Spanish port later that month also did not dock in Spain. Spain publicly reinforced and expanded this policy in September 2025.¹⁵

Public vessel tracking data confirms Spain has created unfavorable conditions. The *Maersk Seletar* and *Maersk Denver* signaled Algeciras, Spain as their destination during voyages in early November 2024 and then changed their destinations while crossing the Atlantic Ocean to Tangier, Morocco. Both then docked at Tangier, Morocco. Public vessel tracking data show that both vessels no longer call at

¹⁴ *Spain Denies Port of Call to Ship Carrying Arms to Israel*, The Guardian, May 16, 2024 (available at <https://www.theguardian.com/world/article/2024/may/16/spain-denies-port-of-call-to-ship-carrying-arms-to-israel>) (last accessed Sept. 21, 2026).

¹⁵ *Spain Imposes Permanent Weapons Embargo on Israel*, Politico, September 8, 2025 (available at <https://www.politico.eu/article/spain-pm-sanchez-permanent-weapons-embargo-israel/>) (last accessed September 21, 2026).

⁸ Richard Solomon (FMC-2024-0022-8315).

⁹ See, e.g., Karl Adrianza (FMC-2024-0022-2807).

¹⁰ See, e.g., Aidan Black (FMC-2024-0022-3177).

¹¹ See, e.g., Mary Ames (FMC-2024-0022-8295).

¹² See, e.g., Wendy Ward (FMC-2024-0022-0261).

¹³ See, e.g., Beatrix Kline (FMC-2024-0022-6850).

Spanish ports and last did so in January of 2025. The *Maersk Hartford* was destined for a Spanish port in November 2024 but public vessel tracking data confirms it rerouted to Morocco mid-voyage.¹⁶ The *Maersk Hartford* last visited Spain in January 2025 and has since visited Morocco regularly. Since November 2024, vessel tracking data shows that the U.S. flag fleet of Maersk Line Limited (MLL)¹⁷ has almost entirely avoided stopping in Spain with only six visits occurring across 2026 as opposed to the multiple monthly visits prior to November 2024. Vessel tracking data shows 7.25¹⁸ port calls per month in Spain by MLL vessels on average prior to November 2024. Since July 2025, MLL vessel calls have almost ceased at Algeciras, and MLL vessel calls at Tangier in Morocco have replaced much of this traffic. MLL vessel calls at Tangier now average 4.17 per month, replacing many of the MLL vessel calls to Algeciras. The larger population of MSP vessels also now mostly avoid calling at Algeciras.

Confidentially submitted information confirms that Spain's public announcements and non-public actions have created unfavorable conditions. It confirms that Spain's public policy of preventing certain vessels, including MSP vessels, from docking at Spanish ports is creating unfavorable shipping conditions. It confirms that almost all MSP vessels no longer dock at Spanish ports because of Spain's policy of port denials, and not for other reasons.¹⁹ It confirms that this prevents MSP vessels

from trading between Spanish ports and other foreign ports.

Based on this record, the Commission concludes that Spain has created conditions unfavorable to shipping in the foreign trade through its laws or regulations. Spain has publicly announced and enforced a policy that has prevented MSP vessels from docking at Spanish ports. MSP vessels were turned away in at least three instances from Spanish ports. Publicly, Spain has only reinforced and expanded this public policy since those vessels were turned away in November 2024. Almost all MSP vessels no longer dock at Spanish ports. This policy prevents U.S. flag vessels from carrying goods destined for Spanish ports and prevents them from picking up Spanish goods for carriage to non-Spanish ports. This policy creates conditions that directly impact the purposes for which Congress created the Commission. The exclusion of MSP vessels, vessels necessary for the national defense and the domestic and foreign commerce of the United States,²⁰ prevents these vessels from providing shipping services essential for maintaining waterborne domestic and foreign commerce, especially when called upon to serve as naval and military auxiliary vessels in a time of national emergency.²¹ 46 U.S.C. 42101, citing 46 U.S.C. 50101. Further, the Spanish policy impairs the efficient, competitive, and economical transportation of goods in the ocean commerce of the United States by preventing U.S. flag vessels from transporting goods destined for, or coming from, Spain. 46 U.S.C. 40101(2). The policy directly conflicts with the Commission's purpose of encouraging the development of an economically sound and efficient liner fleet of U.S.-flagged vessels capable of meeting national security needs and supporting commerce, as it prevents exactly those vessels from carrying goods to or from Spain. 46 U.S.C. 40101(3). Finally, the policy undermines the Commission's ability to promote a competitive and efficient system for the carriage of goods by water in the foreign commerce of the United States since MSP vessels can no longer compete for cargos destined for, or coming from, Spain. 46 U.S.C.

40101(4). This record supports the Commission's conclusion that Spain's laws or regulations are creating conditions unfavorable to shipping in the foreign trade.

IV. Section 41108(d)

The Commission commenced this investigation pursuant to its Chapter 421 authority to remedy unfavorable conditions, but the evidence also demonstrates that Spain has prevented U.S. flag vessels from docking at its ports, and by doing so prevented these vessels from delivering goods to Spanish ports from other foreign ports and from loading Spanish goods for delivery in foreign ports. This supports the conclusion that Spain's actions have potentially impaired the access of U.S. flag vessels to ocean trade between foreign ports. As a result, the Commission, through this notice, is providing an opportunity for Spain to request a hearing pursuant to 46 U.S.C. 41108(d).

The record shows that Spain denied access to its ports to three MSP vessels in November 2024. Spain denied docking privileges to the *Maersk Seletar* and the *Maersk Denver* in November 2024. Later in November 2024, Spain did not permit another MSP vessel, the *Maersk Hartford*, to dock at its ports. Spain's policy of denying docking privileges to these vessels, which are documented under the laws of the United States, still prevents them from exporting goods to Spain and from carrying Spanish goods to foreign ports. This continues to impair the ability of these vessels to engage in ocean trade between foreign ports. MSP vessels cannot compete fairly against non-MSP vessels for cargo destined for Spain or to carry Spanish exports.

Section 41108(d) gives the Commission power to impose remedies authorized by sections 42304 and 42305 of Title 46 of the United States Code, but that section requires that the Commission do so only after notice and opportunity for a hearing. Because the Commission's investigation has focused on Chapter 421 violations to this point, the Commission has not yet provided Spain with an opportunity for a hearing concerning section 41108(d). Through this notice, the Commission informs Spain that it intends to consider, and potentially impose remedies for, Spain's actions that impair the ability of U.S. flag vessels to ocean trade between foreign ports. The Commission also, through this notice, provides Spain with the opportunity to request a hearing before the Commission. Should Spain request a hearing, its representatives should use the Further Contact

¹⁶ The Commission's December 2025 notice incorrectly identified the *Nysted Maersk* as a participant in MSP with a U.S. flag. That notice also did not include the apparent refusal of Spain to permit the *Maersk Hartford* to dock later in November.

¹⁷ The MLL fleet is entirely enrolled in MSP and flagged in the United States, though MSP includes additional vessels from other carriers as well.

¹⁸ Figures may be rounded to the nearest hundredth.

¹⁹ Around the time of Spain's port denials, the EU's Emissions Trading System took effect. The Commission considered whether this policy change explains MLL vessels omitting Spain, rather than Spain's public policy of port denials, though Spain never argued this and submitted no evidence in support of this possibility. The Commission finds this possible explanation unsupported because Maersk vessels still call at Spanish ports, while MLL vessels omit them, and Maersk publicly reaffirmed that Algeciras remains, "a strategic priority." That Maersk continues its commitment to using Algeciras while MLL no longer uses this strategic port reinforces the Commission's conclusion that Spain's policy of port denials is creating unfavorable conditions. See, e.g., Adil Faouzi, *Maersk Shifts Major Shipping Route from Algeciras to Tanger Med*, Morocco World News, Jan. 15, 2025, <https://moroccoworldnews.com/2025/01/165853/maersk-shifts-major-shipping-route-from-algeciras-to-tanger-med/> (last visited September 21, 2026).

²⁰ Maritime Labor Organizations (FMC-2024-0022-0002).

²¹ Spain is blocking U.S. flag vessels retained by the U.S. government for their availability during times of need from accessing ports in a country where the United States has important overseas military bases. These port denials directly undercut the Commission's mandate to support a merchant marine necessary for the national defense and capable of serving as a naval and military auxiliary in time of war or national emergency. 46 U.S.C. 42101, 50101.

Information provided at the beginning of this notice to file such a request with the Commission.

V. Proposed Remedies

The Commission proposes two sets of remedies to meet or adjust the unfavorable shipping conditions created by Spain in the foreign trade of the United States. First, the Commission proposes to levy fees on Spanish-flagged vessels entering U.S. ports. 46 U.S.C. 42106(4), 42304(a)(4). Second, the Commission proposes to limit imports into the United States of some or all categories of Spanish goods. The Commission intends to exercise its authority to restrict the type of cargo carried to U.S. ports and work with relevant U.S. government agencies to enforce these restrictions. 46 U.S.C. 42106(4), 42109.

A. Per Voyage Fees

First, the Commission proposes imposing fees on a per-voyage basis on Spanish-flagged vessels calling at U.S. ports. One of the Commission's prior uses of this authority came during an investigation into Japanese harbor services monopolies and Japan's licensing of terminal operators and stevedores.²² In that investigation, the Commission imposed a \$100,000 fee per-voyage on vessels operated by Japanese carriers in a 1997 final rule. That investigation differed because there were many Japanese carriers and many Japanese-flagged vessels entering U.S. ports, whereas there are relatively few Spanish-flagged vessels that call at U.S. ports. Still, the Commission now proposes similar remedies to those that led to a bilateral resolution in that investigation. The Commission proposes a per-voyage fee on Spanish-flagged vessels of \$200,000, which is the approximate adjustment for inflation between 1997 and 2026. 46 U.S.C. 42106(4), 42304(a)(4). This remedy alone will not fully meet or adjust the unfavorable conditions created by Spain, but it has been effective before and the Commission proposes to use it again.

B. Trade Category Import Restrictions

Second, the Commission reviewed the Harmonized Tariff Schedule (HTS) to choose Spanish goods that could be limited from import to appropriately meet or adjust the unfavorable shipping conditions created by Spain. The HTS of the United States is a U.S. nomenclature system used to classify traded goods

based on their material composition, product name, and/or intended function. The HTS is based on the international harmonized system, which is the global system of nomenclature applied to most world trade in goods. The international harmonized system maps exactly with the U.S. version to the 6-digit level while the HTS (U.S.) further stratifies traded goods into even more specific categories. The HTS is designed so that each article falls into only one category. It is divided into chapters, each of which has a 2-digit number. Each product category within the various chapters is designated by 4, 6, 8, or 10 digits. The 4-digit categories are called "headings." The 6-, 8- and 10-digit classifications are called "subheadings."

The Commission proposes limiting the import of trade categories from Spain to appropriately meet or adjust the unfavorable shipping conditions created by Spain's actions.²³ The Commission emphasizes that this is a proposed list of trade categories that the Commission may limit, and that the Commission may choose a lesser remedy from these options. The Commission may choose to broadly limit imports, impose more targeted limitations, limit only certain of the trade categories described below, or some combination of these options. The Commission is soliciting public comment to help it decide the appropriate remedy to meet or adjust the unfavorable shipping conditions created by Spain. These unfavorable conditions have grave consequences for the efficiency and reliability of the international ocean shipping supply chain, as well as the ability of the Commission to promote the growth and development of U.S. exports, encourage the development of a liner fleet of U.S. vessels capable of meeting national security needs and supporting commerce, and supporting the U.S. merchant marine. These purposes are frustrated by Spain preventing U.S. vessels from importing U.S. goods into Spain and exporting Spanish goods to foreign ports. The unfavorable conditions created by Spain that deny U.S. vessels access to Spanish ports and

Spanish goods require a significant mix of remedies to meet or adjust them. Therefore, the Commission has proposed to limit meaningful volumes of Spanish imports to approximate the damage done to U.S. carriers and the liner fleet of U.S. vessels capable of meeting national security needs.

1. Perfumery and Cosmetics

The Commission proposes limiting imports of HTS chapter 33, Perfumery and Cosmetics. Perfumes and Toilet Waters (HTS 33.0300) imports were valued at nearly \$700 million in 2025. At the Chapter level (2-digit HTS 33) Essential Oils Etc.; Perfumery, Cosmetic Etc. Preps, represents nearly \$940 million in imports to the United States from Spain in 2025. The Commission proposes limiting imports of all goods falling under the HTS 33 chapter.

2. Oils and Fats

The Commission proposes limiting imports of HTS chapter 15, Oils and Fats. United States imports from Spain under this category at the two-digit level in 2025 were \$1.15 billion (Animal, Vegetable or Microbial Fats and Oils Etc.). At the four-digit level, the United States imports \$836.9 million from Spain under HTS 15.09 (Olive Oil & Its Fractions, Not Chemically Modified). The Commission proposes limiting imports of all goods falling under the HTS 15 chapter.

3. Ceramics

The Commission proposes limiting imports of HTS chapter 69, Ceramics. United States imports from Spain under this category in 2025 at the two-digit level were \$634.7 million (Ceramic Products). At the four-digit level, the United States imports \$523.7 million under HTS 69.07 (Ceramic Tiles and Mosaic Cubes) from Spain. The Commission proposes limiting imports of all goods falling under the HTS 69 chapter.

4. Articles of Stone

The Commission proposes limiting imports of HTS chapter 68, Articles of Stone. United States imports from Spain under this category in 2025 totaled \$270.6 million (Articles of Stone, Plaster, Cement, Asbestos, Mica Etc.). At the 4-digit level, the United States imports \$176.9 million under HTS 68.10 (Articles of stone, plaster, cement, and related products) from Spain. The Commission proposes limiting imports of all goods falling under the HTS 68 chapter.

²² *Port Restrictions and Requirements in the United States/Japan Trade*, 62 FR 9696 (Mar. 4, 1997).

²³ Only two trade categories exceeded \$1 billion in imports into the United States from Spain during the years between 2023 and 2025 at the HTS six-digit level. These trade categories are retail medicines (HTS 30.0490, Medicaments packages not elsewhere specified or included [Nesoi], Measured Doses, Retail pack Nesoi), and static converters and transformers (HTS 85.0440, Static Converters; Adp Power Supplies). Because these goods are related to the health of U.S. citizens and an ongoing transformer shortage in the United States, the Commission is not proposing to limit their import into the United States.

5. Sugar and Confectionaries

The Commission proposes limiting imports of HTS chapter 17, Sugar and Confectionaries. U.S. imports from Spain under this category in 2025 sum to \$138.8 million (sugar and confectionary products). The majority of this trade takes place under the category specific to a single 6-digit code, 17.0490 (sugar confection including white chocolate, no cocoa). The Commission proposes limiting imports of all goods falling under the HTS 17 chapter.

VI. Public Participation and Request for Comments

The Commission invites public comment on all aspects of this proposed rule, including the regulatory text and the preliminary regulatory analyses. The most helpful comments would reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data.

Please note that all comments received are considered part of the public record and will be made available for public inspection at <https://www.regulations.gov>. Such information includes personally identifiable information (“PII”) (such as your name and address). Any PII that is submitted is subject to being posted to the publicly accessible <https://www.regulations.gov> site without redaction. The Commission will not accept anonymous comments.

The Commission may withhold from public viewing information provided in comments that it determines may impact the privacy of an individual, is offensive, or raises copyright or other legal concerns. For additional information, please read the Privacy Act notice that is available via the link in the footer of <https://www.regulations.gov>.

How do I submit confidential business information?

The Commission may provide confidential treatment for identified confidential information to the extent allowed by law. If you would like to request confidential treatment, pursuant to 46 CFR 502.5, you must submit the following, by email, to secretary@fmc.gov:

- A transmittal letter that identifies the specific information in the comments for which protection is sought and demonstrates that the information is a trade secret or other confidential research, development, or commercial information.
- A confidential copy of your comments, consisting of the complete

filing with a cover page marked “Confidential-Restricted,” and the confidential material clearly marked on each page.

- A public version of your comments with the confidential information excluded. The public version must state “Public Version—confidential materials excluded” on the cover page and on each affected page and must clearly indicate any information withheld.

VII. Rulemaking Analysis

Administrative Law Matters

Notice and comment procedures are not required because this final rule falls within the Administrative Procedure Act’s (APA) exception for “foreign affairs” functions under 5 U.S.C. 553(a)(1).²⁴ The Commission, however, is voluntarily electing to issue a notice of proposed rulemaking and solicit public comment.

Because this rule falls within the APA’s foreign affairs function exemption, it is exempt from Executive Order 14192²⁵ and from interagency review under Executive Order 12866.²⁶

Paperwork Reduction Act

This amendment does not contain any collection of information requirements as defined by the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520). See 5 CFR 1320.3(c).

Executive Order 12988 (Civil Justice Reform)

This rule meets the applicable standards in Executive Order 12988 (Civil Justice Reform) to minimize litigation, eliminate ambiguity, and reduce burden.

National Environmental Policy Act

The Commission has determined that the National Environmental Policy Act (NEPA) does not apply to this action. NEPA only applies to “major federal actions.” The terms “major” and “Federal action” each have independent force. NEPA applies only when both of these two criteria are met. The proposed rulemaking, if finalized, would be a “Federal action” but not “major” and therefore not subject to NEPA. The Commission anticipates little to no environmental impact if the proposed changes are adopted. Proposed import restrictions merely restrict Spanish goods from import, but limited Spanish imports are expected to mostly be replaced by similar goods from other

nations. Further, the fungibility of cargo containers means that carriers can easily replace lost Spanish cargo volume with volume of other cargo. Given this, the Commission has determined that there will be little to no impact if the proposed rule is adopted, and therefore NEPA does not apply to this action.

List of Subjects in 46 CFR Part 551

Maritime carriers, Spain.

For the reasons set out above, the Federal Maritime Commission proposes to amend 46 CFR part 551 as follows:

PART 551—REGULATIONS TO ADJUST OR MEET CONDITIONS UNFAVORABLE TO SHIPPING IN THE FOREIGN TRADE OF THE UNITED STATES

- 1. The authority citation for part 551 continues to read as follows:

Authority: 46 U.S.C. 301–307; 46 U.S.C. 42101–42109; 46 CFR part 550.

- 2. Add § 551.2 to read as follows:

§ 551.2 Remedies to Meet or Adjust Conditions Unfavorable to Shipping in the Foreign Trade Created by the Government of Spain.

(a) *Conditions unfavorable to shipping in the foreign trade.* The Federal Maritime Commission (Commission) after investigation has identified the following conditions unfavorable to shipping in the foreign trade of the United States created by the laws or regulations of the Government of Spain (Spain):

(1) Spain announced a policy of preventing certain vessels from docking at Spanish ports.

(2) Spain prevented U.S. flag vessels from docking at Spanish ports on at least three occasions.

(3) Spain expanded and formalized its policy of preventing certain vessels from docking at Spanish ports.

(b) *Definitions*—(1) *Spanish vessel* means a vessel registered under the Spanish flag, documented or registered under the laws of Spain.

(2) *Covered goods* means goods falling within the trade categories listed below that are exported from Spain and intended for import into the United States.

- (i) HTS 33—Perfumery and Cosmetics
- (ii) HTS 15—Oils and Fats
- (iii) HTS 69—Ceramics
- (iv) HTS 68—Articles of Stone
- (v) HTS 17—Sugar and Confectionaries

(c) *Assessment of fees.* A fee of two hundred thousand dollars is assessed each time a Spanish vessel enters any port of the United States from any foreign port or place.

²⁴ See e.g., Department of State, *Determination: Foreign Affairs Functions of the United States*, 90 FR 12200 (March 12, 2025).

²⁵ Executive Order 14192, section 5(a).

²⁶ Executive Order 12866, section 3(d).

(d) *Refusal of clearance by the Secretary of the Department of Homeland Security.* If any Spanish vessel subject to this section fails to pay any fee within the prescribed period, the Commission may request the Secretary of the Department of Homeland Security to refuse clearance required by 46 U.S.C. 60105 to that vessel or any other Spanish vessel. If any vessel, regardless of country of registration, transports any covered goods to a United States port and offloads those covered goods, the Commission may request the Secretary of Homeland Security to refuse clearance required by 46 U.S.C. 60105 to that vessel until the covered goods are reloaded onto that vessel.

(e) *Denial of entry to or detention at United States ports by the Secretary of the Department of Homeland Security.*

If any Spanish vessel fails to pay any fee required by this section within the prescribed period or if any vessel transports any covered goods destined for the United States, the Commission may request that the Secretary of the Department of Homeland Security:

(1) Deny entry for purpose of oceanborne trade, of any designated Spanish vessel or any vessel carrying covered goods to any port or place in the United States or the navigable waters of the United States; or

(2) Detain any designated Spanish vessel or any vessel carrying covered goods to any port or place in the United States or the navigable waters of the United States.

(f) *Adjustment in fees and goods to meet retaliatory measures.* Upon a finding by the Commission that U.S. carriers or shippers have been subjected to discriminatory fees, restrictions,

services disruptions, denial of access to ports, or other retaliatory measures by Spain, or any agency, organization, or person under the authority or control thereof, the level of fee set forth in paragraph (c) of this section shall be increased and additional chapters of HTS goods shall be added to the definition of covered goods. The increase and additions shall be based on the economic harm to U.S. carriers or shippers as a result of such retaliatory actions, provided that the total fee under this section shall not exceed the limits for Commission fees set by statute and regulation.

By the Commission.

David Eng,

Secretary.

[FR Doc. 2026-21067 Filed 10-14-26; 8:45 am]

BILLING CODE 6730-02-P

Notices

Federal Register

Vol. 91, No. 198

Thursday, October 15, 2026

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B-6-2026]

Foreign-Trade Zone (FTZ) 39; Authorization of Limited Production Activity; Qorvo US, Inc.; (Semiconductor Wafers, Modules, and Chips); Richardson, Texas

On January 15, 2026, Qorvo US, Inc. submitted a notification of proposed production activity to the FTZ Board for its facility within FTZ 39, in Richardson, Texas.

The notification was processed in accordance with the regulations of the FTZ Board (15 CFR part 400), including notice in the **Federal Register** inviting public comment (91 FR 2726, January 22, 2026). On October 8, 2026, the applicant was notified of the FTZ Board's decision that no further review of the proposed activity is warranted at this time. The production activity described in the notification was authorized on a limited basis, subject to the FTZ Act and the Board's regulations, including section 400.14, and subject to a restriction of a two-year time period.

Dated: October 8, 2026.

Colin Agostisi,

Executive Secretary.

[FR Doc. 2026-21039 Filed 10-14-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B-8-2026]

Foreign-Trade Zone (FTZ) 230; Authorization of Limited Production Activity; Qorvo US, Inc.; (Semiconductor Wafers, Modules, and Chips); Greensboro, North Carolina; Correction

On January 15, 2026, Qorvo US, Inc. submitted a notification of proposed production activity to the FTZ Board for its facility within Subzone 230K, in Greensboro, North Carolina.

The notification was processed in accordance with the regulations of the FTZ Board (15 CFR part 400), including notice in the **Federal Register** inviting public comment (91 FR 2725, January 22, 2026). On October 8, 2026, the applicant was notified of the FTZ Board's decision that no further review of the proposed activity is warranted at this time. The production activity described in the notification was authorized on a limited basis, subject to the FTZ Act and the Board's regulations, including section 400.14, and subject to a restriction of a two-year time period.

Dated: October 8, 2026.

Colin Agostisi,

Executive Secretary.

[FR Doc. 2026-21041 Filed 10-14-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B-7-2026]

Foreign-Trade Zone (FTZ) 45; Authorization of Limited Production Activity; Qorvo US, Inc.; (Semiconductor Wafers and Modules); Hillsboro, Oregon; Correction

On January 15, 2026, Qorvo US, Inc. submitted a notification of proposed production activity to the FTZ Board for its facility within Subzone 45K in Hillsboro, Oregon.

The notification was processed in accordance with the regulations of the FTZ Board (15 CFR part 400), including notice in the **Federal Register** inviting public comment (91 FR 2724, January 22, 2026). On October 8, 2026, the applicant was notified of the FTZ

Board's decision that no further review of the proposed activity is warranted at this time. The production activity described in the notification was authorized on a limited basis, subject to the FTZ Act and the Board's regulations, including section 400.14, and subject to a restriction of a two-year time period.

Dated: October 8, 2026.

Colin Agostisi,

Executive Secretary.

[FR Doc. 2026-21040 Filed 10-14-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-117]

Wood Mouldings and Millwork Products From the People's Republic of China: Notice of Court Decision Not in Harmony With the Results of Antidumping Duty Administrative Review; Notice of Amended Final Results Pursuant to Court Decision

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: On September 23, 2026, the U.S. Court of International Trade (CIT) issued its final judgment in *China Cornici Co., Ltd. and Raoping Hongrong Handicrafts Co., Ltd. v. United States*, Court nos. 23-00216 & 23-00217, sustaining the first remand results issued by the U.S. Department of Commerce (Commerce) pertaining to the administrative review of the antidumping duty (AD) order on wood mouldings and millwork products from the People's Republic of China (China), covering the period of review (POR) August 12, 2020, through January 31, 2022. Commerce is notifying the public that the CIT's final judgment is not in harmony with Commerce's final results of the administrative review, and that Commerce is amending the final results with respect to the rescission of the administrative review for China Cornici Co. Ltd. (China Cornici) and the corresponding cash deposit rate assigned to the company.

DATES: Applicable October 5, 2026.

FOR FURTHER INFORMATION CONTACT: Patrick Barton, AD/CVD Operations, Office VIII, Enforcement and Compliance, International Trade Administration, U.S. Department of

Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–0012.

SUPPLEMENTARY INFORMATION:

Background

On September 12, 2023, Commerce published the *Final Results* of the 2020–2022 AD administrative review of wood mouldings and millwork products from China.¹ In the *Final Results*, Commerce rescinded the review with respect to China Cornici because it had no suspended entries of subject merchandise during the POR, and did not grant a separate rate to Chen Chiu Global Corp. (Chen Chiu), a third-country reseller of merchandise exported by RaoPing HongRong Handicrafts Co. (RaoPing HongRong).²

China Cornici and RaoPing HongRong appealed Commerce's *Final Results*. On September 5, 2025, the CIT remanded the *Final Results* to Commerce, directing Commerce to (1) reconsider its determination to rescind the administrative review for China Cornici; (2) consider under what circumstances, and how, to adjust its proceedings when prior disclosure and deposits of duties are made in an attempt to remedy mistakes on entry papers, addressing all the statutes at play, not just unfair trade statutes and practices; and (3) reconsider its determination not to grant Chen Chiu a separate rate in the review.³

In its final results of redetermination, issued in May 2026, Commerce determined not to rescind the review of China Cornici, not to grant China Cornici a separate rate, and not to grant Chen Chiu a separate rate.⁴ The CIT sustained Commerce's *Final Redetermination*.⁵

¹ See *Wood Mouldings and Millwork Products from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; Final Determination of No Shipments; and Partial Rescission; 2020–2022*, 88 FR 62539 (September 12, 2023) (*Final Results*), and accompanying Issues and Decision Memorandum.

² *Id.* at Comments 12 and 15.

³ See *China Cornici Co., Ltd., and RaoPing HongRong Handicrafts Co., Ltd. v. United States*, Court Nos. 23–00216 and 23–00217, Slip Op. 25–118 (CIT September 5, 2025) (*Remand Order*).

⁴ See *Final Results of Redetermination Pursuant to Court Remand, China Cornici Co., Ltd., and RaoPing HongRong Handicrafts Co., Ltd. v. United States*, Court Nos. 23–00216 and 23–00217, dated May 1, 2026 (*Final Redetermination*).

⁵ See *China Cornici Co., Ltd., and RaoPing HongRong Handicrafts Co., Ltd. v. United States*, Court Nos. 23–00216 and 23–00217, Slip Op. 26–118 (September 23, 2026) (*China Cornici III*).

Timken Notice

In its decision in *Timken*,⁶ as clarified by *Diamond Sawblades*,⁷ the U.S. Court of Appeals for the Federal Circuit held that, pursuant to section 516A(c) and (e) of the Tariff Act of 1930, as amended (the Act), Commerce must publish a notice of court decision that is not “in harmony” with a Commerce determination and must suspend liquidation of entries pending a “conclusive” court decision. The CIT's September 23, 2026, judgment constitutes a final decision of the CIT that is not in harmony with Commerce's *Final Results*. Thus, this notice is published in fulfillment of the publication requirements of *Timken*.

Amended Final Results

In accordance with the CIT's September 23, 2026, final judgment, Commerce is amending its *Final Results* and finds that China Cornici is subject to the 2020–2022 administrative review. As a result, we are assigning to China Cornici the following cash deposit rate assigned to non-selected companies subject to the review:⁸

Producer/exporter	Cash deposit rate ⁹ (percent)
China Cornici Co. Ltd.	220.87 ¹⁰

Cash Deposit Requirements

Commerce will issue revised cash deposit instructions to U.S. Customs and Border Protection (CBP) with respect to China Cornici. Because we continue to find that Chen Chiu is not eligible for a separate rate, we will not issue revised cash deposit instructions with respect to Chen Chiu.

Liquidation of Suspended Entries

Commerce, pursuant to the CIT's judgment, determined in the *Final Redetermination* that it lacks the authority to reliquidate entries, and that only the CIT can order reliquidation of

⁶ See *Timken Co. v. United States*, 893 F.2d 337 (Fed. Cir. 1990) (*Timken*).

⁷ See *Diamond Sawblades Manufacturers Coalition v. United States*, 626 F.3d 1374 (Fed. Cir. 2010) (*Diamond Sawblades*).

⁸ See *Final Results*, 88 FR at 62540.

⁹ Consistent with Commerce practice, the assigned cash deposit rate in the first administrative review is the most recent rate calculated, *i.e.*, the subsidy rate calculated for the period August 12, 2020, through January 31, 2022.

¹⁰ Because Commerce determined that China Cornici is not eligible for a separate rate, we are assigning it the China-wide entity rate calculated in the underlying investigation. See *Wood Mouldings and Millwork Products from the People's Republic of China: Amended Final Antidumping Duty Determination and Antidumping Duty Order*, 86 FR 9486, 9488 (February 16, 2021) (*Order*).

entries.¹¹ The CIT affirmed that the entries in question have been liquidated, and that Commerce could not order reliquidation of the entries. Moreover, the CIT found that none of the circumstances delineated in the Act and chapter 19 of the Code of Federal Regulations in which the CBP may reliquidate entries are applicable to the instant case. Therefore, in the event that the CIT's ruling is not appealed, or is upheld by a final and conclusive court decision, Commerce will not issue assessment instructions to CBP instructing CBP to assess antidumping duties on China Cornici's entries of subject merchandise for the period August 12, 2020, through January 31, 2022.

Notification to Interested Parties

This notice is issued and published in accordance with sections 516A(c) and (e) and 777(i)(1) of the Act.

Dated: October 8, 2026.

Scot Fullerton,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2026–21045 Filed 10–14–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–570–118]

Wood Mouldings and Millwork Products From the People's Republic of China: Notice of Court Decision Not in Harmony With the Results of Countervailing Duty Administrative Review; Notice of Amended Final Results Pursuant to Court Decision

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: On September 23, 2026, the U.S. Court of International Trade (CIT) issued its final judgment in *China Cornici Co., Ltd., and RaoPing HongRong Handicrafts Co., Ltd. v. United States*, Court Nos. 23–00216 and 23–00217, Slip Op. 26–118, sustaining the Department of Commerce (Commerce) first remand results pertaining to the administrative review of the countervailing duty (CVD) order on of wood mouldings and millwork products (millwork products) from the People's Republic of China (China) covering the period June 12, 2020, through December 31, 2021. Commerce is notifying the public that the CIT's final judgment is not in harmony with

¹¹ See *Final Redetermination* at 13.

Commerce's final results of the administrative review, and that Commerce is amending the final results with respect to the rescission of the administrative review for China Cornici Co., Ltd. (China Cornici) and RaoPing HongRong Handicrafts Co., Ltd. (RaoPing) and the corresponding cash deposit rates assigned to these companies.

DATES: Applicable October 3, 2026.

FOR FURTHER INFORMATION CONTACT: Brandon James, AD/CVD Operations, Office VIII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-7472.

SUPPLEMENTARY INFORMATION:

Background

On September 11, 2023, Commerce published its *Final Results* in the 2020–2021 CVD administrative review of millwork products from China.¹ In the underlying review, China Cornici and RaoPing each claimed they had a reviewable entry entitling them to review and provided certain documentation to support their claims.² In the *Final Results*, Commerce recognized that China Cornici demonstrated its attempts to change with CBP the classification of its entry from Type 01, for which no CVD cash deposits were paid at the time of entry, to Type 03, and pay CVD duties owed, and that the process may have been ongoing.³ However, Commerce noted that statutory deadlines dictated Commerce's issuance of the *Final Results*⁴ and, at the time of issuance, no record evidence in the underlying review demonstrated that China Cornici had a suspended entry during the period of review (POR).⁵ Moreover, the information RaoPing provided did not demonstrate, and comments provided by RaoPing did not explain, how the evidence the company provided of a Type 03 entry was connected to RaoPing or how it corresponded to the CBP data on the record.⁶ Accordingly, in the *Final Results*, Commerce rescinded the administrative review with respect to

China Cornici and RaoPing pursuant to 19 CFR 351.213(d)(3), because it found that the two companies had no suspended entries of subject merchandise during the POR.⁷

China Cornici and RaoPing appealed Commerce's *Final Results* to the CIT. On September 5, 2025, the CIT remanded the *Final Results*, directing Commerce to reconsider its determination to rescind the reviews for China Cornici and RaoPing and to consider under what circumstances and how to adjust its proceedings when prior disclosures and deposits of duties are made to remedy mistakes on entry papers, addressing all the statutes at play, not just unfair trade statutes and preferred practices.⁸

On remand, Commerce solicited information from China Cornici, RaoPing, and CBP which corroborated the companies' claims about their entries.⁹ Accordingly, Commerce determined not to rescind the reviews for China Cornici and RaoPing and to assign them applicable cash deposit rates.¹⁰ However, Commerce acknowledged that it lacks the authority to reliquidate entries. As such, Commerce declined to issue assessment instructions.¹¹ On September 23, 2026, the CIT sustained Commerce's *Final Remand Redetermination*.¹²

Timken Notice

In its decision in *Timken*,¹³ as clarified by *Diamond Sawblades*,¹⁴ the U.S. Court of Appeals for the Federal Circuit held that, pursuant to section 516A(c) and (e) of the Act, Commerce must publish a notice of court decision that is not "in harmony" with a Commerce determination and must suspend liquidation of entries pending a "conclusive" court decision. The CIT's September 23, 2026, judgment constitutes a final decision of the CIT that is not in harmony with Commerce's

Final Results. Thus, this notice is published in fulfillment of the publication requirements of *Timken*.

Amended Final Results

In accordance with the CIT's September 23, 2026, final judgment, Commerce is amending its *Final Results* and finds that China Cornici and RaoPing are subject to the 2020–2021 administrative review. As a result, we are assigning to China Cornici and RaoPing the following cash deposit rate assigned to non-selected companies subject to the review:¹⁵

Producer/exporter	Cash deposit rate ¹⁶ (percent ad valorem)
China Cornici Co., Ltd	8.89
RaoPing HongRong Handicrafts Co., Ltd	8.89

Cash Deposit Requirements

Commerce will instruct U.S. Customs and Border Protection (CBP) that, pending any appeals, the cash deposit rates for the companies will be the rates listed above.

Liquidation of Suspended Entries

In the event the CIT's ruling is not appealed, or, if appealed, upheld by a final and conclusive court decision, Commerce normally instructs CBP to liquidate relevant entries at the assessed rates and to lift suspension of liquidation of such entries. However, in its final judgment, the CIT affirmed that Commerce lacks the authority to reliquidate the POR entries because those entries had already been liquidated¹⁷ and, therefore, sustained Commerce's determination to not issue assessment instructions to CBP to assess countervailing duties on China Cornici's and RaoPing's POR entries.¹⁸ Accordingly, to the extent that entries produced and/or assessed by China Cornici and RaoPing for the period June 12, 2020, through December 31, 2021, have already been liquidated, Commerce lacks the administrative authority to reliquidate those entries.¹⁹ Therefore, in the event that the CIT's ruling is not appealed, or is upheld on appeal, Commerce will not issue assessment instructions to CBP instructing CBP to assess countervailing

¹ See *Wood Mouldings and Millwork Products from the People's Republic of China: Final Results and Partial Rescission of Countervailing Duty Administrative Review; 2020–2021*, 88 FR 62319 (September 11, 2023) (*Final Results*), and accompanying Issues and Decision Memorandum (IDM).

² See *Final Results* IDM at 36.

³ *Id.* at 37.

⁴ See section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).

⁵ See *Final Results* IDM at 37.

⁶ *Id.*

⁷ See *Final Results* IDM at 38.

⁸ See *China Cornici Co., Ltd., and RaoPing HongRong Handicrafts Co., Ltd. v. United States*, Court Nos. 23–00216 and 23–00217, Slip Op. 25–118 (CIT September 5, 2025) (Remand Order) at 15.

⁹ See generally, *Final Results of Remand Redetermination, China Cornici Co., Ltd., and RaoPing HongRong Handicrafts Co., Ltd. v. United States*, Court Nos. 23–00216 and 23–00217, Slip Op. 25–118 (CIT 2025), dated May 1, 20226 (*Final Remand Redetermination*).

¹⁰ *Id.* at 6–12.

¹¹ *Id.*

¹² See *China Cornici Co., Ltd., and RaoPing HongRong Handicrafts Co., Ltd. v. United States*, Court Nos. 23–00216 and 23–00217, Slip Op. 26–118 (CIT September 23, 2026) (CIT Opinion).

¹³ See *Timken Co. v. United States*, 893 F.2d 337 (Fed. Cir. 1990) (*Timken*).

¹⁴ See *Diamond Sawblades Manufacturers Coalition v. United States*, 626 F.3d 1374 (Fed. Cir. 2010) (*Diamond Sawblades*).

¹⁵ See *Final Results*, 88 FR at 62321.

¹⁶ Consistent with Commerce practice, the assigned cash deposit rate in the first administrative review is the most recent rate calculated, *i.e.*, the subsidy rate calculated for the period January 1, 2021, through December 31, 2021.

¹⁷ See CIT Opinion at 15.

¹⁸ *Id.*

¹⁹ *Id.*

duties on China Cornici's and RaoPing's entries of subject merchandise for the period June 12, 2020, through December 31, 2021.

Notification to Interested Parties

This notice is issued and published in accordance with sections 516A(c) and (e) and 777(i)(1) of the Act.

Dated: October 9, 2026.

Scot Fullerton,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2026–21038 Filed 10–14–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–818]

Certain Pasta From Italy: Preliminary Results and Rescission, in Part, of Antidumping Duty Administrative Review; 2024–2025

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that producers/exporters subject to this review made sales of subject merchandise at less than normal value (NV) during the period of review (POR), July 1, 2024, through June 30, 2025. In addition, we are rescinding the review with respect to 15 companies. Interested parties are invited to comment on these preliminary results of review.

DATES: Applicable October 15, 2026.

FOR FURTHER INFORMATION CONTACT:

Walter Ankner or T.J. Worthington, AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–8374 or (202) 482–4567, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 22, 2025, based on timely requests for review, in accordance with 19 CFR 351.221(c)(1)(i), we initiated an administrative review of the antidumping duty order on certain pasta (pasta) from Italy.¹ On September 24,

2025, Commerce selected La Molisana, S.p.A. (La Molisana) and Pastificio Lucio Garofalo S.p.A. (Garofalo) as the mandatory respondents in this review.² On September 3, 2025, La Doria Pasta PL S.r.l. (La Doria) timely withdrew its request for review.³ On October 28, 2025, 8th Avenue Food & Provisions, Inc. and Winland Foods, Inc. (collectively, the domestic interested parties) timely withdrew their request for review of 17 companies.⁴ On October 29, 2025, Pastificio Di Martino Gaetano e Flli S.p.A. (Di Martino) timely withdrew its request for review.⁵ On November 10, 2025, Marchesi Frescobaldi Soc. Agricola S.r.l. (Frescobaldi) timely withdrew its request for review.⁶ On January 27, 2026, Barilla America Inc. and Barilla G. e R. Fratelli Società per Azioni Socio Unico (collectively, Barilla) timely withdrew their request for review.⁷

For a complete description of the events that followed the initiation of this review, *see* the Preliminary Decision Memorandum.⁸ A list of the topics discussed in the Preliminary Decision Memorandum is attached as Appendix I of this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS), which is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/frnotices>.

Scope of the Order

The merchandise subject to the Order is pasta from Italy. For a complete description of the scope of the Order,

² See Memorandum, “Respondent Selection,” dated September 24, 2025.

³ See La Doria's Letter, “Withdrawal of Request for Administrative Review,” dated September 3, 2025.

⁴ See Domestic Interested Parties' Letter, “Domestic Industry's Withdrawal of Request for 2024–2025 Administrative Review of the Antidumping Duty Order,” dated October 28, 2025.

⁵ See Di Martino's Letter, “Withdrawal of request for Administrative Review,” dated October 29, 2025.

⁶ See Frescobaldi's Letter, “Withdrawal of Request for Administrative Review,” dated November 10, 2025.

⁷ See Barilla's Letter, “Barilla Withdrawal of Request for Administrative Review,” dated January 27, 2026.

⁸ See Memorandum, “Decision Memorandum for the Preliminary Results of the Administrative Review of the Antidumping Duty Order on Certain Pasta from Italy; 2024–2025,” dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

see the Preliminary Decision Memorandum.

Rescission of Administrative Review, in Part

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if a party who requested a review withdraws its request within 90 days of the date of publication of notice of initiation. As noted above, Commerce received timely-filed withdrawal requests with respect to the companies listed in Appendix III, and no other parties requested an administrative review of these companies. Therefore, we are rescinding this administrative review with respect to these companies, pursuant to 19 CFR 351.213(d)(1).

Methodology

Commerce is conducting this review in accordance with section 751(a)(1)(B) and (2) of the Tariff Act of 1930, as amended (the Act). Export price and constructed export price are calculated in accordance with section 772 of the Act. NV is calculated in accordance with section 773 of the Act. For a full description of the methodology underlying our conclusions, *see* the Preliminary Decision Memorandum.

Rate for Non-Individually Examined Companies

The Act and Commerce's regulations do not address the establishment of a rate to apply to companies not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in a market economy investigation, for guidance when calculating the rate for companies which were not selected for individual examination in an administrative review.

Under section 735(c)(5)(A) of the Act, the all-others rate is normally an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any rates that are zero, *de minimis* (i.e., less than 0.5 percent), or determined entirely on the basis of facts available. Where the weighted-average dumping margin for each of the individually examined companies is zero, *de minimis*, or based entirely on facts available, section 735(c)(5)(B) of the Act provides that Commerce may use “any reasonable method to establish the estimated all-others rate for exporters and producers

¹ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 90 FR 41043 (August 22, 2025); *see also Notice of Antidumping Duty Order and Amended Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy*, 61 FR 38547 (July 24, 1996) (Order).

not individually investigated, including averaging the estimated weighted-average dumping margins determined for the exporters and producers individually investigated.”

In this administrative review, we preliminarily calculated weighted-average dumping margins for the mandatory respondents, La Molisana and Garofalo, that are not zero, *de minimis*, or based entirely on facts available. Accordingly, we are preliminarily assigning to the companies under review that were not selected for individual examination a weighted-average dumping margin equal to the simple average of the estimated weighted-average dumping margins calculated for La Molisana and Garofalo, consistent with 19 CFR 351.109(g).⁹

Preliminary Results of Review

As a result of this review, we preliminarily determine the following estimated weighted-average dumping margins exist for the period July 1, 2024, through June 30, 2025:

Producer/exporter	Weighted-average dumping margin (percent)
La Molisana, S.p.A	3.62
Pastificio Lucio Garofalo S.p.A ...	6.47
Companies Not Selected for Individual Review ¹⁰	5.05

Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties for these preliminary results within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of this notice in the **Federal Register**, in accordance with 19 CFR 351.224(b).

Verification

As provided in section 782(i)(3) of the Act, Commerce intends to verify the

⁹ With two respondents under examination, Commerce normally calculates: (A) a weighted-average of the dumping margins calculated for the examined respondents; (B) a simple average of the dumping margins calculated for the examined respondents; and (C) a weighted-average of the dumping margins calculated for the examined respondents using each company’s publicly ranged U.S. sale quantities for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. See 19 CFR 351.109(f)(2)(ii); see also Memorandum, “Preliminary Calculation of the Dumping Margin for the Companies Not Selected for Individual Examination,” dated concurrently with this notice.

¹⁰ The exporters or producers not selected for individual review are listed in Appendix II.

information relied upon in making its final results.

Public Comment

Pursuant to 19 CFR 351.309(c), interested parties may submit case briefs to Commerce no later than seven days after the date on which the last verification report is issued in this review. Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case briefs.¹¹ Interested parties who submit case briefs or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.¹² All briefs must be filed electronically using ACCESS. An electronically filed document must be received successfully in its entirety in ACCESS by 5:00 p.m. Eastern Time on the established deadline.

As provided under 19 CFR 351.309(c)(2)(iii) and (d)(2)(iii), we request that interested parties provide at the beginning of their briefs a public executive summary for each issue raised in their briefs.¹³ Further, we request that interested parties limit their public executive summary of each issue to no more than 450 words, not including citations. We intend to use the public executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final results in this administrative review. We request that interested parties include footnotes for relevant citations in the public executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁴

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, filed electronically via ACCESS by 5:00 p.m. Eastern Time within 30 days after the date of publication of this notice. Requests should contain: (1) the party’s name, address, and telephone number; (2) the number of participants, and whether any participant is a foreign national; and (3) a list of issues to be discussed. Oral presentations at the hearing will be

¹¹ See 19 CFR 351.309(d); see also *Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings*, 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Procedures*).

¹² See 19 CFR 351.309(c)(2) and (d)(2).

¹³ We use the term “issue” here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁴ See *APO and Service Procedures*.

limited to issues raised in the briefs. If a request for a hearing is made, Commerce will inform parties of the scheduled date for the hearing.¹⁵

Assessment Rates

Pursuant to section 751(a)(2)(A) of the Act and 19 CFR 351.212(b)(1), Commerce will determine, and U.S. Customs and Border Protection (CBP) shall assess, antidumping duties on all appropriate entries of subject merchandise in accordance with the final results of this review.

If La Molisana’s or Garofalo’s weighted-average dumping margin is not zero or *de minimis* (i.e., less than 0.50 percent) in the final results of this review, Commerce intends to calculate importer-specific assessment rates on the basis of the ratio of the total amount of dumping calculated for each importer’s examined sales to the total entered value of those sales. Where we do not have entered values for all U.S. sales to a particular importer, we will calculate an importer-specific, per-unit assessment rate on the basis of the ratio of the total amount of dumping calculated for the importer’s examined sales to the total quantity of those sales.¹⁶ To determine whether an importer-specific, per-unit assessment rate is *de minimis*, in accordance with 19 CFR 351.106(c)(2), we also will calculate an importer-specific *ad valorem* ratio based on estimated entered values. If La Molisana’s or Garofalo’s weighted-average dumping margin is zero or *de minimis* or where an importer-specific *ad valorem* assessment rate is zero or *de minimis*, we will instruct CBP to liquidate appropriate entries without regard to antidumping duties.¹⁷

In accordance with Commerce’s “automatic assessment” practice, for entries of subject merchandise during the POR produced by La Molisana or Garofalo for which they did not know that the merchandise was destined for the United States, we intend to instruct CBP to liquidate those entries at the all-others rate calculated in the less-than-fair-value (LTFV) investigation if there is no rate for the intermediate company(ies) involved in the transaction.¹⁸

¹⁵ See 19 CFR 351.310(d).

¹⁶ See 19 CFR 351.212(b)(1).

¹⁷ See 19 CFR 351.106(c)(2); see also *Antidumping Proceeding: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings; Final Modification*, 77 FR 8101, 8103 (February 14, 2012).

¹⁸ For a full discussion of this practice, see *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003).

For the companies listed in Appendix II which were not selected for individual review, we will assign an assessment rate based on the review-specific rate, calculated as noted in the "Rate for Non-Individually Examined Companies" section, above. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the final results of this review and for future deposits of estimated duties, where applicable.¹⁹

For the companies listed in Appendix III for which the review is being rescinded, Commerce will instruct CBP to assess antidumping duties on all appropriate entries. Antidumping duties shall be assessed at rates equal to the cash deposit rate for estimated antidumping duties required at the time of entry, or withdrawal from warehouse, for consumption, in accordance with 19 CFR 351.212(c)(1)(i). Commerce intends to issue rescission instructions to CBP no earlier than 35 days after the date of publication of this notice in the **Federal Register**.

Commerce intends to issue assessment instructions to CBP regarding La Molisana, Garofalo, and the companies listed in Appendix II no earlier than 35 days after the date of publication of the final results of this review in the **Federal Register**. If a timely summons is filed at the U.S. Court of International Trade, the assessment instructions will direct CBP not to liquidate relevant entries until the time for parties to file a request for a statutory injunction has expired (*i.e.*, within 90 days of publication).

Cash Deposit Requirements

The following deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(2)(C) of the Act: (1) the cash deposit rate for the companies listed above will be that established in the final results of this review, except if the rate is less than 0.50 percent and, therefore, *de minimis* within the meaning of 19 CFR 351.106(c)(1), in which case the cash deposit rate will be zero; (2) for previously investigated or reviewed companies not covered by this review, the cash deposit rate will continue to be the company-specific cash deposit rate published for the most recently completed segment of this proceeding in which the company participated; (3) if the exporter is not a

firm covered in this review, or the LTFV investigation, but the manufacturer is, then the cash deposit rate will be the rate established for the most recent segment for the manufacturer of the merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be 15.45 percent, the rate established in the *Section 129 Determination*.²⁰ These cash deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in Commerce's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties, and/or an increase in the amount of antidumping duties by the amount of the countervailing duties.

Notification to Interested Parties

We are issuing and publishing these preliminary results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(4).

Dated: October 7, 2026.

Scot Fullerton,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

Appendix I

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Order
- IV. Recission of Review, In Part
- V. Affiliation
- VI. Discussion of the Methodology
- VII. Currency Conversion
- VIII. Recommendation

Appendix II

Review-Specific Rate Applicable to Companies Not Selected for Individual Review

1. Gruppo Milo SpA
2. Rummo S.p.A.; Pasta Castiglioni S.r.l.; Molino e Pastificio; Rummo Lenta

²⁰ See *Implementation of the Findings of the WTO Panel in US-Zeroing (EC): Notice of Determinations Under Section 129 of the Uruguay Round Agreements Act and Revocations and Partial Revocations of Certain Antidumping Duty Orders*, 72 FR 25261 (May 4, 2007) (*Section 129 Determination*).

Lavorazione S.p.A.

Appendix III

Companies for Which We Are Rescinding This Administrative Review

1. Agritalia S.r.L.
2. Andriani S.p.A.
3. Antiche Tradizioni Di Gragnano S.R.L.
4. Barilla G. e R. Fratelli Società per Azioni Socio Unico
5. George DeLallo Company, Inc.
6. La Doria Pasta PL S.r.l.
7. Marchesi Frescobaldi Soc. Agricola S.r.l.
8. Pastificio Artigiano Cav. Giuseppe Cocco S.R.L.
9. Pastificio Di Martino Gaetano e Flli S.p.A.
10. Pastificio Fratelli Cellino S.P.A.
11. Pastificio Fratelli Cellino S.R.L.
12. Pastificio Ligouri S.p.A.; PAM S.P.A.; PAM S.R.L.; Liguori Pastificio Dal 1820 S.P.A.; Pastificio Della Forma S.r.l.
13. Pastificio Mediterranea S.R.L.
14. Pastificio Sgambaro
15. The Aldino Group: Aldino S.r.l.; Pastificio Tamma S.r.l., Pastificio Chiavenna S.r.l., Pastificio Rigo S.P.A.

[FR Doc. 2026–21042 Filed 10–14–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–840]

Forged Steel Fluid End Blocks from Italy: Notice of Court Decision Not in Harmony With the Results of Antidumping Administrative Review; Notice of Amended Final Results

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: On October 2, 2026, the U.S. Court of International Trade (CIT) issued its final judgment in *Ellwood City Forge Company v. United States*, Court no. 23–00191, sustaining the U.S. Department of Commerce (Commerce)'s first remand results pertaining to the administrative review of the antidumping duty (AD) order on forged steel fluid end blocks (FEBs) from Italy covering the period of review (POR) July 23, 2020 through December 31, 2021. Commerce is notifying the public that the CIT's final judgment is not in harmony with Commerce's final results of the administrative review, and that Commerce is amending the final results with respect to the dumping margin assigned to Lucchini Mame Forge S.p.A. **DATES:** Applicable October 12, 2026.

FOR FURTHER INFORMATION CONTACT: Yang Jin Chun, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–5760.

¹⁹ See section 751(a)(2)(C) of the Act.

SUPPLEMENTARY INFORMATION:

Background

On August 14, 2023, Commerce published its *Final Results* of the administrative review of the antidumping duty order on forged steel fluid end blocks from Italy covering the POR July 23, 2020 through December 31, 2021. Commerce calculated a weighted-average dumping margin of 2.97 percent.¹

Elwood City Forge Company appealed Commerce’s *Final Results*. On April 28, 2026, the CIT remanded the *Final Results* to Commerce, directing Commerce to: (1) further explain its determination that Cogne and Ciscato, two producers whose financial statements Commerce used to calculate Lucchini’s CV profit, produced merchandise identical to the subject

FEBs; and (2) further explain/reconsider its selection of the market-price benchmark used in the major input analysis.²

In its final results of redetermination, issued in July 2026, Commerce reversed both determinations. Commerce excluded Cogne and Ciscato from its CV profit calculation. Commerce also used Company A’s U.S. purchases of ingots as the market-price benchmark for its major-input analysis and rejected Lucchini’s February 2023 adjustment information as untimely new factual information.³ The CIT sustained Commerce’s *Final Results of Redetermination*.⁴

Timken Notice

In its decision in *Timken*,⁵ as clarified by *Diamond Sawblades*,⁶ the U.S. Court of Appeals for the Federal Circuit held

that, pursuant to section 516A(c) and (e) of the Tariff Act of 1930, as amended (the Act), Commerce must publish a notice of court decision that is not “in harmony” with a Commerce determination and must suspend liquidation of entries pending a “conclusive” court decision. The CIT’s October 2, 2026, judgment constitutes a final decision of the CIT that is not in harmony with Commerce’s *Final Results*. Thus, this notice is published in fulfillment of the publication requirements of *Timken*.

Amended Final Results

Because there is now a final court judgment, Commerce is amending its *Final Results* with respect to Lucchini as follows:

Exporter/producer	Final results weighted-average dumping margin (percent)	Amended final results weighted-average dumping margin (percent)
Lucchini Mame Forge S.p.A	2.97	7.55

Cash Deposit Requirements

Because Lucchini has a superseding cash deposit rate, *i.e.*, there have been final results published in a subsequent administrative review,⁷ we will not issue revised cash deposit instructions to U.S. Customs and Border Protection (CBP). This notice will not affect the current cash deposit rate.

Liquidation of Suspended Entries

At this time, Commerce remains enjoined by CIT order from liquidating entries that: were produced and/or exported by Lucchini, and were entered, or withdrawn from warehouse, for consumption during the period of review July 23, 2020, through December 31, 2021. These entries will remain enjoined pursuant to the terms of the injunction during the pendency of any appeals process.

In the event the CIT’s ruling is not appealed, or, if appealed, upheld by a final and conclusive court decision, Commerce intends to instruct CBP to assess antidumping duties on unliquidated entries of subject merchandise produced and/or exported by Lucchini in accordance with 19 CFR

351.212(b). We will instruct CBP to assess antidumping duties on all appropriate entries covered by this review when the importer-specific *ad valorem* assessment rate is not zero or *de minimis*. Where an import-specific *ad valorem* assessment rate is zero or *de minimis*,⁸ we will instruct CBP to liquidate the appropriate entries without regard to antidumping duties.

Notification to Interested Parties

This notice is issued and published in accordance with sections 516A(c) and (e) and 777(i)(1) of the Act.

Dated: October 9, 2026.

Scot Fullerton,
Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2026–21044 Filed 10–14–26; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–523–808]

Certain Steel Nails From the Sultanate of Oman: Preliminary Results and Intent To Rescind, in Part, Antidumping Duty Administrative Review; 2024–2025

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that Oman Fasteners LLC (Oman Fasteners) did not make sales of the subject merchandise at less than normal value (NV) during the period of review (POR), July 1, 2024, through June 30, 2025. In addition, we intend to rescind the review with respect to 15 companies. Interested parties are invited to comment on these preliminary results of review.

DATES: Applicable October 15, 2026.

FOR FURTHER INFORMATION CONTACT: Catherine Bonilla, AD/CVD Operations, Office OIV, Enforcement and

¹ See *Forged Steel Fluid End Blocks from Italy: Final Results of the Antidumping Duty Administrative Review; 2020–2021*, 88 FR 55010 (August 14, 2023) (*Final Results*), and accompanying Issues and Decision Memorandum.

² See *Ellwood City Forge Company v. United States*, 834 F. Supp. 3d 1304 (CIT 2026) (*Remand Order*).

³ See *Final Results of Redetermination Pursuant to Remand Order (Final Results of Redetermination)*.

⁴ See *Ellwood City Forge Company v. United States*, Ct. No. 23–00191 (CIT October 2, 2026) (Judgement).

⁵ See *Timken Co. v. United States*, 893 F.2d 337 (Fed. Cir. 1990) (*Timken*).

⁶ See *Diamond Sawblades Manufacturers Coalition v. United States*, 626 F.3d 1374 (Fed. Cir. 2010) (*Diamond Sawblades*).

⁷ See *Forged Steel Fluid End Blocks from Italy: Final Results of Antidumping Duty Administrative Review; 2023*, 91 FR 3416 (January 27, 2026).

⁸ See 19 CFR 351.106(c)(2).

Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-7955.

SUPPLEMENTARY INFORMATION:

Background

On August 22, 2025, based on timely requests for review, in accordance with 19 CFR 351.221(c)(1)(i), we initiated an administrative review of the antidumping duty (AD) order on certain steel nails (steel nails) from Sultanate of Oman (Oman).¹ On September 22, 2025, we selected Oman Fasteners for individual examination as the sole mandatory respondent in this review.²

Due to the lapse in appropriations and Federal Government shutdown, on November 14, 2025, Commerce tolled all deadlines in administrative proceedings by 47 days.³ Additionally, due to a backlog of documents that were electronically filed via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS) during the Federal Government shutdown, on November 24, 2025, Commerce tolled all deadlines in administrative proceedings by an additional 21 days.⁴ On May 20, 2026, Commerce extended the deadline for the preliminary results of this administrative review by 113 days.⁵ On September 29, 2026, Commerce further extended the deadline for the preliminary results for an additional 7 days.⁶ The deadline for the preliminary results is now October 7, 2026.

For a complete description of the events that followed the initiation of this review, *See* the Preliminary Decision Memorandum.⁷ A list of the

topics discussed in the Preliminary Decision Memorandum is attached as Appendix I to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via ACCESS, which is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed at <https://access.trade.gov/frnotices>.

Scope of the Order

The merchandise subject to the *Order* is steel nails from Oman. For a complete description of the scope of the *Order*, *see* the Preliminary Decision Memorandum.

Intent To Rescind Administrative Review, In Part

It is Commerce's practice to rescind an administrative review of a duty order, pursuant to 19 CFR 351.213(d)(3), when there are no reviewable entries of subject merchandise during the POR for which liquidation is suspended. Normally, upon completion of an administrative review, the suspended entries are liquidated at the AD assessment rate calculated for the POR.⁸ Therefore, for an administrative review of a company to be conducted, there must be a reviewable, suspended entry that Commerce can instruct U.S. Customs and Border Protection (CBP) to liquidate at the AD assessment rate calculated for the POR.⁹

According to the CBP import data on the record, the companies listed in Appendix II subject to this review did not have reviewable entries of subject merchandise during the POR for which liquidation is suspended.¹⁰ Accordingly, in the absence of reviewable, suspended entries of subject merchandise during the POR, we intend to rescind this administrative review with respect to these companies listed in Appendix II, in accordance with 19 CFR 351.213(d)(3).

Methodology

Commerce is conducting this review in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). Export price is calculated in accordance with section 772 of the Act. NV is calculated in accordance with section 773 of the Act. For a full description of the methodology underlying our conclusions, *see* the Preliminary Decision Memorandum.

The Act and Commerce's regulations do not address the establishment of a rate to be applied to companies not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in a market economy investigation, for guidance when calculating the rate for companies which were not selected for individual examination in an administrative review. Under section 735(c)(5)(A) of the Act, the all-others rate is normally "an amount equal to the weighted average of the estimated weighted average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely {on the basis of facts available}."

Rate for Non-Examined Company

The SAA provides Commerce with additional guidance as to what the agency should do when the only margins calculated for individually-investigated exporters are zero/*de minimis* and/or determined entirely through facts available:

In such situations, Commerce may use any reasonable method to calculate the all others rate. The expected method in such cases will be to weight-average the zero and *de minimis* margins and margins determined pursuant to the facts available, provided that volume data is available. However, if this method is not feasible, or if it results in an average that would not be reasonably reflective of potential dumping margins for non-investigated exporters or producers, Commerce may use other reasonable methods.¹¹

In this review, we preliminary calculated a dumping margin of zero percent for Oman Fasteners, the sole respondent individually examined. Therefore, there is no non-zero weighted-average dumping margin established for exporters and producers individually examined in this POR. Further, Oman Fasteners the only producer and/or exporter with a history of individual examination in this *Order*, and the non-individually examined respondent under review, Gulf Nails LLC, has no history of individual review. Given the lack of history of review of applicable rates for firms other than Oman Nails, Commerce determines it is feasible and appropriate to look to other reasonable methods to determine

¹ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 90 FR 41043 (August 22, 2025) (*Initiation Notice*); *see also Certain Steel Nails from the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, and the Socialist Republic of Vietnam: Antidumping Duty Orders*, 80 FR 39994 (July 13, 2015) (*Order*).

² See Memorandum, "Respondent Identification," dated September 22, 2025.

³ See Memorandum, "Deadlines Affected by the Shutdown of the Federal Government," dated November 14, 2025.

⁴ See Memorandum, "Tolling of all Case Deadlines," dated November 24, 2025.

⁵ See Memorandum, "Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated May 20, 2026.

⁶ See Memorandum, "Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated September 29, 2026.

⁷ See Memorandum, "Decision Memorandum for the Preliminary Results of the Administrative Review of the Antidumping Duty Order on Certain Steel Nails from the Sultanate of Oman; 2024–2025," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁸ See 19 CFR 351.212(b)(2).

⁹ See 19 CFR 351.213(d)(3).

¹⁰ See Memorandum, "Release of Customs Data from U.S. Customs and Border Protection," dated August 27, 2025.

¹¹ See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, Vol. I (1994) (SAA) at 873 (emphasis added).

the applicable rate for non-selected respondents. The only rate established for exporters or producers in the history of the *Order* which is not zero, *de minimis*, or based entirely on adverse facts available is the 9.10 percent rate calculated for Oman Fasteners and assigned as the all-others rate in the less-than-fair-value (LTFV) investigation.¹² We find use of this rate to reflect the most reasonable method to approximate the exporting experience of the non-reviewed respondent, as it reflects the rate established for respondents with no prior history of individual review. Accordingly, we have selected the 9.10 percent rate calculated for Oman Fasteners and assigned to all other producers and exporters in the LTFV investigation as the rate applicable to the non-individually examined respondent in this review.

Preliminary Results of Review

As a result of this review, we preliminarily determine the following estimated weighted-average dumping margin exists for the period July 1, 2024, through June 30, 2025:

Producer/exporter	Weighted-average dumping margin (percent)
Oman Fasteners LLC	0.00
Gulf Nails LLC	9.10

Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties for these preliminary results within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of this notice in the **Federal Register**, in accordance with 19 CFR 351.224(b).

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance. Pursuant to 19 CFR 351.309(c)(1)(ii), we have modified the deadline for interested parties to submit case briefs to Commerce to no later than 21 days after the date of the publication of this notice.¹³ Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case briefs.¹⁴ Interested

parties who submit case briefs or rebuttal briefs in this review must submit: (1) a table of contents listing each issue; and (2) a table of authorities.¹⁵ All briefs must be filed electronically using ACCESS. An electronically filed document must be received successfully in its entirety in ACCESS by 5:00 p.m. Eastern Time on the established deadline.

As provided under 19 CFR 351.309(c)(2)(iii) and (d)(2)(iii), we request that interested parties provide at the beginning of their briefs a public executive summary for each issue raised in their briefs.¹⁶ Further, we request that interested parties limit their public executive summary of each issue to no more than 450 words, not including citations. We intend to use the public executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final results in this administrative review. We request that interested parties include footnotes for relevant citations in the public executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁷

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, filed electronically via ACCESS by 5:00 p.m. Eastern Time within 30 days after the date of publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants, and whether any participant is a foreign national; and (3) a list of issues to be discussed. Oral presentations at the hearing will be limited to issues raised in the briefs. If a request for a hearing is made, Commerce will inform parties of the scheduled date for the hearing.¹⁸

Assessment Rates

Pursuant to section 751(a)(2)(A) of the Act and 19 CFR 351.212(b)(1), Commerce will determine, and CBP shall assess, antidumping duties on all appropriate entries of subject merchandise in accordance with the final results of this review.

Antidumping and Countervailing Duty Proceedings, 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Procedures*).

¹⁵ See 19 CFR 351.309(c)(2) and (d)(2).

¹⁶ We use the term “issue” here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁷ See *APO and Service Procedures*.

¹⁸ See 19 CFR 351.310(d).

If Oman Fasteners weighted-average dumping margin is not zero or *de minimis* (i.e., less than 0.50 percent) in the final results of this review, Commerce intends to calculate importer-specific assessment rates on the basis of the ratio of the total amount of dumping calculated for each importer's examined sales to the total entered value of those sales. Where we do not have entered values for all U.S. sales to a particular importer, we will calculate an importer-specific, per-unit assessment rate on the basis of the ratio of the total amount of dumping calculated for the importer's examined sales to the total quantity of those sales.¹⁹ To determine whether an importer-specific, per-unit assessment rate is *de minimis*, in accordance with 19 CFR 351.106(c)(2), we also will calculate an importer-specific *ad valorem* ratio based on estimated entered values. If Oman Fasteners' weighted-average dumping margin is zero or *de minimis* or where an importer-specific *ad valorem* assessment rate is zero or *de minimis*, we will instruct CBP to liquidate appropriate entries without regard to antidumping duties.²⁰

In accordance with Commerce's “automatic assessment” practice, for entries of subject merchandise during the POR produced by Oman Fasteners for which it did not know that the merchandise was destined for the United States, we intend to instruct CBP to liquidate those entries at the all-others rate calculated in the LTFV investigation if there is no rate for the intermediate company(ies) involved in the transaction.²¹

For the companies which were not selected for individual review, we will assign an assessment rate based on the review-specific rate, calculated as noted in the “Rate for Non-Individually Examined Companies” section, above. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the final results of this review and for future deposits of estimated duties, where applicable.²²

If a timely summons is filed at the U.S. Court of International Trade, the assessment instructions will direct CBP

¹² See *Certain Steel Nails from the Sultanate of Oman: Final Determination of Sales at Less Than Fair Value*, 80 FR 28972 (May 20, 2015).

¹³ See 19 CFR 351.309.

¹⁴ See 19 CFR 351.309(d); see also *Administrative Protective Order, Service, and Other Procedures in*

not to liquidate relevant entries until the time for parties to file a request for a statutory injunction has expired (*i.e.*, within 90 days of publication).

Cash Deposit Requirements

The following deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(2)(C) of the Act: (1) the cash deposit rate for the company{ies} listed above will be that established in the final results of this review, except if the rate is less than 0.50 percent and, therefore, *de minimis* within the meaning of 19 CFR 351.106(c)(1), in which case the cash deposit rate will be zero; (2) for previously investigated or reviewed companies not covered by this review, the cash deposit rate will continue to be the company-specific cash deposit rate published for the most recently completed segment of this proceeding in which the company participated; (3) if the exporter is not a firm covered in this review, or the LTFV investigation, but the manufacturer is, then the cash deposit rate will be the rate established for the most recent segment for the manufacturer of the merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be 9.10 percent, the all-others rate established in the LTFV investigation.²³ These cash deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in Commerce's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

Notification to Interested Parties

We are issuing and publishing these preliminary results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(4).

Dated: October 7, 2026.

Scot Fullerton,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

Appendix I

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the *Order*
- IV. Intent to Rescind Administrative Review, in Part
- V. Discussion of the Methodology
- VI. Currency Conversion
- VII. Recommendation

Appendix II

Companies With No Reviewable Entries

1. Al Ansari Teqmark LLC
2. Al Kiyumi Global LLC
3. Al Sarah Building Materials LLC
4. Buraimi Iron & Steel, LLC
5. CL Synergy (Pvt) Ltd.
6. Diamond Foil Trading LLC
7. Gulf Nails Manufacturing, LLC
8. Gulf Steel Manufacturers, LLC
9. Modern Factory for Metal Products
10. Muscat Industrial Company, LLC
11. Muscat Nails Factory Golden Asset Trade, LLC
12. Oman Ocean Trading LLC
13. Omega Global Uluslararası Tasimacilik Ticaret Ltd. Sti
14. Platinum Fasteners
15. WWL Indian Private Ltd.

[FR Doc. 2026–21043 Filed 10–14–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XG021]

Taking and Importing Marine Mammals; Taking Marine Mammals Incidental to Russian River Estuary Management Activities

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

ACTION: Notice; receipt of application for Letter of Authorization; request for comments and information.

SUMMARY: NMFS has received a request from the Sonoma County Water Agency (SCWA) for authorization to take small numbers of marine mammals incidental to Russian River Estuary management activities in Sonoma County, California over the course of five years from the date of issuance. Pursuant to regulations implementing the Marine Mammal Protection Act (MMPA), NMFS is announcing receipt of the SCWA's

request for the development and implementation of regulations governing the incidental taking of marine mammals. NMFS invites the public to provide information, suggestions, and comments on the SCWA's application and request.

DATES: Comments and information must be received no later than November 16, 2026.

ADDRESSES: Comments on the applications should be addressed to the Permits and Conservation Division, Office of Protected Resources, National Marine Fisheries Service. Physical comments should be sent to 1315 East-West Highway, Silver Spring, MD 20910 and electronic comments should be sent to ITP.cockrell@noaa.gov.

Instructions: NMFS is not responsible for comments sent by any other method, to any other address or individual, or received after the end of the comment period. Comments received electronically, including all attachments, must not exceed a 25-megabyte file size. Attachments to electronic comments will be accepted in Microsoft Word or Excel or Adobe PDF file formats only. All comments received are a part of the public record and will generally be posted online at <https://www.fisheries.noaa.gov/national/marine-mammal-protection/incidental-take-authorizations-construction-activities> without change. All personal identifying information (*e.g.*, name, address) voluntarily submitted by the commenter may be publicly accessible. Do not submit confidential business information or otherwise sensitive or protected information.

An electronic copy of the SCWA's application may be obtained online at: <https://www.fisheries.noaa.gov/national/marine-mammal-protection/incidental-take-authorizations-construction-activities>. In case of problems accessing these documents, please call the contact listed above.

FOR FURTHER INFORMATION CONTACT: Craig Cockrell, Office of Protected Resources, NMFS, (301) 427–8401.

SUPPLEMENTARY INFORMATION:

Background

Sections 101(a)(5)(A) and (D) of the MMPA (16 U.S.C. 1361 *et seq.*) direct the Secretary of Commerce (as delegated to NMFS) to allow, upon request, the incidental, but not intentional, taking of small numbers of marine mammals by U.S. citizens who engage in a specified activity (other than commercial fishing) within a specified geographical region if certain findings are made and either regulations are issued or, if the taking is

²³ See *Order*.

limited to harassment, a notice of a proposed authorization is provided to the public for review.

An incidental take authorization shall be granted if NMFS finds that the taking will have a negligible impact on the species or stock(s), will not have an unmitigable adverse impact on the availability of the species or stock(s) for subsistence uses (where relevant), and if the permissible methods of taking and requirements pertaining to the mitigation, monitoring and reporting of such takings are set forth.

NMFS has defined “negligible impact” in 50 CFR 216.103 as an impact resulting from the specified activity that cannot be reasonably expected to, and is not reasonably likely to, adversely affect the species or stock through effects on annual rates of recruitment or survival.

The MMPA states that the term “take” means to harass, hunt, capture, kill or attempt to harass, hunt, capture, or kill any marine mammal.

Except with respect to certain activities not pertinent here, the MMPA defines “harassment” as: any act of pursuit, torment, or annoyance, which (i) has the potential to injure a marine mammal or marine mammal stock in the wild (Level A harassment); or (ii) has the potential to disturb a marine mammal or marine mammal stock in the wild by causing disruption of behavioral patterns, including, but not limited to, migration, breathing, nursing, breeding, feeding, or sheltering (Level B harassment).

Summary of Request

On July 1, 2026, NMFS received application from the SCWA requesting authorization for take of marine mammals incidental to Russian River Estuary management activities in Sonoma County, California. After the SCWA responded to our questions and revised the application on August 27, 2026, we determined the application was adequate and complete on October 7, 2026. The requested regulations would be valid for five years (2027–2032). The proposed action requires the use of heavy equipment (e.g., bulldozer and excavator) and increased human presence, as well as the use of small boats. As a result, pinnipeds hauled out on the beach or at peripheral haul-outs in the estuary may exhibit behavioral responses that indicate incidental take by Level B harassment under the MMPA. Therefore, the SCWA requests authorization to incidentally take marine mammals.

NMFS has previously issued incidental take regulations and a subsequent Letter of Authorization (LOA) to SCWA for take of marine

mammals incidental to similar specified activities (87 FR 23111, April 19, 2022). Monitoring reports submitted to NMFS as a condition of previously issued LOAs are available online at: <https://www.fisheries.noaa.gov/action/sonoma-county-water-agencys-estuary-management-activities-sonoma-county-california-2022>.

Specified Activities

The SCWA plans to continue managing the naturally-formed barrier beach at the mouth of the Russian River in order to minimize potential for flooding adjacent to the estuary and to enhance habitat for juvenile salmonids, as well as to conduct biological and physical monitoring of the barrier beach and estuary. Artificial breaching and monitoring activities may occur at any time during the period of validity of the proposed regulations.

Information Solicited

Interested persons may submit information, suggestions, and comments concerning the SCWA’s request (see **ADDRESSES**). NMFS will consider all information, suggestions, and comments related to the request during the development of proposed regulations governing the incidental taking of marine mammals by the SCWA, if appropriate.

Dated: October 13, 2026.

Kimberly Damon-Randall,
Director, Office of Protected Resources,
National Marine Fisheries Service.

[FR Doc. 2026–21072 Filed 10–14–26; 8:45 am]

BILLING CODE 3510–22–P

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Deletions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Deletions from the Procurement List.

SUMMARY: This action deletes product(s) from the Procurement List that were furnished by nonprofit agencies employing persons who are blind or have other severe disabilities.

DATES: Date added to and deleted from the Procurement List: November 15, 2026.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, 250 E Street SW, Suite 3100, Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT: For further information or to submit comments contact: Michael R. Jurkowski, Telephone: (703) 489–1322, or email CMTEFedReg@AbilityOne.gov.

SUPPLEMENTARY INFORMATION:

Deletions

On September 10, 2026 (91 FR 57575), the Committee for Purchase From People Who Are Blind or Severely Disabled published notice of proposed deletions from the Procurement List. This notice is published pursuant to 41 U.S.C. 8503(a)(2) and 41 CFR 51–2.3.

After consideration of the relevant matter presented, the Committee has determined that the product(s) listed below are no longer suitable for procurement by the Federal Government under 41 U.S.C. 8501–8506 and 41 CFR 51–2.4.

Regulatory Flexibility Act Certification

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in additional reporting, recordkeeping or other compliance requirements for small entities.

2. The action may result in authorizing small entities to furnish the product(s) to the Government.

3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O’Day Act (41 U.S.C. 8501–8506) in connection with the product(s) deleted from the Procurement List.

End of Certification

Accordingly, the following product(s) are deleted from the Procurement List:

Product(s)

NSN(s)—Product Name(s): 700005401N—Monitor, Desktop, 23.8”

Authorized Source of Supply: Goodwill Vision Enterprises, Rochester, NY
Contracting Activity: DEPT OF DEFENSE, DLA TROOP SUPPORT

NSN(s)—Product Name(s): 7340–00–NIB–0014—Cutlery, Plastic, Medium Weight, Knife

Authorized Source of Supply: LC Industries, Inc., Durham, NC
Contracting Activity: DEPT OF DEFENSE, U.S. FLEET FORCES COMMAND

Michael R. Jurkowski,

Director, Business Operations.

[FR Doc. 2026–21046 Filed 10–14–26; 8:45 am]

BILLING CODE 6353–01–P

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Proposed Additions and Deletions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Proposed additions to and deletions from the Procurement List.

SUMMARY: The Committee is proposing to add service(s) to the Procurement List that will be furnished by nonprofit agencies employing persons who are blind or have other severe disabilities, and delete service(s) previously furnished by such agencies.

DATES: Comments must be received on or before: November 14, 2026.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, 250 E Street SW, Suite 3100, Washington DC, 20024.

FOR FURTHER INFORMATION CONTACT: For further information or to submit comments contact: Michael R. Jurkowski, Telephone: (703) 489-1322, or email CMTEFedReg@AbilityOne.gov.

SUPPLEMENTARY INFORMATION: This notice is published pursuant to 41 U.S.C. 8503(a)(2) and 41 CFR 51-2.3. Its purpose is to provide interested persons an opportunity to submit comments on the proposed actions.

Additions

In accordance with 41 CFR 51-5.3(b), the Committee intends to add the service requirement listed below to the Procurement List as a mandatory purchase only for the contracting activities at the location listed with the proposed qualified nonprofit agency as the authorized source of supply. Prior to adding the service to the Procurement List, the Committee will consider other pertinent information, including information from Government personnel and relevant comments from interested parties regarding the Committee's intent to geographically limit this services requirement.

The following service(s) are proposed for addition to the Procurement List for production by the nonprofit agencies listed:

Service(s)

Service Type: Custodial Service

Mandatory For: US Army, Intelligence and Security Command, Nolan Buildings 244/244B, Garage, Guard Shack, 193,712 and 766, Fort Belvoir, VA., 8825 Beulah Street, Fort Belvoir, VA

Authorized Source of Supply: ServiceSource, Inc., Oakton, VA

Contracting Activity: DEPT OF DEFENSE, U.S. Army Intelligence and Security

Command

Service Type: Grounds Maintenance

Mandatory For: US Air Force, Holloman Air Force Base, Holloman AFB, NM, 750 David L. Goldfein Street, Holloman AFB, NM

Authorized Source of Supply: CW Resources, Inc., New Britain, CT

Contracting Activity: DEPT OF THE AIR FORCE, FA4801 49 CONS LGCP

Deletions

The following service(s) are proposed for deletion from the Procurement List:

Service(s)

Service Type: Custodial Service

Mandatory For: US Army Corps of Engineers, Central Area Office, Davenport, IA, 1910 E. Kimberly Road, Suite 105, Davenport, IA

Authorized Source of Supply: The Arc of the Quad Cities Area, Rock Island, IL

Contracting Activity: DEPT OF THE ARMY, W07V ENDIST ROCK ISLAND

Service Type: Laundry Service

Mandatory For: US Army, Fort Campbell, Fort Campbell, KY, 8th and Desert Storm, Bldg 5212, Fort Campbell, KY

Authorized Source of Supply: Great Plains Enterprises, Inc., Las Vegas, NV

Contracting Activity: DEPT OF THE ARMY, W6QM MICC-FT CAMPBELL

Michael R. Jurkowski,

Director, Business Operations.

[FR Doc. 2026-21048 Filed 10-14-26; 8:45 am]

BILLING CODE 6353-01-P

CONSUMER FINANCIAL PROTECTION BUREAU

[Docket No. CFPB-2026-0022]

Agency Information Collection Activities: Comment Request

AGENCY: Consumer Financial Protection Bureau.

ACTION: Notice and request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (PRA), the Consumer Financial Protection Bureau (CFPB) is requesting the Office of Management and Budget's (OMB's) extension of the information collection titled "Consumer Response Company Response Survey" approved under OMB Control Number 3170-0069.

DATES: Written comments are encouraged and must be received on or before December 14, 2026 to be assured of consideration.

ADDRESSES: You may submit comments, identified by the title of the information collection, OMB Control Number (see below), and docket number (see above), by any of the following methods:

- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.

- **Email:** CFPB_PRA@cfpb.gov.

Include Docket No. CFPB-2026-0022 in the subject line of the email.

- **Mail/Hand Delivery/Courier:**

Comment Intake, Consumer Financial Protection Bureau (Attention: PRA Office), 445 12th Street SW, Washington, DC 20554. Because paper mail in the Washington, DC area and at the CFPB is subject to delay, commenters are encouraged to submit comments electronically.

Please note that comments submitted after the comment period will not be accepted. In general, all comments received will become public records, including any personal information provided. Sensitive personal information, such as account numbers or Social Security numbers, should not be included.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information should be directed to Anthony May, PRA Officer, at (202)-435-7275, or email: CFPB_PRA@cfpb.gov. If you require this document in an alternative electronic format, please contact CFPB_Accessibility@cfpb.gov. Please do not submit comments to these email boxes.

SUPPLEMENTARY INFORMATION:

Title of Collection: Consumer Response Company Response Survey.

OMB Control Number: 3170-0069.

Type of Review: Extension of an information collection.

Affected Public: Individuals or households.

Estimated Number of Respondents: 66,700.

Estimated Total Annual Burden Hours: 4,669.

Abstract: The CFPB will use this information collection to garner consumer feedback through an optional survey at the end of the consumer complaint process. Through the existing survey, consumers have the option to provide feedback on the company's response to and handling of their complaint. The results of this feedback are shared with the company that responded to the complaint to inform its complaint handling. The CFPB also uses this feedback as one of several inputs to inform its work to assess the accuracy, completeness, and timeliness of company responses to consumer complaints.

This information collection asks three questions about the company's response to and handling of any complaint and requires a narrative description in support of any provided answers. Positive feedback about the company's handling of the consumer's complaint would be reflected by affirmative answers to each question and by the

narrative in support of each answer. The Company Response Survey allows consumers to offer both positive and negative feedback on their complaint experience.

Request for Comments: Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the CFPB, including whether the information will have practical utility; (b) The accuracy of the CFPB's estimate of the burden of the collection of information, including the validity of the methods and the assumptions used; (c) Ways to enhance the quality, utility, and clarity of the information to be collected; and (d) Ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Comments submitted in response to this notice will be summarized and/or included in the request for OMB's approval. All comments will become a matter of public record.

Anthony May,

Paperwork Reduction Act Officer, Consumer Financial Protection Bureau.

[FR Doc. 2026-21076 Filed 10-14-26; 8:45 am]

BILLING CODE 4810-25-P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD-2026-OS-1651]

Submission for OMB Review; Comment Request

AGENCY: Office of the Under Secretary of Defense for Research and Engineering, (OUSD(R&E)), Department of Defense (DoD).

ACTION: 30-day information collection notice.

SUMMARY: The Department of Defense (referred to herein as "the Department", "Department of War" or "DoW" has submitted to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act.

DATES: Consideration will be given to all comments received by November 16, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT: Reginald Lucas, (571) 372-7574, whs.mc-alex.esd.mbx.dd-dod-information-collections@mail.mil.

SUPPLEMENTARY INFORMATION:

Title: *Associated Form; and OMB Number:* Report of Inventions and Subcontracts; Unclassified: DD Form 882-R and Classified: DD Form 882-R; OMB Control Number 0704-RCIS.
Type of Request: New.
Number of Respondents: 3,150.
Responses per Respondent: 1.48.
Annual Responses: 4,662.
Average Burden per Response: 1.06 hours.

Annual Burden Hours: 4,942.
Needs and Uses: This information collection is mandated by the Bayh-Dole Act to govern rights allocation for inventions made with federal funding, requiring contractors to disclose inventions and subcontracts and report on their utilization. The DoD replaces the legacy DD Form 882 with two specialized forms: DD Form 882-R for unclassified inventions, submitted annually or at contract closeout to certify disclosures in the iEdison database, and DD Form 882-C for classified inventions, submitted securely due to national security concerns. These processes ensure government contractors comply with reporting requirements, enable the government to secure royalty-free licenses, assume ownership of abandoned inventions, and verify subcontract compliance. Additionally, the data supports enterprise-level analysis of federally funded intellectual property, enhancing contract administration and technology management. Without these collections, the government would lose critical

mechanisms to protect and exercise its rights over innovations developed under its funding.

Affected Public: Business or other for profit.

Frequency: Annually.

Respondent's Obligation: Voluntary.

DOD Clearance Officer: Mr. Reginald Lucas.

Dated: October 9, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026-21026 Filed 10-14-26; 8:45 am]

BILLING CODE 6001-FR-P

DEPARTMENT OF DEFENSE

Office of the Secretary

Revised Non-foreign Overseas Per Diem Rates; Correction

AGENCY: Personnel Readiness Management Activity (PRMA), Department of Defense (DoD).

ACTION: Notice of revised per diem rates in non-foreign areas outside the continental U.S.; correction.

SUMMARY: On August 25, 2026, DoD published a notice titled "Revised Non-foreign Overseas Per Diem Rates." Subsequent to publication of the notice, DoD was informed that the per diem rates for Eielson Air Force Base were not correct in the previously published notice. This correction publishes the complete per diem rate table with the corrected Eielson Air Force Base numbers. All other information in the previously published notice remains the same.

DATES: This correction is effective October 15, 2026.

SUPPLEMENTARY INFORMATION: On August 25, 2026, DoD published a notice titled "Revised Non-foreign Overseas Per Diem Rates" (91 FR 54854-54857). The table on page 54855 is corrected. For readers' convenience, the table is being reprinted in full.

Dated: October 13, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

State or territory	Locality	Season start	Season end	Lodging	M&IE	Total per diem	Effective date
ALASKA	[OTHER]	01/01	12/31	239	143	382	01/01/2026
ALASKA	ADAK	01/01	12/31	239	143	382	01/01/2026
ALASKA	ANCHORAGE	04/01	09/30	329	148	477	01/01/2026
ALASKA	ANCHORAGE	10/01	03/31	239	148	387	01/01/2026
ALASKA	BARROW	05/01	08/31	301	143	444	01/01/2026
ALASKA	BARROW	09/01	04/30	266	143	409	01/01/2026
ALASKA	BARTER ISLAND LRRS	01/01	12/31	239	143	382	01/01/2026

State or territory	Locality	Season start	Season end	Lodging	M&IE	Total per diem	Effective date
ALASKA	BETHEL	01/01	12/31	239	143	382	01/02/2026
ALASKA	BETTLES	01/01	12/31	239	143	*382	01/01/2026
ALASKA	CAPE LISBURNE LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	CAPE NEWENHAM LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	CAPE ROMANZOF LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	CLEAR AB	01/01	12/31	239	143	382	01/01/2026
ALASKA	COLD BAY	01/01	12/31	239	143	382	01/01/2026
ALASKA	COLD BAY LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	COLDFOOT	01/01	12/31	249	143	392	01/01/2026
ALASKA	COPPER CENTER	01/01	12/31	239	143	382	01/01/2026
ALASKA	CORDOVA	01/01	12/31	239	143	382	01/01/2026
ALASKA	CRAIG	05/01	09/30	275	143	418	01/01/2026
ALASKA	CRAIG	10/01	04/30	199	143	342	01/01/2026
ALASKA	DEADHORSE	01/01	12/31	239	143	*382	01/01/2026
ALASKA	DELTA JUNCTION	01/01	12/31	239	143	382	01/01/2026
ALASKA	DENALI NATIONAL PARK	05/01	09/30	275	143	418	01/01/2026
ALASKA	DENALI NATIONAL PARK	10/01	04/30	199	143	342	01/01/2026
ALASKA	DILLINGHAM	01/01	12/31	320	143	463	01/01/2026
ALASKA	DUTCH HARBOR-UNALASKA	01/01	12/31	239	143	382	01/01/2026
ALASKA	EARECKSON AIR STATION	01/01	12/31	146	74	220	01/01/2026
ALASKA	EIELSON AFB	04/16	11/30	279	133	412	01/01/2026
ALASKA	EIELSON AFB	12/01	04/15	199	133	332	01/01/2026
ALASKA	ELFIN COVE	01/01	12/31	239	143	382	01/01/2026
ALASKA	ELMENDORF AFB	04/01	09/30	329	148	477	01/01/2026
ALASKA	ELMENDORF AFB	10/01	03/31	239	148	387	01/01/2026
ALASKA	FAIRBANKS	04/16	11/30	279	133	412	01/01/2026
ALASKA	FAIRBANKS	12/01	04/15	199	133	332	01/01/2026
ALASKA	FORT YUKON LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	FT. GREELY	01/01	12/31	239	143	382	01/01/2026
ALASKA	FT. RICHARDSON	04/01	09/30	329	148	477	01/01/2026
ALASKA	FT. RICHARDSON	10/01	03/31	239	148	387	01/01/2026
ALASKA	FT. WAINWRIGHT	04/16	11/30	279	133	412	01/01/2026
ALASKA	FT. WAINWRIGHT	12/01	04/15	199	133	332	01/01/2026
ALASKA	GAMBELL	01/01	12/31	239	143	382	01/01/2026
ALASKA	GLENNALLEN	01/01	12/31	239	143	382	01/01/2026
ALASKA	HAINES	01/01	12/31	239	143	382	01/01/2026
ALASKA	HEALY	05/01	09/30	275	143	418	01/01/2026
ALASKA	HEALY	10/01	04/30	199	143	342	01/01/2026
ALASKA	HOMER	05/01	09/30	275	143	418	01/01/2026
ALASKA	HOMER	10/01	04/30	199	143	342	01/01/2026
ALASKA	JB ELMENDORF-RICHARDSON	04/01	09/30	329	148	477	01/01/2026
ALASKA	JB ELMENDORF-RICHARDSON	10/01	03/31	239	148	387	01/01/2026
ALASKA	JUNEAU	02/01	10/31	274	143	417	01/01/2026
ALASKA	JUNEAU	11/01	01/31	239	143	382	01/01/2026
ALASKA	KAKTOVIK	01/01	12/31	239	143	*382	01/01/2026
ALASKA	KAVIK CAMP	01/01	12/31	239	143	*382	01/01/2026
ALASKA	KENAI-SOLDOTNA	05/01	10/31	275	143	418	01/01/2026
ALASKA	KENAI-SOLDOTNA	11/01	04/30	199	143	342	01/01/2026
ALASKA	KENNICOTT	01/01	12/31	239	143	382	01/01/2026
ALASKA	KETCHIKAN	05/01	09/30	275	143	418	01/01/2026
ALASKA	KETCHIKAN	10/01	04/30	188	143	331	01/01/2026
ALASKA	KING SALMON	01/01	12/31	239	143	382	01/01/2026
ALASKA	KING SALMON LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	KLAWOCK	01/01	12/31	239	143	382	01/01/2026
ALASKA	KODIAK	05/01	11/30	231	139	370	01/01/2026
ALASKA	KODIAK	12/01	04/30	145	139	284	01/01/2026
ALASKA	KOTZEBUE	01/01	12/31	239	143	382	01/01/2026
ALASKA	KULIS AGS	04/01	09/30	329	148	477	01/01/2026
ALASKA	KULIS AGS	10/01	03/31	239	148	387	01/01/2026
ALASKA	MCCARTHY	01/01	12/31	239	143	382	01/01/2026
ALASKA	MCCRATH	01/01	12/31	239	143	*382	01/01/2026
ALASKA	MURPHY DOME	04/16	11/30	279	133	412	01/01/2026
ALASKA	MURPHY DOME	12/01	04/15	199	133	332	01/01/2026
ALASKA	NOME	05/01	08/31	275	143	418	01/01/2026
ALASKA	NOME	09/01	04/30	242	143	385	01/01/2026
ALASKA	NOSC ANCHORAGE	04/01	09/30	329	148	477	01/01/2026
ALASKA	NOSC ANCHORAGE	10/01	03/31	239	148	387	01/01/2026
ALASKA	NUIQSUT	01/01	12/31	239	143	*382	01/01/2026
ALASKA	OLIKTOK LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	PALMER	05/01	09/30	275	143	418	01/01/2026
ALASKA	PALMER	10/01	04/30	199	143	342	01/01/2026
ALASKA	PETERSBURG	01/01	12/31	239	143	382	01/01/2026
ALASKA	POINT BARROW LRRS	01/01	12/31	239	143	382	01/01/2026

State or territory	Locality	Season start	Season end	Lodging	M&IE	Total per diem	Effective date
ALASKA	POINT HOPE	01/01	12/31	239	143	* 382	01/01/2026
ALASKA	POINT LONELY LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	PORT ALEXANDER	01/01	12/31	239	143	* 382	01/01/2026
ALASKA	PORT ALSWORTH	01/01	12/31	239	143	382	01/01/2026
ALASKA	PRUDHOE BAY	01/01	12/31	239	143	* 382	01/01/2026
ALASKA	SELDOVIA	05/01	09/30	275	143	418	01/01/2026
ALASKA	SELDOVIA	10/01	04/30	199	143	342	01/01/2026
ALASKA	SEWARD	04/01	09/30	284	189	473	01/01/2026
ALASKA	SEWARD	10/01	03/31	199	189	388	01/01/2026
ALASKA	SITKA-MT. EDGE CUMBE	05/01	09/30	275	143	418	01/01/2026
ALASKA	SITKA-MT. EDGE CUMBE	10/01	04/30	199	143	342	01/01/2026
ALASKA	SKAGWAY	05/01	09/30	275	143	418	01/01/2026
ALASKA	SKAGWAY	10/01	04/30	199	143	342	01/01/2026
ALASKA	SLANA	01/01	12/31	239	143	382	01/01/2026
ALASKA	SPARREVOHN LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	SPRUCE CAPE	03/01	09/30	275	143	418	01/01/2026
ALASKA	SPRUCE CAPE	10/01	02/28	199	143	342	01/01/2026
ALASKA	ST. GEORGE	01/01	12/31	239	143	382	01/01/2026
ALASKA	TALKEETNA	01/01	12/31	239	148	387	01/01/2026
ALASKA	TANANA	05/01	08/31	275	143	418	01/01/2026
ALASKA	TANANA	09/01	04/30	242	143	385	01/01/2026
ALASKA	TATALINA LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	TIN CITY LRRS	01/01	12/31	239	143	382	01/01/2026
ALASKA	TOK	01/01	12/31	239	143	382	01/01/2026
ALASKA	VALDEZ	05/16	09/15	275	143	418	01/01/2026
ALASKA	VALDEZ	09/16	05/15	199	143	342	01/01/2026
ALASKA	WAINWRIGHT	01/01	12/31	295	143	438	01/01/2026
ALASKA	WASILLA	06/01	09/30	275	129	404	01/01/2026
ALASKA	WASILLA	10/01	05/31	199	129	328	01/01/2026
ALASKA	WRANGELL	05/01	09/30	275	143	418	01/01/2026
ALASKA	WRANGELL	10/01	04/30	188	143	331	01/01/2026
ALASKA	YAKUTAT	06/01	09/30	350	143	493	01/01/2026
ALASKA	YAKUTAT	10/01	05/31	199	143	342	01/01/2026
AMERICAN SAMOA	AMERICAN SAMOA	01/01	12/31	179	138	317	09/01/2026
AMERICAN SAMOA	PAGO PAGO	01/01	12/31	179	138	317	09/01/2026
GUAM	GUAM (INCL ALL MIL INSTAL)	01/01	12/31	179	138	317	09/01/2026
GUAM	JOINT REGION MARIANAS (ANDERSEN).	01/01	12/31	179	138	317	09/01/2026
GUAM	JOINT REGION MARIANAS (NAVAL BASE).	01/01	12/31	179	138	317	09/01/2026
GUAM	TAMUNING	01/01	12/31	179	138	317	09/01/2026
HAWAII	[OTHER]	01/01	12/31	242	163	405	10/01/2025
HAWAII	CAMP H M SMITH	01/01	12/31	202	163	365	10/01/2025
HAWAII	CNI NAVMAG PEARL HARBOR-HICKAM.	01/01	12/31	202	163	365	10/01/2025
HAWAII	FT. DERUSSEY	01/01	12/31	202	163	365	10/01/2025
HAWAII	FT. SHAFTER	01/01	12/31	202	163	365	10/01/2025
HAWAII	HICKAM AFB	01/01	12/31	202	163	365	10/01/2025
HAWAII	HONOLULU	01/01	12/31	202	163	365	10/01/2025
HAWAII	ISLE OF HAWAII: HILO	01/01	12/31	199	146	345	10/01/2025
HAWAII	ISLE OF HAWAII: LOCATIONS OTHER THAN HILO.	01/01	12/31	242	180	422	10/01/2025
HAWAII	ISLE OF KAUAI	01/01	12/31	350	165	515	10/01/2025
HAWAII	ISLE OF LANAI	01/01	12/31	242	163	405	10/01/2025
HAWAII	ISLE OF MAUI	01/01	12/31	354	153	507	10/01/2025
HAWAII	ISLE OF MOLOKAI	01/01	12/31	242	163	405	10/01/2025
HAWAII	ISLE OF OAHU	01/01	12/31	202	163	365	10/01/2025
HAWAII	JB PEARL HARBOR-HICKAM	01/01	12/31	202	163	365	10/01/2025
HAWAII	KAPOLEI	01/01	12/31	202	163	365	10/01/2025
HAWAII	KEKAHA PACIFIC MISSILE RANGE FAC.	01/01	12/31	350	165	515	10/01/2025
HAWAII	KILAUEA MILITARY CAMP	01/01	12/31	199	146	345	10/01/2025
HAWAII	LIHUE	01/01	12/31	350	165	515	10/01/2025
HAWAII	MCB HAWAII	01/01	12/31	202	163	365	10/01/2025
HAWAII	NCTAMS PAC WAHIAWA	01/01	12/31	202	163	365	10/01/2025
HAWAII	NOSC PEARL HARBOR	01/01	12/31	202	163	365	10/01/2025
HAWAII	PEARL HARBOR	01/01	12/31	202	163	365	10/01/2025
HAWAII	PMRF BARKING SANDS	01/01	12/31	350	165	515	10/01/2025
HAWAII	SCHOFIELD BARRACKS	01/01	12/31	202	163	365	10/01/2025
HAWAII	TRIPLER ARMY MEDICAL CENTER	01/01	12/31	202	163	365	10/01/2025
HAWAII	WHEELER ARMY AIRFIELD	01/01	12/31	202	163	365	10/01/2025
MIDWAY ISLANDS	MIDWAY ISLANDS	01/01	12/31	125	81	206	05/01/2023
NORTHERN MARIANA ISLANDS	ROTA	01/01	12/31	179	138	317	09/01/2026

State or territory	Locality	Season start	Season end	Lodging	M&IE	Total per diem	Effective date
NORTHERN MARIANA ISLANDS	SAIPAN	01/01	12/31	179	138	317	09/01/2026
NORTHERN MARIANA ISLANDS	TINIAN	01/01	12/31	179	138	317	09/01/2026
PUERTO RICO	[OTHER]	01/01	12/31	184	116	300	04/01/2026
PUERTO RICO	AGUADILLA	06/01	08/31	168	97	265	04/01/2026
PUERTO RICO	AGUADILLA	09/01	05/31	149	97	246	04/01/2026
PUERTO RICO	BAYAMON	01/01	12/31	295	148	443	04/01/2026
PUERTO RICO	CAROLINA	01/01	12/31	295	148	443	04/01/2026
PUERTO RICO	CEIBA	01/01	12/31	184	110	294	04/01/2026
PUERTO RICO	CULEBRA	01/01	12/31	184	116	300	04/01/2026
PUERTO RICO	FAJARDO [INCL ROOSEVELT RDS NAVSTAT].	01/01	12/31	184	110	294	04/01/2026
PUERTO RICO	FT. BUCHANAN [INCL GSA SVC CTR, GUAYNABO].	01/01	12/31	295	148	443	04/01/2026
PUERTO RICO	HUMACAO	01/01	12/31	184	110	294	04/01/2026
PUERTO RICO	LUIS MUNOZ MARIN IAP AGS	01/01	12/31	295	148	443	04/01/2026
PUERTO RICO	LUQUILLO	01/01	12/31	184	110	294	04/01/2026
PUERTO RICO	MAYAGUEZ	01/01	12/31	129	116	245	04/01/2026
PUERTO RICO	PONCE	01/01	12/31	149	146	295	04/01/2026
PUERTO RICO	RIO GRANDE	01/01	12/31	219	103	322	04/01/2026
PUERTO RICO	SABANA SECA [INCL ALL MILITARY].	01/01	12/31	295	148	443	04/01/2026
PUERTO RICO	SAN JUAN & NAV RES STA	01/01	12/31	295	148	443	04/01/2026
PUERTO RICO	VIEQUES	01/01	12/31	184	125	309	04/01/2026
VIRGIN ISLANDS (U.S.)	ST. CROIX	07/01	10/31	247	115	362	10/01/2024
VIRGIN ISLANDS (U.S.)	ST. CROIX	11/01	06/30	299	115	414	10/01/2024
VIRGIN ISLANDS (U.S.)	ST. JOHN	04/15	12/15	324	150	474	10/01/2024
VIRGIN ISLANDS (U.S.)	ST. JOHN	12/16	04/14	414	150	564	10/01/2024
VIRGIN ISLANDS (U.S.)	ST. THOMAS	04/15	12/15	324	150	474	10/01/2024
VIRGIN ISLANDS (U.S.)	ST. THOMAS	12/16	04/14	414	150	564	10/01/2024
WAKE ISLAND	WAKE ISLAND	01/01	12/31	136	78	214	03/01/2025

*Where meals are included in the lodging rate, a traveler is only allowed a meal rate on the first and last day of travel.

[FR Doc. 2026-21079 Filed 10-14-26; 8:45 am]

BILLING CODE 6001-FR-P

DEPARTMENT OF DEFENSE

Department of the Navy

[Docket ID: USN-2026-HQ-0496]

Proposed Collection; Comment Request

AGENCY: Department of the Navy, Department of Defense (DoD).

ACTION: 60-Day information collection notice.

SUMMARY: In compliance with the *Paperwork Reduction Act of 1995*, the Commander, Navy Installation Command announces a proposed public information collection and seeks public comment on the provisions thereof. Comments are invited on: whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; the accuracy of the agency's estimate of the burden of the proposed information collection; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the information collection on respondents, including through the use

of automated collection techniques or other forms of information technology.

DATES: Consideration will be given to all comments received by December 14, 2026

ADDRESSES: You may submit comments, identified by docket number and title, by any of the following methods:

Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

Mail: Department of Defense, Office of the Director of Administration and Management, Oversight and Compliance Directorate, Regulatory Division, 4800 Mark Center Drive, Mailbox #24, Suite 05F16, Alexandria, VA 22350-1700.

Instructions: All submissions received must include the agency name, docket number and title for this **Federal Register** document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing on the internet at <http://www.regulations.gov> as they are received without change, including any personal identifiers or contact information.

FOR FURTHER INFORMATION CONTACT: To request more information on this proposed information collection or to obtain a copy of the proposal and associated collection instruments,

please write to OPNAV Forms/Information Collections Office (DNS-14), 2000 Navy Pentagon, Room 4E563, Washington, DC 20350-2000, ATTN: Ms. Ashley Alford, or call 703-614-7585.

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Navy Family Ombudsman Program; OMB Control Number 0703-0070.

Needs and Uses: The Navy Family Ombudsman Program collects standardized activity information from appointed Ombudsmen through the Ombudsman Monthly/Quarterly Worksheet. In accordance with OPNAVINST 1750.1H, Ombudsmen supporting active-duty commands submit worksheet information monthly, while Ombudsmen supporting Reserve commands submit information quarterly. The collection includes aggregate data on volunteer hours, family-contact categories and volume, training, and other program activities. The information is used by commanders, Ombudsman Coordinators, and Commander, Navy Installations Command to document Ombudsman activities; identify family-readiness issues and trends; maintain command awareness of family support requirements; monitor reporting completion; and support program

oversight, training, resource planning, funding considerations, and assessment of volunteer contributions and cost avoidance. The collection does not require detailed narratives of individual family cases.

Affected Public: Individuals or households.

Annual Burden Hours: 3,267.

Number of Respondents: 3,800.

Responses per Respondent: 12 (Active Duty) or 4 (Reserve).

Annual Responses: 39,200.

Average Burden per Response: 5 minutes.

Frequency: Monthly (Active Duty), Quarterly (Reserve).

Dated: October 9, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026-21025 Filed 10-14-26; 8:45 am]

BILLING CODE 6001-FR-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. RD26-1-000; Docket No. RD26-2-000; Docket No. RD26-3-000]

Commission Information Collection Activities (FERC-725A, 725L, and 725Z); Comment Request; Revision

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of information collection and request for comments.

SUMMARY: In compliance with the requirements of the Paperwork Reduction Act of 1995, the Federal Energy Regulatory Commission (Commission or FERC) is soliciting public comment on three currently approved information collections, Mandatory Reliability Standards within Interconnection Reliability Operations and Coordination (IRO); (1) FERC-725Z (OMB#1902-0276) (RD26-1-000) IRO-010-6 Reliability Coordinator Data and Information Specification and Collection, Modeling, Data, and Analysis (MOD); (2) FERC-725L (OMB#1902-0261) (RD26-2-000) MOD-032-2 MOD-033-3 MOD-026-2 Data for Power System Modeling and Analysis, Bulk-Power System Transmission Operations (TOP); (3) FERC-725A (OMB#1902-0244) (RD26-3-000) TOP-003-8 Transmission Operator and Balancing Authority Data and Information Specification and Collection. There are anticipated changes in the reporting requirements for this information collection for each

of the eight standards. This order was published for 60-day notice period on December 18, 2025, and received no comments.

DATES: Comments on the collection of information are due November 16, 2026.

ADDRESSES: Send written comments on FERC-725B to OMB through, (1) FERC-725L https://www.reginfo.gov/public/do/PRA/icrPublicCommentRequest?ref_nbr=202610-1902-001; (2) FERC-725A https://www.reginfo.gov/public/do/PRA/icrPublicCommentRequest?ref_nbr=202609-1902-002; (3) FERC-725Z https://www.reginfo.gov/public/do/PRA/icrPublicCommentRequest?ref_nbr=202610-1902-002. You can also visit <https://www.reginfo.gov/public/do/PRAMain> and use the drop-down under “Currently under Review” to select the “Federal Energy Regulatory Commission” where you can see the open opportunities to provide comments. Comments should be sent within 30 days of publication of this notice.

Please submit a copy of your comments to the Commission via email to DataClearance@FERC.gov. You must specify the Docket No. (RD26-1-000, RD26-2-000, RD26-3-000) and the FERC Information Collection number (FERC-725Z, 725L, and 725A) in your email. If you are unable to file electronically, comments may be filed by USPS mail or by hand (including courier) delivery:

- *Mail via U.S. Postal Service Only:* Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE, Washington, DC 20426.
- *All other delivery methods:* Federal Energy Regulatory Commission, Secretary of the Commission, 12225 Wilkins Avenue, Rockville, MD 20852.

Docket: To view comments and issuances in this docket, please visit <https://elibrary.ferc.gov/eLibrary/search>. Once there, you can also sign up for automatic notification of activity in this docket.

FOR FURTHER INFORMATION CONTACT:

Kayla Williams, (202) 502-6468.
DataClearance@FERC.gov.

SUPPLEMENTARY INFORMATION:

Title: FERC-725Z (Reliability Coordinator Data and information Specification and Collection), 725L (Data for Power System Modeling and Analysis), and 725A (Transmission Operator and Balancing Authority Data and Information Specification and Collection).

OMB Control No.: 1902-0276 (725Z), 1902-0261 (725L), and 1902-0244 (725A).

Type of Request: Update information collection requirements with changes to the current reporting requirements.

Abstract: Section 215 of the FPA provides that the Commission may certify an Electric Reliability Organization (ERO), the purpose of which is to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval.¹ Reliability Standards may be enforced by the ERO, subject to Commission oversight, or by the Commission independently.² Pursuant to section 215 of the FPA, the Commission established a process to select and certify an ERO,³ and subsequently certified NERC.⁴

In their first petition, (RD26-1-000), NERC seeks approval of: (1) a proposed definition of the term distributed energy resource (DER) for inclusion in the NERC Glossary of Terms Used in NERC Reliability Standards (NERC Glossary); and (2) proposed Reliability Standards MOD-032-2 (Data for Power System Modeling and Analysis), IRO-010-6 (Reliability Coordinator Data and Information Specification and Collection), and TOP-003-8 (Transmission Operator and Balancing Authority Data and Information Specification and Collection).⁵ The second petition (RD26-2-000) seeks approval of Reliability Standard MOD-033-3 (Steady-State and Dynamic System Model Validation).⁶ The third petition (RD26-3-000) seeks approval of: (1) proposed definitions of model validation and model verification in the NERC Glossary; and (2) proposed Reliability Standard MOD-026-2 (Verification and Validation of Dynamic Models and Data).⁷ NERC also seeks approval of the associated implementation plans, violation risk factors, and violation severity levels for Reliability Standards MOD-032-2, IRO-010-6, TOP-003-8, MOD-033-3, and MOD-026-2. In addition, the first petition was for the retirement of currently effective Reliability Standards MOD-032-1, IRO-010-5, and TOP-003-7; the second petition was for the

¹ 16 U.S.C. 824o(c).

² *Id.* 824o(e).

³ *Rules Concerning Certification of the Elec. Reliability Org.; & Procs. for the Establishment, Approval, & Enft of Elec. Reliability Standards*, Order No. 672, 71 FR 8662 (Feb. 17, 2006), 114 FERC ¶ 61,104, order on reh'g, Order No. 672-A, 71 FR 19814 (Apr. 18, 2006), 114 FERC ¶ 61,328 (2006); see also 18 CFR 39.4(b).

⁴ *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062, order on reh'g and compliance, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009) (Certification Order).

⁵ NERC Petition, Docket No. RD26-1-000 (filed Nov. 4, 2025) (NERC MOD-032-2, IRO-010-6, and TOP-003-8 Petition).

⁶ NERC Petition, Docket No. RD26-2-000 (filed Nov. 4, 2025) (NERC MOD-033-3 Petition).

⁷ NERC Petition, Docket No. RD26-3-000 (filed Nov. 4, 2025) (NERC MOD-026-2 Petition).

retirement of currently effective Reliability Standard MOD-033-2; and the third petition was for the retirement of currently effective Reliability Standards MOD-026-1 and MOD-027-1.

Type of Respondents: Generator owners and generator operator entities registered with NERC that own or operate category 2 resources.

*Estimate of Annual Burden:*⁸ The FERC-725A, FERC-725L, and FERC-725Z information collections requirements are subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995. OMB's regulations require approval of certain information collection requirements imposed by agency rules. Respondents subject to the filing requirements will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number. The Commission

solicits comments on the need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected or retained, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

The Commission bases its paperwork burden estimates on the additional paperwork burden for balancing authorities, generator owners, planning coordinators, reliability coordinators, transmission planners, transmission owners, and transmission operators presented by Reliability Standards MOD-032-2, IRO-010-6, TOP-003-8, MOD-033-3, and MOD-026-2, as modified, and the NERC Glossary definitions of DER, model validation, and model verification. Reliability Standards are objective-based and allow entities to choose compliance approaches best tailored to their

systems. The new or modified NERC Glossary definitions are not expected to produce any new burden. The number of respondents that are subject to mandatory compliance with Reliability Standards MOD-032-2, IRO-010-6, TOP-003-8, MOD-033-3, and MOD-026-2, in the tables below, are based on the NERC Compliance Registry as of December 3, 2025, and good faith estimates provided by NERC to Commission staff, in August 2025. NERC estimates that there are 491 category 2 generator owners and 310 category 2 generator operators, which will be added to the respective category 1 generator owners and generator operators in the NERC Compliance Registry to reach an estimate of the total number of generator owners and generator operators.

The Commission estimates the annual reporting burden and cost for the information collection as:

PROPOSED CHANGES IN BURDEN MOD-032-2 DOCKET NO. RD26-1

Reliability standard	Type and number of entity ⁹	Number of annual responses per entity	Total number of responses	Average number of burden hours per response ¹⁰	Total burden hours
	(1)	(2)	(1) * (2) = (3)	(4)	(3) * (4) = (5)
Annual Collection MOD-032-2 FERC-725 L					
Annual review and record retention	97 (BA)	1	97	8 hrs. \$508.16/hr	776 hrs. \$49,291.52.
	299 (DP)	1	299	8 hrs. \$508.16/hr	2,392 hrs. \$151,939.84.
	1,834 (GO) ¹¹	1	1,834	8 hrs. \$508.16/hr	14,672 hrs. \$931,965.44.
	62 (PC)	1	62	16 hrs. \$1,016.32/hr	992 hrs. \$63,011.84.
	157 (RP)	1	157	8 hrs. \$508.16/hr	1,256 hrs. \$79,781.12.
	341 (TO)	1	341	8 hrs. \$508.16/hr	2,728 hrs. \$173,282.56.
	208 (TP)	1	208	16 hrs. \$1,016.32/hr	3,328 hrs. \$211,394.56.
	70 (TSP)	1	70	8 hrs. \$508.16/hr	560 hrs. \$35,571.20.
Total for MOD-032-2 .....	.....	.....	3,068	.....	26,704 hrs. \$1,696,238.08.

⁸ "Burden" is defined as the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, see 5 CFR 1320.3.

⁹ The "Number of Entity" data is compiled from the December 3, 2025, edition of the NERC Compliance Registry. "BA" means balancing authority; "DP" means distribution provider; "GO" means generator owner; "PC" means planning coordinator; "RP" means resource planner; "TO" means transmission owner; "TP" means transmission planner; "TSP" means transmission service provider; "GOP" means generator operator;

"RC" means reliability coordinator; and "TOP" means transmission operator."

¹⁰ The estimated hourly cost (salary plus benefits) is a combination of the following categories from the BLS website, http://www.bls.gov/oes/current/naics2_22.htm: 75% of the average of an Electrical Engineer (17-2071) \$71.19/hr., $\times .75 = 53.3925$ (\$53.39-rounded) (\$53.39/hour); and 25% of an Information and Record Clerk (43-4199) \$40.51/hr., $\$40.51 \times .25 = 10.1275$ (\$10.13 rounded) (\$10.13/hour), for a total $(\$53.39 + \$10.13 = \$63.52/\text{hour})$.

¹¹ For this collection the GO will include category 1 entities (1,343 entities) from the December 3, 2025, NERC Compliance Registry; and NERC's estimate to Commission staff in August 2025 of

category 2 generator owners registered entities in the United States (491 entities) for a total of $(1,343 + 491) = 1,834$. The estimate for category 2 generator owner entities is subject to change according to NERC due to: (1) facility cancellations or facilities with an expected commercial operation date delayed past May 15, 2026; (2) identification of type 1 and type 2 wind facilities that do not qualify as category 2 resources; (3) identification of facilities as category 1 resources; and (4) facilities can be inaccurately reported and subsequently removed from the list. NERC, Inverter-Based Resources Work Plan Progress Update, Docket No. RD22-4-001, at 2 n.7 (filed Oct. 31, 2025) (NERC October 2025 Work Plan Update).

PROPOSED CHANGES IN BURDEN IRO-010-6 DOCKET NO. RD26-1

Reliability standard	Type and number of entity ¹²	Number of annual responses per entity	Total number of responses	Average number of burden hours per response ¹³	Total burden hours
	(1)	(2)	(1) * (2) = (3)	(4)	(3) * (4) = (5)
Annual Collection IRO-010-6 FERC-725 Z					
Annual review and record retention	12 (RC)	1	12	8 hrs. \$508.16/hr	96 hrs. \$6,097.92.
	97 (BA)	1	97	8 hrs. \$508.16/hr	776 hrs. \$49,291.52.
	1,834 (GO)	1	1,834	8 hrs. \$508.16/hr	14,672 hrs. \$931,965.44.
	1,333 (GOP) ¹⁴	1	1,333	8 hrs. \$508.16/hr	10,664 hrs. \$677,377.28.
	170 (TOP)	1	170	8 hrs. \$508.16/hr	1,360 hrs. \$86,387.20.
	341 (TO)	1	341	8 hrs. \$508.16/hr	2,728 hrs. \$173,282.56.
	299 (DP)	1	299	8 hrs. \$508.16/hr	2,392 hrs. \$151,939.84.
Total for IRO-010-6 .....	.....	.....	4,086	.....	32,688 hrs. \$2,076,341.76.

PROPOSED CHANGES IN BURDEN TOP-003-8 DOCKET NO. RD26-1

Reliability standard	Type and number of entity ¹⁵	Number of annual responses per entity	Total number of responses	Average number of burden hours per response ¹⁶	Total burden hours
	(1)	(2)	(1) * (2) = (3)	(4)	(3) * (4) = (5)
Annual Collection TOP-003-8 FERC-725 A					
Annual review and record retention	170 (TOP)	1	170	8 hrs. \$508.16/hr	1,360 hrs. \$86,387.20.
	97 (BA)	1	97	8 hrs. \$508.16/hr	776 hrs. \$49,291.52.
	1,834 (GO)	1	1,834	8 hrs. \$508.16/hr	14,672 hrs. \$931,965.44.
	1,333 (GOP)	1	1,333	8 hrs. \$565.36/hr	10,664 hrs. \$677,377.28.
	341 (TO)	1	341	8 hrs. \$508.16/hr	2,728 hrs. \$173,282.56.
	299 (DP)	1	299	8 hrs. \$508.16/hr	2,392 hrs. \$151,939.84.
Total for TOP-003-8 .....	.....	.....	4,074	.....	32,592 hrs. \$2,070,243.84.

PROPOSED BURDEN MOD-033-3 DOCKET NO. RD26-2

Reliability standard	Type and number of entity ¹⁷	Number of annual responses per entity	Total number of responses	Average number of burden hours per response ¹⁸	Total burden hours
	(1)	(2)	(1) * (2) = (3)	(4)	(3) * (4) = (5)
Annual Collection MOD-033-3 FERC-725 L					
Annual review and record retention	62 (PC)	1	62	8 hrs. \$508.16/hr	496 hrs. \$31,505.92.
	12 (RC)	1	12	8 hrs. \$508.16/hr	96 hrs. \$6,097.92.
	170 (TOP)	1	170	8 hrs. \$508.16/hr	1,360 hrs. \$86,387.20.
Total for MOD-033-3 .....	.....	.....	244	.....	1,952 hrs. \$123,991.04.

PROPOSED CHANGES IN BURDEN MOD-026-2 DOCKET NO. RD26-3

Reliability standard	Type and number of entity ¹⁹	Number of annual responses per entity	Total number of responses	Average number of burden hours per response ²⁰	Total burden hours
	(1)	(2)	(1) * (2) = (3)	(4)	(3) * (4) = (5)
Annual Collection MOD-026-2 FERC-725 L					
Annual review and record retention	1,834 (GO)	1	1,834	12 hrs. \$762.24/hr	22,008 hrs. \$1,397,948.16.
	62 (PC)	1	62	8 hrs. \$508.16/hr	496 hrs. \$31,505.92.
	341 (TO)	1	341	8 hrs. \$508.16/hr	2,728 hrs. \$173,282.56.
	208 (TP)	1	208	10 hrs. \$635.20/hr	2,080 hrs. \$132,121.60.
Total for MOD-026-2 .....	.....	.....	2,445	.....	27,312 hrs. \$1,734,858.24

Comments: Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (2) the accuracy of the agency's estimate 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

¹² The "Number of Entity" data is compiled from the December 3, 2025, edition of the NERC Compliance Registry.

¹³ The estimated hourly cost (salary plus benefits) is a combination of the following categories from the BLS website, http://www.bls.gov/oes/current/naics2_22.htm: 75% of the average of an Electrical Engineer (17-2071) \$71.19/hr., $\times .75 = 53.3925$ (\$53.39-rounded) (\$53.39/hour); and 25% of an Information and Record Clerk (43-4199) \$40.51/hr., $\$40.51 \times .25 = 10.1275$ (\$10.13 rounded) (\$10.13/hour), for a total (\$53.39 + \$10.13 = \$63.52/hour).

¹⁴ For this collection the generator operators (GOP) will include category 1 entities (1,023 entities) from the December 3, 2025, NERC Compliance Registry; and NERC's estimate to Commission staff in August 2025 of category 2 generator operators registered entities in the United States (310 entities) for a total of (1,023 + 310) = 1,333. The estimate for category 2 generator operator entities is subject to change according to NERC due to: (1) facility cancellations or facilities with an expected commercial operation date delayed past May 15, 2026; (2) identification of type 1 and type 2 wind facilities that do not qualify as category 2 resources; (3) identification of facilities as category 1 resources; and (4) facilities can be inaccurately reported and subsequently removed from the list. NERC October 2025 Work Plan Update at 2 n.7.

¹⁵ The "Number of Entity" data is compiled from the December 3, 2025, edition of the NERC Compliance Registry.

¹⁶ The estimated hourly cost (salary plus benefits) is a combination of the following categories from the BLS website, http://www.bls.gov/oes/current/naics2_22.htm: 75% of the average of an Electrical Engineer (17-2071) \$71.19/hr., $\times .75 = 53.3925$ (\$53.39-rounded) (\$53.39/hour); and 25% of an Information and Record Clerk (43-4199) \$40.51/hr., $\$40.51 \times .25 = 10.1275$ (\$10.13 rounded) (\$10.13/hour), for a total (\$53.39 + \$10.13 = \$63.52/hour).

¹⁷ The "Number of Entity" data is compiled from the December 3, 2025, edition of the NERC Compliance Registry.

¹⁸ The estimated hourly cost (salary plus benefits) is a combination of the following categories from the BLS website, http://www.bls.gov/oes/current/naics2_22.htm: 75% of the average of an Electrical Engineer (17-2071) \$71.19/hr., $\times .75 = 53.3925$ (\$53.39-rounded) (\$53.39/hour); and 25% of an Information and Record Clerk (43-4199) \$40.51/hr., $\$40.51 \times .25 = 10.1275$ (\$10.13 rounded) (\$10.13/hour), for a total (\$53.39 + \$10.13 = \$63.52/hour).

¹⁹ The "Number of Entity" data is compiled from the December 3, 2025, edition of the NERC Compliance Registry.

²⁰ The estimated hourly cost (salary plus benefits) is a combination of the following categories from the BLS website, http://www.bls.gov/oes/current/naics2_22.htm: 75% of the average of an Electrical Engineer (17-2071) \$71.19/hr., $\times .75 = 53.3925$ (\$53.39-rounded) (\$53.39/hour); and 25% of an Information and Record Clerk (43-4199) \$40.51/hr., $\$40.51 \times .25 = 10.1275$ (\$10.13 rounded) (\$10.13/hour), for a total (\$53.39 + \$10.13 = \$63.52/hour).

who are to respond, including the use of automated collection techniques or other forms of information technology.

Dated: October 9, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026-21074 Filed 10-14-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26-74-000]

Southern Star Central Gas Pipeline, Inc.; Notice of Availability of the Environmental Assessment for the Proposed Viola Project

The staff of the Federal Energy Regulatory Commission (FERC or Commission) has prepared an environmental assessment (EA) for the Viola Project, proposed by Southern Star Central Gas Pipeline, Inc. (Southern Star) in the above-referenced docket.¹ Southern Star requests authorization to construct a new meter station, flow station, compressor station, and the 19.3-mile-long 16-inch-diameter Line UA natural gas pipeline in Sumner County, Kansas. The Viola Project would provide up to 116,296 dekatherms per day of natural gas service to the planned 710-megawatt combined cycle power generation Viola Plant located in Sumner County, Kansas, which is owned and operated by Evergy, Inc. (Evergy).

Any person wishing to comment on the EA may do so. To ensure consideration of your comments on the proposal prior to making a decision on the project, it is important that the Commission receive your comments on or before 5:00 p.m. Eastern Time on November 9, 2026. Instructions for filing comments are provided on page 3.

FERC is the lead federal agency for authorizing interstate natural gas transmission facilities under the Natural Gas Act of 1938 and the lead federal agency for preparation of the EA. The EA assesses the potential environmental effects of the Viola Project in accordance with the requirements of the National Environmental Policy Act² and the

¹ For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX-019-20-000-1774341286.

² National Environmental Policy Act of 1969, as amended (Public Law [Pub. L.] 91-190, 42 U.S. Code 4321-4347, as amended by Pub. L. 94-52, July 3, 1975; Pub. L. 94-83, August 9, 1975; Pub. L. 97-258, 4(b), September 13, 1982; Pub. L. 118-5, June 3, 2023; Pub. L. 119-21, July 4, 2025).

Commission's implementing regulations.³ The principal purposes of the EA are to: identify and assess the potential effects on the natural and human environment; describe and evaluate reasonable alternatives; identify and recommend mitigation measures; and facilitate public involvement in the environmental review process. The EA concludes that approval of the proposed project would not constitute a major federal action significantly affecting the quality of the human environment.

The EA addresses the potential environmental effects of the construction and operation of the following project facilities:

- approximately 19.3 miles of new 16-inch-diameter natural gas pipeline (Line UA), which would connect to Southern Star's existing 20-inch-diameter Line U;
- the new Wellington Compressor Station, sited along existing Line U, consisting of three compressor units totaling 12,375 horsepower, along with ancillary station equipment;
- the Evergy Flow Control Setting, to regulate the flow of natural gas from existing Line U; and
- the Evergy Meter Setting, which would connect Line UA to the new Evergy Viola Plant.

The Commission mailed a copy of the *Notice of Availability* of the EA to federal, state, and local government representatives and agencies; elected officials; Native American tribes; environmental and public interest groups; potentially affected landowners and other interested individuals and groups; and libraries and media outlets in the project area. The EA is only available in electronic format. It may be viewed and downloaded from the FERC's website (www.ferc.gov), on the natural gas environmental documents page (<https://www.ferc.gov/industries-data/natural-gas/environment/environmental-documents>). In addition, the EA may be accessed by using the eLibrary link on the FERC's website. Click on the eLibrary link (<https://elibrary.ferc.gov/eLibrary/search>), select "General Search" and enter the docket number in the "Docket Number" field, excluding the last three digits (*i.e.*, CP26-74). Be sure you have selected an appropriate date range. For assistance, please contact FERC Online Support at FercOnlineSupport@ferc.gov or toll free at (866) 208-3676, or for TTY, contact (202) 502-8659.

The EA is not a decision document. It presents Commission staff's independent analysis of the

³ Title 18 Code of Federal Regulations Part 380.

environmental issues for the Commission to consider when addressing the merits of all issues in this proceeding. Under section 7(c) of the Natural Gas Act, the Commission determines whether interstate natural gas transportation facilities are in the public convenience and necessity and, if so, grants a Certificate of Public Convenience and Necessity to construct and operate them. The Commission bases its decisions on both economic issues, including need, and environmental effects.

Your comments should focus on the EA's disclosure and discussion of potential environmental effects, reasonable alternatives, and measures to avoid or lessen environmental effects. The more specific your comments, the more useful they will be. For your convenience, there are three methods you can use to file your comments to the Commission. The Commission encourages electronic filing of comments and has staff available to assist you at (866) 208-3676 or FercOnlineSupport@ferc.gov. Please carefully follow these instructions so that your comments are properly recorded.

(1) You can file your comments electronically using the eComment feature on the Commission's website (www.ferc.gov) under the link to FERC Online. This is an easy method for submitting brief, text-only comments on a project;

(2) You can also file your comments electronically using the eFiling feature on the Commission's website (www.ferc.gov) under the link to FERC Online. With eFiling, you can provide comments in a variety of formats by attaching them as a file with your submission. New eFiling users must first create an account by clicking on "eRegister." You must select the type of filing you are making. If you are filing a comment on a particular project, please select "Comment on a Filing"; or

(3) You can file a paper copy of your comments by mailing them to the Commission. Be sure to reference the project docket number (CP26-74-000) on your letter. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852.

Filing environmental comments will not give you intervenor status, but you do not need intervenor status to have

your comments considered. Only intervenors have the right to seek rehearing or judicial review of the Commission's decision. At this point in this proceeding, the timeframe for filing timely intervention requests has expired. Any person seeking to become a party to the proceeding must file a motion to intervene out-of-time pursuant to Rule 214(b)(3) and (d) of the Commission's Rules of Practice and Procedures (Title 18 Code of Federal Regulations Part 385.214(b)(3) and (d)) and show good cause why the time limitation should be waived. Motions to intervene are more fully described at <https://www.ferc.gov/how-intervene>.

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. 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. Go to <https://www.ferc.gov/ferc-online/overview> to register for eSubscription.

(Authority: 18 CFR 2.1)

Dated: October 9, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026-21073 Filed 10-14-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following Electric Corporate filings:

Docket Numbers: EC27-4-000.

Applicants: WS-Sarish LLC.

Description: Application for Authorization Under Section 203 of the Federal Power Act of WS-Sarish LLC.

Filed Date: 10/8/26.

Accession Number: 20261008-5172.

Comment Date: 5 p.m. ET 10/29/26.

Take notice that the Commission received the following Electric Rate filings:

Docket Numbers: ER26-2947-000.

Applicants: Southwest Power Pool, Inc.

Description: Refund Report: Refund Report—Amended and Restated Emergency Energy Transactions Agreement to be effective N/A.

Filed Date: 10/9/26.

Accession Number: 20261009-5062.

Comment Date: 5 p.m. ET 10/30/26.

Docket Numbers: ER26-3068-000.

Applicants: Southwest Power Pool, Inc.

Description: Refund Report: 3474R2 Clarksville Connected Utilities Refund Report to be effective N/A.

Filed Date: 10/9/26.

Accession Number: 20261009-5011.

Comment Date: 5 p.m. ET 10/30/26.

Docket Numbers: ER26-3696-002.

Applicants: Anchor Point Plains, LLC.

Description: Tariff Amendment: Amendment to 1 updated to be effective 12/31/9998.

Filed Date: 10/8/26.

Accession Number: 20261008-5151.

Comment Date: 5 p.m. ET 10/19/26.

Docket Numbers: ER26-3730-001.

Applicants: Midcontinent Independent System Operator, Inc.

Description: Tariff Amendment: 2026-10-09_SA 4855 ITC Midwest-Hawkeye Energy Sub GIA (S1107) to be effective 9/1/2026.

Filed Date: 10/9/26.

Accession Number: 20261009-5074.

Comment Date: 5 p.m. ET 10/30/26.

Docket Numbers: ER26-3734-001.

Applicants: PJM Interconnection, L.L.C.

Description: Tariff Amendment: Amendment to GDECS Revisions to PJM Tariff, Operating Agreement and RAA to be effective 11/8/2026.

Filed Date: 10/9/26.

Accession Number: 20261009-5139.

Comment Date: 5 p.m. ET 10/30/26.

Docket Numbers: ER27-90-000.

Applicants: Pacific Gas and Electric Company.

Description: 205(d) Rate Filing: WDT SA 3: Port of Oakland Extension to be effective 12/10/2026.

Filed Date: 10/9/26.

Accession Number: 20261009-5000.

Comment Date: 5 p.m. ET 10/30/26.

Docket Numbers: ER27-91-000.

Applicants: Aera Energy LLC.

Description: Initial Rate Filing: Application for MBR Authorization, Request for Waivers and Blanket Approvals to be effective 10/10/2026.

Filed Date: 10/9/26.

Accession Number: 20261009-5024.

Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–92–000.
Applicants: New England Power Pool Participants Committee.
Description: 205(d) Rate Filing: Oct 12, 2026 Membership Filing to be effective 10/12/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5032.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–93–000.
Applicants: Midcontinent Independent System Operator, Inc.
Description: 205(d) Rate Filing: 2026–10–09 SA 4879 NSP–NSP GIA (S1072) to be effective 10/1/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5053.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–94–000.
Applicants: PacifiCorp.
Description: 205(d) Rate Filing: Surplus LGIA (Millican Storage SI–29) (S.A. No. 1227) to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5060.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–95–000.
Applicants: Duke Energy Carolinas, LLC.
Description: 205(d) Rate Filing: DEC–NCEMC Amended and Restated Metering Service Agreement SA No. 569 to be effective 12/31/9998.
Filed Date: 10/9/26.
Accession Number: 20261009–5066.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–96–000.
Applicants: Southern California Edison Company.
Description: 205(d) Rate Filing: Amended GIA, Ontario 1 Powerhouse (WDT11019/SA No. 1437) to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5069.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–97–000.
Applicants: Southwest Power Pool, Inc.
Description: 205(d) Rate Filing: Revisions to Markets+ Tariff to Enhance the Market Storage Resource Design to be effective 12/31/9998.
Filed Date: 10/9/26.
Accession Number: 20261009–5071.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–98–000.
Applicants: Southern California Edison Company.
Description: 205(d) Rate Filing: Amended GIA, Mill Creek 1 Powerhouse (WDT11017/SA No. 1436) to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5072.

Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–99–000.
Applicants: Three Rivers Solar Power, LLC.
Description: 205(d) Rate Filing: Market-Based Rate Tariff Update to be effective 12/9/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5073.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–100–000.
Applicants: Southern California Edison Company.
Description: 205(d) Rate Filing: Amended GIA, Mill Creek 3 Powerhouse (WDT11018/SA No. 1440) to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5076.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–101–000.
Applicants: Southern California Edison Company.
Description: 205(d) Rate Filing: Amended GIA, Sierra Powerhouse (WDT11023/SA No. 1438) to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5078.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–102–000.
Applicants: Southern California Edison Company.
Description: 205(d) Rate Filing: Amended GIA, Ontario 2 Powerhouse (WDT11020/SA No. 1439) to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5088.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–103–000.
Applicants: New York State Electric & Gas Corporation.
Description: 205(d) Rate Filing: NYSEG–DCEC Attachment C Annual Update to be effective 1/1/2027.
Filed Date: 10/9/26.
Accession Number: 20261009–5092.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–104–000.
Applicants: Pacific Gas and Electric Company.
Description: 205(d) Rate Filing: TO SA 347: Amended and Restated SA with Addition of Davis Substation to be effective 1/1/2027.
Filed Date: 10/9/26.
Accession Number: 20261009–5102.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–105–000.
Applicants: Pacific Gas and Electric Company.
Description: Tariff Amendment: TO SA 4: Termination of Port of Oakland IA to be effective 1/1/2027.
Filed Date: 10/9/26.
Accession Number: 20261009–5106.

Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–106–000.
Applicants: Solar DG NM Amalia, LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5114.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–107–000.
Applicants: 83W1 8me, LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5117.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–108–000.
Applicants: Lily Solar LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 10/10/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5118.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–109–000.
Applicants: PJM Interconnection, L.L.C.
Description: 205(d) Rate Filing: Amendment to ISA, SA No. 6973, and ICSA, SA No. 6126; Queue No. AD2–134 to be effective 12/9/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5156.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–110–000.
Applicants: Alabama Power Company, Georgia Power Company, Mississippi Power Company.
Description: 205(d) Rate Filing: Alabama Power Company submits tariff filing per 35.13(a)(2)(iii): SWE (PowerSouth Territorial) Amended and Restated NITSA Filing to be effective 9/9/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5161.
Comment Date: 5 p.m. ET 10/30/26.
Docket Numbers: ER27–111–000.
Applicants: Alabama Power Company, Georgia Power Company, Mississippi Power Company.
Description: 205(d) Rate Filing: Alabama Power Company submits tariff filing per 35.13(a)(2)(iii): PowerSouth Third Amended and Restated NITSA Filing to be effective 9/24/2026.
Filed Date: 10/9/26.
Accession Number: 20261009–5164.
Comment Date: 5 p.m. ET 10/30/26.
 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: October 9, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026-21050 Filed 10-14-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP27-1-000]

Columbia Gas Transmission, LLC; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on October 1, 2026, Columbia Gas Transmission, LLC (Columbia), 700 Louisiana Street, Suite 1300, Houston, Texas 77002-2700, filed in the above referenced docket, a prior notice request pursuant to sections 157.205 and 157.216(b) of the Commission's regulations under the Natural Gas Act (NGA), and Columbia's blanket certificate issued in Docket No. CP83-76-000, for authorization to plug and abandon one injection/withdrawal (I/W) well, associated connecting pipeline, and related appurtenant facilities located in the Holmes Storage Field in Holmes County, Ohio, (Holmes Well 10412 Abandonment Project). The project will allow Columbia to abandon the I/W well which will reduce integrity risks associated with aging storage infrastructure while having no adverse effect on certificated storage operations or customer service. The estimated cost for the project is \$900,000, all as more fully set forth in the request which is on file with the Commission and open to public inspection.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (<http://www.ferc.gov>). From the Commission's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. Email the Public Reference Room at public.referenceroom@ferc.gov.

Any questions concerning this request should be directed to David A. Alonzo, Director, Certificates, Columbia Gas Transmission, LLC, 700 Louisiana Street, Houston, Texas 77002-2700, by phone at (832) 320-5477, or by email at david_alonzo@tcenergy.com.

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file a protest to the project, you can file a motion to intervene in the proceeding, and you can file comments on the project. There is no fee or cost for filing protests, motions to intervene, or comments. The deadline for filing protests, motions to intervene, and comments is 5:00 p.m. Eastern Time on December 8, 2026. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502-6595 or OPP@ferc.gov.

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,¹ any person² or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then

withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,³ and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on December 8, 2026. Filings that do not meet requirements of 18 CFR 157.205(e)(2)⁴ will not be considered protests by the Commission.⁵ A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure⁶ and the regulations under the NGA⁷ by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on December 8, 2026. As described further in Rule 214, your motion to intervene must state, to the extent known, your position regarding the proceeding, as well as your interest in the proceeding. For an individual, this could include your status as a landowner, ratepayer, resident of an impacted community, or recreationist. You do not need to have property directly impacted by the project in order to intervene. For more information about motions to intervene, refer to the FERC website at <https://www.ferc.gov/resources/guides/how-to/intervene.asp>.

All timely, unopposed motions to intervene are automatically granted by operation of Rule 214(c)(1). Motions to intervene that are filed after the intervention deadline are untimely and may be denied. Any late-filed motion to intervene must show good cause for

³ 18 CFR 157.205(e).

⁴ 18 CFR 157.205(e)(2).

⁵ *Cheniere Creole Trail Pipeline, L.P.*, 195 FERC ¶ 61,208, at P 8 n.16 (2026).

⁶ 18 CFR 385.214.

⁷ 18 CFR 157.10.

¹ 18 CFR 157.205.

² Persons include individuals, organizations, businesses, municipalities, and other entities. 18 CFR 385.102(d).

being late and must explain why the time limitation should be waived and provide justification by reference to factors set forth in Rule 214(d) of the Commission's Rules and Regulations. A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies (paper or electronic) of all documents filed by the applicant and by all other parties.

Comments

Any person wishing to comment on the project may do so. The Commission considers all comments received about the project in determining the appropriate action to be taken. To ensure that your comments are timely and properly recorded, please submit your comments on or before 5:00 p.m. Eastern Time on December 8, 2026. The filing of a comment alone will not serve to make the filer a party to the proceeding. To become a party, you must intervene in the proceeding.

How To File Protests, Interventions, and Comments

There are two ways to submit protests, motions to intervene, and comments. In both instances, please reference the Project docket number CP27-1-000 in your submission.

(1) You may file your protest, motion to intervene, and comments by using the Commission's eFiling feature, which is located on the Commission's website (www.ferc.gov) under the link to Documents and Filings. New eFiling users must first create an account by clicking on "eRegister." You will be asked to select the type of filing you are making; first select "General" and then select "Protest", "Intervention", or "Comment on a Filing"; or ⁸

(2) You can file a paper copy of your submission by mailing it to the address below. Your submission must reference the Project docket number CP27-1-000.

To file via USPS: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other method: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of submissions (option 1 above) and has eFiling staff available

to assist you at (202) 502-8258 or FercOnlineSupport@ferc.gov.

Protests and motions to intervene must be served on the applicant either by mail at: David A. Alonzo, Director, Regulatory, Columbia Gas Transmission, LLC, 700 Louisiana Street, Houston, Texas 77002-2700, or by email (with a link to the document) at david_alonzo@tcenergy.com. Any subsequent submissions by an intervenor must be served on the applicant and all other parties to the proceeding. Contact information for parties can be downloaded from the service list at the eService link on FERC Online.

Tracking the Proceeding

Throughout the proceeding, additional information about the project will be available from OPP at (202) 502-6595 or on the FERC website at www.ferc.gov using the "eLibrary" link as described above. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. For more information and to register, go to www.ferc.gov/docs-filing/esubscription.asp.

(Authority: 18 CFR 2.1.)

Dated: October 9, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026-21070 Filed 10-14-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP27-2-000]

Tennessee Gas Pipeline Company, L.L.C.; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on October 1, 2026, Tennessee Pipeline Company, L.L.C. (TGP), 1001 Louisiana Street, Houston, Texas 77002, filed in the above referenced docket, a prior notice request pursuant to sections 157.205 and 157.208(f)(2) of the Commission's regulations under the Natural Gas Act (NGA), and TGP's blanket certificate

issued in Docket No. CP82-413-000, for authorization to reduce the maximum allowable operating pressure (MAOP) of Line 20M-100 from 1,440 pounds per square inch gauge (psig) to 750 psig, referred to as the Line 20M-100 Cypress Field No. 2 Line MAOP Reduction Project (Project). Line 20M-100 connects to and receives gas from TGP's parallel mainlines Line 100-1 and Line 100-3 and extends northward for approximately 1.9 miles to a delivery point in Harris County, Texas. The Project will allow TGP to reduce the MAOP of Line 20M-100 to the same operating pressure as its connected mainlines, which will provide more operational efficiency by reducing future integrity management and maintenance activities associated with Line 20M-100. The estimated cost for the project is \$0.0 as there is no construction involved, all as more fully set forth in the request which is on file with the Commission and open to public inspection.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (<http://www.ferc.gov>). From the Commission's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. Email the Public Reference Room at public.referenceroom@ferc.gov.

Any questions concerning this request should be directed to Tina S. Hardy, Director, Regulatory, Tennessee Gas Pipeline Company, L.L.C., 1001 Louisiana Street, Suite 100, Houston, Texas 77002, by phone at (205) 325-3668, or by email at tina_hardy@kindermorgan.com.

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file a protest to the project, you can file a motion to intervene in the proceeding, and you

⁸ Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at www.ferc.gov under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

can file comments on the project. There is no fee or cost for filing protests, motions to intervene, or comments. The deadline for filing protests, motions to intervene, and comments is 5:00 p.m. Eastern Time on December 8, 2026. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502–6595 or OPP@ferc.gov.

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,¹ any person² or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,³ and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on December 8, 2026. Filings that do not meet requirements of 18 CFR 157.205(e)(2)⁴ will not be considered protests by the Commission.⁵ A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure⁶ and the regulations under

the NGA⁷ by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on December 8, 2026. As described further in Rule 214, your motion to intervene must state, to the extent known, your position regarding the proceeding, as well as your interest in the proceeding. For an individual, this could include your status as a landowner, ratepayer, resident of an impacted community, or recreationist. You do not need to have property directly impacted by the project in order to intervene. For more information about motions to intervene, refer to the FERC website at <https://www.ferc.gov/resources/guides/how-to/intervene.asp>.

All timely, unopposed motions to intervene are automatically granted by operation of Rule 214(c)(1). Motions to intervene that are filed after the intervention deadline are untimely and may be denied. Any late-filed motion to intervene must show good cause for being late and must explain why the time limitation should be waived and provide justification by reference to factors set forth in Rule 214(d) of the Commission's Rules and Regulations. A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies (paper or electronic) of all documents filed by the applicant and by all other parties.

Comments

Any person wishing to comment on the project may do so. The Commission considers all comments received about the project in determining the appropriate action to be taken. To ensure that your comments are timely and properly recorded, please submit your comments on or before 5:00 p.m. Eastern Time on December 8, 2026. The filing of a comment alone will not serve to make the filer a party to the proceeding. To become a party, you must intervene in the proceeding.

How To File Protests, Interventions, and Comments

There are two ways to submit protests, motions to intervene, and comments. In both instances, please reference the Project docket number CP27–2–000 in your submission.

(1) You may file your protest, motion to intervene, and comments by using the Commission's eFiling feature, which is located on the Commission's website (www.ferc.gov) under the link to Documents and Filings. New eFiling users must first create an account by clicking on "eRegister." You will be asked to select the type of filing you are

making; first select "General" and then select "Protest", "Intervention", or "Comment on a Filing"; or⁸

(2) You can file a paper copy of your submission by mailing it to the address below. Your submission must reference the Project docket number CP27–2–000.

To file via USPS: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other method: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of submissions (option 1 above) and has eFiling staff available to assist you at (202) 502–8258 or FercOnlineSupport@ferc.gov.

Protests and motions to intervene must be served on the applicant either by mail at: Tina S. Hardy, Director, Regulatory, Tennessee Gas Pipeline Company, L.L.C., 1001 Louisiana Street, Suite 100, Houston, Texas 77002, or by email (with a link to the document) at tina_hardy@kindermorgan.com. Any subsequent submissions by an intervenor must be served on the applicant and all other parties to the proceeding. Contact information for parties can be downloaded from the service list at the eService link on FERC Online.

Tracking the Proceeding

Throughout the proceeding, additional information about the project will be available from OPP at (202) 502–6595 or on the FERC website at www.ferc.gov using the "eLibrary" link as described above. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. For more information and to register, go to www.ferc.gov/docs-filing/esubscription.asp.

(Authority: 18 CFR 2.1)

⁸ Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at www.ferc.gov under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

¹ 18 CFR 157.205.

² Persons include individuals, organizations, businesses, municipalities, and other entities. 18 CFR 385.102(d).

³ 18 CFR 157.205(e).

⁴ 18 CFR 157.205(e)(2).

⁵ *Cheniere Creole Trail Pipeline, L.P.*, 195 FERC ¶ 61,208, at P 8 n.16 (2026).

⁶ 18 CFR 385.214.

⁷ 18 CFR 157.10.

Dated: October 9, 2026.

Debbie-Anne A. Reese,
Secretary.

[FR Doc. 2026–21075 Filed 10–14–26; 8:45 am]

BILLING CODE 6717–01–P

FARM CREDIT ADMINISTRATION

Privacy Act of 1974; System of Records

AGENCY: Farm Credit Administration.

ACTION: Notice of a modified system of records.

SUMMARY: Pursuant to the provisions of the Privacy Act of 1974, as amended (5 U.S.C. 552a), notice is hereby given that the Farm Credit Administration (FCA or Agency) is amending an existing system of records, FCA–4—Biographical Files—FCA. The Biographical Files—FCA system is used to inform the public about the background of FCA and FCSIC officials. The Agency is updating the notice to reflect changes to the categories of individuals and records maintained in the system, the record source categories, and to clarify the system purposes, as well as make changes to the Policies and Practices for Storage of Records and the Administrative, Technical and Physical Safeguards sections. Additionally, a modification to a routine use for the system has been made.

DATES: You may send written comments on or before November 16, 2026. FCA filed an amended System Report with Congress and the Office of Management and Budget on * * *. This notice will become effective without further publication on November 24, 2026 unless modified by a subsequent notice to incorporate comments received from the public.

ADDRESSES: For accuracy and efficiency, please submit comments by email or through FCA's website. We do not accept comments submitted by fax because faxes are difficult to process. Also, please do not submit comments multiple times; submit your comment only once, using one of the following methods:

- Send an email to reg-comm@fca.gov.
- Use the public comment form on our website:

1. Go to <https://www.fca.gov>.
2. Click inside the "I want to . . ." field near the top of the page.
3. Select "comment on a pending regulation" from the dropdown menu.
4. Click "Go." This takes you to the comment form.

- Send the comment by mail to the following: Autumn R. Agans, Deputy

Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.

We post all comments on the FCA website. We will show your comments as submitted, including any supporting information; however, for technical reasons, we may omit items such as logos and special characters. Personal information that you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove email addresses to help reduce internet spam.

To review comments on our website, go to <https://www.fca.gov> and follow these steps:

1. Click inside the "I want to . . ." field near the top of the page.
2. Select "find comments on a pending regulation" from the dropdown menu.
3. Click "Go." This will take you to a list of regulatory projects.
4. Select the project in which you're interested. If we have received comments on that project, you will see a list of links to the individual comments.

You may also review comments at the FCA office in McLean, Virginia. Please call us at 703–883–4056 or email us at reg-comm@fca.gov to make an appointment.

FOR FURTHER INFORMATION CONTACT:

Jackie Baker, Privacy Act Officer, Farm Credit Administration, McLean, Virginia 22102–5090, (703) 883–4148, TTY (703) 883–4019.

SUPPLEMENTARY INFORMATION: This publication satisfies the requirement of the Privacy Act of 1974 that agencies publish a system of records notice in the **Federal Register** when there is a revision, change, or addition to the system of records. The substantive changes and modifications to the currently published version of FCA–4—Biographical Files—FCA include:

1. Revising and clarifying the categories of individuals maintained in the system.
2. Revising and clarifying the categories of records maintained in the system.
3. Revising and clarifying the purposes of the system.
4. Revising and clarifying the record source categories.
5. Revising the Policies and Practices for Storage of Records and the Administrative, Technical, and Physical Safeguards sections to reflect the transition from physical to electronic records and updated cybersecurity guidance and practices.
6. Modifying a routine use which allows for disclosure of the records to

certain public outlets, including agency websites, social media, and news media.

The amended system of records is: FCA–4—Biographical Files—FCA. As required by 5 U.S.C. 552a(r) of the Privacy Act, as amended, FCA sent notice of this proposed system of records to the Office of Management and Budget, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate. The notice is published in its entirety below.

SYSTEM NAME AND NUMBER:

FCA–4—Biographical Files—FCA.

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

Office of Congressional and Public Affairs, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.

SYSTEM MANAGER:

Director, Office of Congressional and Public Affairs, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

12 U.S.C. 2243, 2252.

PURPOSES OF THE SYSTEM:

FCA uses information in this system of records to inform the public about the background of FCA and FCSIC officials. Information may also be used, with the consent of persons to whom the information pertains, in support of public affairs initiatives, such as recruitment and retention initiatives.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Current and former FCA and FCSIC employees and Board members.

CATEGORIES OF RECORDS IN THE SYSTEM:

This system contains biographical sketches and photographs for disclosure to the media and the public. Information includes, but is not limited to: (a) name and biographical information such as place of birth or hometown; (b) employment information such as official title(s) or position(s), previous positions or titles held or previous employers, work history and experience; (c) photographs, video images, and voice recordings; (d) education, including degrees held, areas of study, and schools attended; (e) military experience, if applicable; (f) civic duties and previous awards; and (g) hobbies and personal interests.

RECORD SOURCE CATEGORIES:

FCA and FCSIC employees on whom the record is maintained.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

See the "General Statement of Routine Uses" (64FR 8175).

The information collected in the system will be used in a manner that is compatible with the purposes for which the information has been collected and, in addition to the applicable general routine uses, may be disclosed for the following purposes:

(1) We may disclose certain information in this system of records to the public by (a) posting copies of such records on the FCA's or FCSIC's websites, authorized social media outlets, by other electronic or non-electronic means; (b) to the news media; or (c) to audiences attending a particular event, conference, or meeting when the biographies of speakers are used as background in introductions or other informational material. Such disclosures would be limited to those for which there exists a legitimate public interest in the disclosure of the information, the disclosure would not constitute an unwarranted invasion of personal privacy, or when explicit consent is granted by the person to whom the disclosed information pertains.

DISCLOSURE TO CONSUMER REPORTING AGENCIES:

None.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records are maintained electronically in a computerized database.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

Records are retrieved by name.

POLICIES AND PROCEDURES FOR RETENTION AND DISPOSAL OF RECORDS:

Records are retained in accordance with the National Archives and Records Administration's General Records Schedule requirements, and with the FCA Comprehensive Records Schedule.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

FCA implements multiple layers of security to ensure access to records is limited to those with need-to-know in support of their official duties. Computerized records are safeguarded through use of user roles, passwords, firewalls, encryption, and other information technology security measures.

RECORD ACCESS PROCEDURES:

To obtain a record, contact: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, as provided in 12 CFR part 603.

CONTESTING RECORD PROCEDURES:

Direct requests for amendments to a record to: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, as provided in 12 CFR part 603.

NOTIFICATION PROCEDURE:

Address inquiries about this system of records to: Privacy Act Officer, Farm Credit Administration, McLean, VA 22102-5090.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

None.

HISTORY:

Federal Register Vol. 64, No. 100/ Tuesday, May 25, 1999, page 21875.
Vol. 70, No. 183/Thursday, September 22, 2005, page 55621.
Vol. 85, No. 148/Friday, July 31, 2020, page 46098.

Ashley Waldron,

Secretary to the Board, Farm Credit Administration.

[FR Doc. 2026-21093 Filed 10-14-26; 8:45 am]

BILLING CODE 6705-01-P

FARM CREDIT ADMINISTRATION**Privacy Act of 1974; System of Records**

AGENCY: Farm Credit Administration.

ACTION: Notice of a modified system of records.

SUMMARY: Pursuant to the provisions of the Privacy Act of 1974, as amended (5 U.S.C. 552a), notice is hereby given that the Farm Credit Administration (FCA or Agency) is amending an existing system of records, FCA-19—Non-Payroll Employee Administrative Records System. The Non-Payroll Employee Administrative Records System is used to collect information used for non-payroll personnel actions and human resources administrative purposes, including administering supplemental benefits, employee assistance programs, and work life programs. The Agency is updating the notice to reflect changes to the categories of individuals maintained in the system, the record source categories, and to the Policies and Practices for Storage of Records and the Administrative, Technical and Physical Safeguards sections.

DATES: You may send written comments on or before November 14, 2026. The

FCA filed a Notice of a New System Report with Congress and the Office of Management and Budget on October 15, 2026. This notice will become effective without further publication on November 24, 2026, unless modified by a subsequent notice to incorporate comments received from the public.

ADDRESSES: For accuracy and efficiency, please submit comments by email or through FCA's website. We do not accept comments submitted by fax because faxes are difficult to process. Also, please do not submit comments multiple times; submit your comment only once, using one of the following methods:

- Send an email to reg-comm@fca.gov.
- Use the public comment form on our website:
 1. Go to <https://www.fca.gov>.
 2. Click inside the "I want to . . ." field near the top of the page.
 3. Select "comment on a pending regulation" from the dropdown menu.
 4. Click "Go." This takes you to the comment form.

• *Send the comment by mail to the following:* Autumn R. Agans, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

We post all comments on the FCA website. We will show your comments as submitted, including any supporting information; however, for technical reasons, we may omit items such as logos and special characters. Personal information that you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove email addresses to help reduce internet spam.

To review comments on our website, go to <https://www.fca.gov> and follow these steps:

1. Click inside the "I want to . . ." field near the top of the page.
2. Select "find comments on a pending regulation" from the dropdown menu.
3. Click "Go." This will take you to a list of regulatory projects.
4. Select the project in which you're interested. If we have received comments on that project, you will see a list of links to the individual comments.

You may also review comments at the FCA office in McLean, Virginia. Please call us at 703-883-4056 or email us at reg-comm@fca.gov to make an appointment.

FOR FURTHER INFORMATION CONTACT:

Jackie Baker, Privacy Act Officer, Farm Credit Administration, McLean, Virginia 22102-5090, (703) 883-4148, TTY (703) 883-4019.

SUPPLEMENTARY INFORMATION: This publication satisfies the requirement of the Privacy Act of 1974 that agencies publish a system of records notice in the **Federal Register** when there is a revision, change, or addition to the system of records. The substantive changes and modifications to the currently published version of FCA-19—Non-Payroll Employee Administrative Records System—FCA include:

1. Revising and clarifying the categories of individuals maintained in the system.

2. Revising and clarifying the record source categories.

3. Revising the Policies and Practices for Storage of Records and the Administrative, Technical, and Physical Safeguards sections to reflect the transition from physical to electronic records and updated cybersecurity guidance and practices.

The amended system of records is: FCA-19—Non-Payroll Employee Administrative Records System-FCA. As required by 5 U.S.C. 552a(r) of the Privacy Act, as amended, the FCA sent notice of this proposed system of records to the Office of Management and Budget, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate. The notice is published in its entirety below.

SYSTEM NAME AND NUMBER:

FCA-19—Non-Payroll Employee Administrative Records System—FCA.

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

SYSTEM MANAGER(S):

Director, Office of Agency Services and Chief Human Capital Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

12 U.S.C. 2243, 2252.

PURPOSE(S) OF THE SYSTEM:

The purpose of the Non-Payroll Employee Administrative Records System is for the Agency to collect and maintain information used for non-payroll personnel actions and for human resources administrative purposes, including administering supplemental benefits, employee assistance programs, and work life programs.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Current and former employees, interns, and contracting personnel of the Farm Credit Administration (FCA) and the Farm Credit System Insurance Corporation (FCSIC), in addition to other individuals who may make use of FCA's fitness facilities or services.

CATEGORIES OF RECORDS IN THE SYSTEM:

Information may include: (a) individual name, Social Security number (SSN), employee ID number, Taxpayer Identification Number (TIN), or similar; (b) employment related information including title, position, grade, start date, supervisor's name, performance reports, training, professional licenses, certification and memberships information, whether the employee maintains a security clearance related to his or her position, and disciplinary information; proposed and approved work schedules and alternative work locations; (c) home and work contact information, including address, telephone number, and email address; (d) information about modes of transportation to and from work; (e) information related to an employee's participation in supplemental retirement health and benefit programs, including contribution amount(s), dependents and beneficiary names, addresses, relationship, and Social Security number(s); (f) information about student loans related to the student loan repayment benefit, including type of loan, loan account number, loan holder name and address, total loan amount and amount outstanding; and service agreement information; and (g) receipts and similar documentation provided as evidence of expenditures for reimbursement through supplemental benefits, employee assistance and work life programs.

As noted above, this system covers general personnel and administrative records not otherwise included in OPM/GOVT-1 or FCA-1. This system complements those systems, and in some cases, the notice incorporates by reference but does not repeat all the information contained in those systems.

RECORD SOURCE CATEGORIES:

Information in this system is obtained from current and former FCA and FCSIC employees, interns, and contractors, as well as from any individual who may use FCA's fitness facilities or services, and from entities associated with benefits and work-life programs including retirement, human resources functions, accounting, and payroll systems administration.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

See the "General Statement of Routine Uses." The information collected in the system will be used in a manner compatible with the purposes for which the information has been collected and, in addition to the general routine uses, may be disclosed for the following purposes:

Records in this system may be disclosed:

1. To carriers, providers, and other federal agencies involved in the administration of employee benefit programs and such agencies' contractors or plan administrators, when necessary to determine employee eligibility to participate in such programs, process employee participation in such programs, audit benefits paid under such programs, or perform any administrative function in connection with those programs; and

2. To Federal, State, and local taxation authorities concerning compensation to employees or to contractors; to the Office of Personnel Management, Department of the Treasury, Department of Labor, and other Federal agencies concerning pay, benefits, and retirement of employees; to financial organizations concerning employee allotments to accounts; to educational and training organizations concerning employee qualifications and identity for specific courses; and to heirs, executors, and legal representatives of beneficiaries.

Disclosure to consumer reporting agencies: None.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records are maintained in electronic form. Electronic records are maintained in secure file shares and similar systems with technical access restricted to authorized personnel with a need-to-know in support of their duties.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

Records are retrievable by a variety of fields including, but not limited to, individual name, SSN, employee ID, or some combination thereof.

POLICIES AND PROCEDURES FOR RETENTION AND DISPOSAL OF RECORDS:

Files are retained in accordance with the FCA's Comprehensive Records Schedule, item 6, or with the applicable National Archives and Records Administration (NARA) General Records Schedules (GRS).

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

FCA implements multiple layers of security to ensure access to records is

limited to those with need-to-know in support of their official duties. Computerized records are safeguarded through use of user roles, passwords, firewalls, encryption, and other information technology security measures.

RECORD ACCESS PROCEDURES:

To obtain a record, contact: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090, as provided in 12 CFR part 603.

CONTESTING RECORD PROCEDURES:

Direct requests for amendments to a record to: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090, as provided in 12 CFR part 603.

NOTIFICATION PROCEDURES:

Direct all inquiries about this system of records to: Privacy Act Officer, Farm Credit Administration, McLean, VA 22102–5090.

EXEMPTIONS CLAIMED FOR THE SYSTEM:

None.

HISTORY:

85 FR 51433, August 20, 2020.

Ashley Waldron,

Secretary to the Board, Farm Credit Administration.

[FR Doc. 2026–21091 Filed 10–14–26; 8:45 am]

BILLING CODE 6705–01–P

FARM CREDIT ADMINISTRATION**Privacy Act of 1974; System of Records**

AGENCY: Farm Credit Administration.

ACTION: Notice of a modified system of records.

SUMMARY: Pursuant to the provisions of the Privacy Act of 1974, as amended (5 U.S.C. 552a), notice is hereby given that the Farm Credit Administration (FCA or Agency) is amending an existing system of records, FCA–11—Litigation and Administrative Adjudication Files—FCA. The FCA–11—Litigation and Administrative Adjudication Files—FCA system is used to track litigation matters and to draft legal opinions and litigation reports. The Agency is updating the notice to reflect changes to the categories of individuals and records source categories for the system, as well as to the Policies and Practices for Storage of Records and the Administrative, Technical and Physical Safeguards sections.

DATES: You may send written comments on or before November 14, 2026. FCA

filed an amended System Report with Congress and the Office of Management and Budget on October 15, 2026. This document will become effective without further publication on November 24, 2026, unless modified by a subsequent notice to incorporate comments received from the public.

ADDRESSES: For accuracy and efficiency, please submit comments by email or through FCA’s website. We do not accept comments submitted by fax because faxes are difficult to process. Also, please do not submit comments multiple times; submit your comment only once, using one of the following methods:

- Send an email to reg-comm@fca.gov.
- Use the public comment form on our website:
 1. Go to <https://www.fca.gov>.
 2. Click inside the “I want to . . .” field near the top of the page.
 3. Select “comment on a pending regulation” from the dropdown menu.
 4. Click “Go.” This takes you to the comment form.

• *Send the comment by mail to the following:* Autumn R. Agans, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.

We post all comments on the FCA website. We will show your comments as submitted, including any supporting information; however, for technical reasons, we may omit items such as logos and special characters. Personal information that you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove email addresses to help reduce internet spam.

To review comments on our website, go to <https://www.fca.gov> and follow these steps:

1. Click inside the “I want to . . .” field near the top of the page.
2. Select “find comments on a pending regulation” from the dropdown menu.
3. Click “Go.” This will take you to a list of regulatory projects.
4. Select the project in which you’re interested. If we have received comments on that project, you will see a list of links to the individual comments.

You may also review comments at the FCA office in McLean, Virginia. Please call us at 703–883–4056 or email us at reg-comm@fca.gov to make an appointment.

FOR FURTHER INFORMATION CONTACT:

Jackie Baker, Privacy Act Officer, Farm Credit Administration, McLean, Virginia 22102–5090, (703) 883–4148, TTY (703) 883–4019.

SUPPLEMENTARY INFORMATION: This publication satisfies the requirement of the Privacy Act of 1974 that agencies publish a system of records notice in the **Federal Register** when there is a revision, change, or addition to the system of records. The substantive changes and modifications to the currently published version of FCA–11—Litigation and Administrative Adjudication Files—FCA include:

1. Revising and clarifying the categories of individuals maintained in the system.
2. Revising and clarifying the record source categories for the system.
3. Revising the Policies and Practices for Storage of Records and the Administrative, Technical, and Physical Safeguards sections to reflect the transition from physical to electronic records and updated cybersecurity guidance and practices.

The amended system of records is: FCA–11—Litigation and Administrative Adjudication Files—FCA. As required by 5 U.S.C. 552a(r) of the Privacy Act, as amended, FCA sent notice of this proposed system of records to the Office of Management and Budget, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate. The notice is published in its entirety below.

SYSTEM NAME AND NUMBER:

FCA–11—Litigation and Administrative Adjudication Files—FCA.

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

Office of General Counsel, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.

SYSTEM MANAGER(S):

General Counsel, Office of General Counsel, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

12 U.S.C. 2243, 2252; 44 U.S.C. 3101.

PURPOSE(S) OF THE SYSTEM:

We use information in this system of records to actively manage and engage in litigation and administrative matters, track litigation and administrative matters, and to draft legal opinions and litigation reports.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Parties involved in litigation or administrative adjudication with FCA or

Farm Credit Insurance Corporation (FCSIC) or litigation in which FCA or FCSIC has an interest, including: (a) Administrative proceedings (e.g., personnel actions, whistleblower cases), (b) Federal or state court cases in which FCA or FCSIC is a party, (c) litigation in which FCA or FCSIC is participating as an amicus curiae, (d) a claim and/or subsequent litigation under the Federal Tort Claims Act, (e) third-party litigation in which FCA or FCSIC is in some way involved, and (f) other cases involving issues of concern to FCA or FCSIC, including those brought by other law enforcement agencies, Federal financial regulatory agencies, and private parties.

CATEGORIES OF RECORDS IN THE SYSTEM:

This system may contain: (1) documents comprising or included in the case record, such as briefs, affidavits, reports of investigation, motions, pleadings, orders, and correspondence; and (2) other documents, memoranda, and correspondence related to the action.

RECORD SOURCE CATEGORIES:

Person to whom the record applies, current and former FCA and FCSIC employees, witnesses, participants, attorneys, others working on behalf of FCA, U.S. Attorneys, U.S. District Courts, parties to the proceedings, or other Federal, State, or local agencies.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

See the "General Statement of Routine Uses" (64 FR 8175).

Disclosure to consumer reporting agencies:
None.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records electronically in one or more computerized databases.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

Records are retrieved by name.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

Records are retained in accordance with retention schedules approved by the National Archives and Records Administration and with the FCA Comprehensive Records Schedule.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

FCA implements multiple layers of security to ensure access to records is limited to those with a need-to-know in support of their official duties. Computerized records are safeguarded through use of user roles, passwords,

firewalls, encryption, and other information technology security measures. Only the personnel with a need-to-know in support of their duties have access to the records.

RECORD ACCESS PROCEDURES:

To obtain a record, contact: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, as provided in 12 CFR part 603.

CONTESTING RECORD PROCEDURES:

Direct requests for amendments to a record to: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, as provided in 12 CFR part 603.

NOTIFICATION PROCEDURES:

Address inquiries about this system of records to: Privacy Act Officer, Farm Credit Administration, McLean, VA 22102-5090.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

None.

HISTORY:

64 FR 2875, 70 FR 55621, 85 FR 52602.

Ashley Waldron,

Secretary to the Board, Farm Credit Administration.

[FR Doc. 2026-21090 Filed 10-14-26; 8:45 am]

BILLING CODE 6705-01-P

FARM CREDIT ADMINISTRATION

Privacy Act of 1974; System of Records

AGENCY: Farm Credit Administration.

ACTION: Notice of a modified system of records.

SUMMARY: Pursuant to the provisions of the Privacy Act of 1974, as amended (5 U.S.C. 552a), notice is hereby given that the Farm Credit Administration (FCA or Agency) is amending an existing system of records, FCA-1—Employee Attendance, Leave, and Payroll Records—FCA. The Employee Attendance, Leave, and Payroll Records—FCA system is used to prepare payroll, meet Government payroll recordkeeping and reporting requirements, prepare reports, and retrieve and supply payroll and leave information as required for Agency needs. The Agency is updating the notice to reflect changes to the categories of individuals and records maintained in the system, as well as to the Policies and Practices for Storage of Records and the Administrative,

Technical and Physical Safeguards sections.

DATES: You may send written comments on or before November 14, 2026. FCA filed an amended System Report with Congress and the Office of Management and Budget on October 15, 2026. This notice will become effective without further publication on November 24, 2026 unless modified by a subsequent notice to incorporate comments received from the public.

ADDRESSES: For accuracy and efficiency, please submit comments by email or through FCA's website. We do not accept comments submitted by fax because faxes are difficult to process. Also, please do not submit comments multiple times; submit your comment only once, using one of the following methods:

- Send an email to reg-comm@fca.gov.
- Use the public comment form on our website:
 1. Go to <https://www.fca.gov>.
 2. Click inside the "I want to . . ." field near the top of the page.
 3. Select "comment on a pending regulation" from the dropdown menu.
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• *Send the comment by mail to the following:* Autumn R. Agans, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

We post all comments on the FCA website. We will show your comments as submitted, including any supporting information; however, for technical reasons, we may omit items such as logos and special characters. Personal information that you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove email addresses to help reduce internet spam.

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You may also review comments at the FCA office in McLean, Virginia. Please call us at 703-883-4056 or email us at reg-comm@fca.gov to make an appointment.

FOR FURTHER INFORMATION CONTACT:

Jackie Baker, Privacy Act Officer, Farm Credit Administration, McLean, Virginia 22102-5090, (703) 883-4148, TTY (703) 883-4019.

SUPPLEMENTARY INFORMATION: This publication satisfies the requirement of the Privacy Act of 1974 that agencies publish a system of records notice in the **Federal Register** when there is a revision, change, or addition to the system of records. The substantive changes and modifications to the currently published version of FCA-1—Employee Attendance, Leave, and Payroll Records—FCA include:

1. Revising and clarifying the categories of individuals maintained in the system.

2. Revising and clarifying the categories of records maintained in the system.

3. Revising the Policies and Practices for Storage of Records and the Administrative, Technical, and Physical Safeguards sections to reflect the transition from physical to electronic records and updated cybersecurity guidance and practices.

The amended system of records is: FCA-1—Employee Attendance, Leave, and Payroll Records—FCA. As required by 5 U.S.C. 552a(r) of the Privacy Act, as amended, FCA sent notice of this proposed system of records to the Office of Management and Budget, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate. The notice is published in its entirety below.

SYSTEM NAME AND NUMBER:

FCA-1—Employee Attendance, Leave, and Payroll Records—FCA.

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

Office of Agency Services, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

SYSTEM MANAGER(S):

Director, Office of Agency Services, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

12 U.S.C. 2243, 2252.

PURPOSE(S) OF THE SYSTEM:

Information in this record system is used to prepare payroll, to meet Government payroll recordkeeping and reporting requirements, prepare reports, and to retrieve and supply payroll and

leave information as required for Agency needs. In addition to payroll, reporting, and related record keeping, information in the system may be used to identify and assign specific employees to specific tasks or work-related assignments, or to track activities and payroll costs associated with those tasks or assignments.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Current and former FCA and FCSIC employees, individuals who have been extended and accepted formal offers of employment by the Agency or FCSIC, and contractor personnel.

CATEGORIES OF RECORDS IN THE SYSTEM:

This system contains paper and electronic files containing payroll-related information for FCA and FCSIC employees, including but not limited to: employee name, title, department, supervisor, employee number, Social Security number (SSN), rate and amount of pay, hours worked, tax and retirement deductions, leave bank records, including requests and approvals for leave, life insurance and health insurance deductions, savings allotments, savings bond and charity deductions, health savings accounts, other financial deductions, mailing addresses, and home addresses. The National Finance Center provides agency payroll services.

Additionally, the system includes information used by the Office of Examination to identify and assign FCA examiners and individuals who have been extended and accepted formal offers of employment by the Agency to specific examinations of FCS institutions. Information includes, but is not limited to: employee name, supervisor, approved leave and related information pertaining to availability for a specific examination, institution to which the employee is assigned as part of the examination team, and general information about the employee's specific area of expertise or specialty. Sensitive information, such as Social Security number, leave types, balances, and similar information is not used for scheduling purposes.

RECORD SOURCE CATEGORIES:

Information in this system of records is obtained from the individual to whom it applies or from information supplied by Agency officials.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

See the "General Statement of Routine Uses" (64 FR 8175). The information collected in the system will be used in

a manner that is compatible with the purposes for which the information has been collected and, in addition to the applicable general routine uses, may be disclosed for the following purposes:

(1) We may disclose information in this system of records to other Government agencies, commercial or credit organizations, or to prospective employers to verify employment.

(2) We may disclose information in this system of records to Federal, State, and local taxing authorities concerning compensation to employees or to contractors; to the Office of Personnel Management, Department of the Treasury, Department of Labor, and other Federal agencies concerning pay, benefits, and retirement of employees; to Federal employees' health benefits carriers concerning health insurance of employees; to financial organizations concerning employee savings account allotments and net pay to checking accounts; to State human resource offices administering unemployment compensation programs; to educational and training organizations concerning employee qualifications and identity for specific courses; and to heirs, executors, and legal representatives of beneficiaries.

(3) We may disclose information in this system of records to the Office of Child Support Enforcement, Administration for Children and Families, Department of Health and Human Services, Federal Parent Locator System (FPLS), and Federal Tax Offset System for use in locating individuals and identifying their income sources, to establish paternity, establish and modify orders of support, and for enforcement actions.

(4) We may disclose information in this system of records to the Office of Child Support Enforcement for release to the Social Security Administration for verifying Social Security numbers in connection with the operation of the FPLS by the Office of Child Support Enforcement.

(5) We may disclose information in this system of records to the Office of Child Support Enforcement for release to the Department of the Treasury to administer the Earned Income Tax Credit Program (section 32, Internal Revenue Code of 1986) and to verify a claim with respect to employment in a tax return.

Disclosure to consumer reporting agencies:

We may disclose information from this system, under 5 U.S.C. 552a(b)(12), to consumer reporting agencies as defined in the Fair Credit Reporting Act, 15 U.S.C. 1681a(f), or the Federal Claims Collection Act of 1966, as amended, 31

U.S.C. 3701(a)(3), in accordance with 31 U.S.C. 3711(f).

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records are maintained in a computerized database.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

Records are retrieved by name, Social Security number, or some combination thereof.

POLICIES AND PROCEDURES FOR RETENTION AND DISPOSAL OF RECORDS:

Records are retained in accordance with the National Archives and Records Administration's General Records Schedule 2.4: Employee Compensation and Benefits Records and General Records Schedule 2.2: Employee Management Records, and with the FCA Comprehensive Records Schedule.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

FCA implements multiple layers of security to ensure access to records is limited to those with need-to-know in support of their official duties. Computerized records are safeguarded through use of user roles, passwords, firewalls, encryption, and other information technology security measures.

RECORD ACCESS PROCEDURES:

To obtain a record, contact: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, as provided in 12 CFR part 603.

CONTESTING RECORD PROCEDURES:

Direct requests for amendments to a record to: Privacy Act Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, as provided in 12 CFR part 603.

NOTIFICATION PROCEDURES:

Address inquiries about this system of records to: Privacy Act Officer, Farm Credit Administration, McLean, VA 22102-5090.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

None.

HISTORY:

64 FR 21875, May 25, 1999; 70 FR 55621, September 22, 2005; 85 FR 13901, March 10, 2020.

Ashley Waldron,

Secretary to the Board, Farm Credit Administration.

[FR Doc. 2026-21094 Filed 10-14-26; 8:45 am]

BILLING CODE 6705-01-P

FEDERAL MARITIME COMMISSION

[FMC-2026-0431]

Renewal of Agency Information Collections; Carrier Automated Tariffs; 3072-0064; 60-Day Public Comment Request

AGENCY: Federal Maritime Commission.

ACTION: Sixty-day notice; request for comments.

SUMMARY: As part of our continuing effort to reduce paperwork and respondent burden, and as required by the Paperwork Reduction Act of 1995, the Federal Maritime Commission (Commission) invites comments on the continuing information collections related to Carrier Automated Tariffs and related form, FMC-1. This notice announces a renewal of an existing collection and includes updates to the collection based on the increase in the number of response and burden hours for respondents; and a new electronic platform to submit the Form FMC-1.

DATES: Comments must be submitted on or before December 14, 2026.

ADDRESSES: The Commission is accepting comments using the Federal eRulemaking Portal at www.regulations.gov. The docket for this notice, which includes copies of applicable forms and submitted comments, can be found at www.regulations.gov under the FMC-2026-0431. Follow the instructions provided for submitting comments.

FOR FURTHER INFORMATION CONTACT: Dr. India Wright, (202) 523-5787, bcl@fmc.gov.

SUPPLEMENTARY INFORMATION: The Commission invites the general public and other Federal agencies to comment on any aspect of the continuing information collection listed in this notice, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). We are particularly interested in receiving comments on: (1) the necessity and utility of the proposed information collection for the proper performance of the agency's functions; (2) the accuracy of the estimated burden; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

Comments submitted in response to this notice will be included or summarized in our request for Office of Management and Budget (OMB) approval of the relevant information collection. All comments are part of the

public record and subject to disclosure. Please do not include any confidential or inappropriate material in your comments.

Information Collections Open for Comment

Title: 46 CFR part 520—Carrier Automated Tariffs and Related Form FMC-1.

OMB Control Number: 3072-0064 (Expires January 31, 2027).

Form Numbers: FMC-1.

Abstract: Except with respect to certain specified commodities, section 8(a) of the Shipping Act of 1984, 46 U.S.C. 40501(a)–(c), requires that each common carrier and conference shall keep open to public inspection, in an automated tariff system, tariffs showing its rates, charges, classifications, rules, and practices between all ports and points on its own route and on any through transportation route that has been established. In addition, individual carriers or agreements among carriers are required to make available in tariff format certain enumerated essential terms of their service contracts. 46 U.S.C. 40502. The Commission is responsible for reviewing the accessibility and accuracy of automated tariff systems, in accordance with its regulations set forth at 46 CFR part 520.

Type of Review: Extension with change.

Current Actions: The estimated number of responses and the burden hours for the collection have increased due to an increase in the number of respondents. Form FMC-1 continues to be submitted electronically but has been included with the agency's modernization initiative and will be included within the ServiceNow platform.

Needs and Uses: The Commission uses information obtained from Form FMC-1 to ascertain the location of common carrier and conference tariff publications and to access their provisions regarding rules, rates, charges and practices.

Frequency: This information is collected when common carriers or conferences publish tariffs.

Type of Respondents: Persons desiring to operate as common carriers or conferences.

Number of Annual Respondents: The Commission estimates there are 9,324 Carrier Automated Tariffs. It is estimated that the number of annual responses will be 189,134.

Estimated Time per Response: The time per response ranges from 0.017 to 2 person-hours for reporting and recordkeeping requirements contained in the rules, and is estimated at 0.25

person-hours for completing Form FMC-1.

Total Annual Burden: The Commission estimates the total person-hour burden at 4,740.03 hours.

For the Commission,

David Eng,
Secretary.

[FR Doc. 2026-21083 Filed 10-14-26; 8:45 am]

BILLING CODE 6730-02-P

FEDERAL MARITIME COMMISSION

Notice of Agreements Filed

The Commission hereby gives notice of filing of the following agreements under the Shipping Act of 1984. Interested parties may submit comments, relevant information, or documents regarding the 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.: 012492-001.

Agreement Name: Schuyler Line/U.S. Ocean Space Charter and Cooperative Working Agreement.

Parties: Schuyler Line Navigation Company, LLC; and U.S. Ocean, L.L.C.

Filing Party: Julia Bonestroo Banegas, Jones Walker LLP.

Synopsis: The Amendment deletes joint contracting and procurement authority from the Agreement, updates the parties' addresses, updates the reference in Article 5 to the U.S. Department of Defense Universal Service Contract from U.S.C. 08 to U.S.C. 10 and successor contracts; and makes conforming changes.

Proposed Effective Date: 10/7/2026.

Location: <https://www2.fmc.gov/eAgreementsSP/Public/AgreementHistory/2058>.

Agreement No.: 201349-008.

Agreement Name: World Shipping Council Agreement.

Parties: COSCO Shipping Lines Co., Ltd., Orient Overseas Container Line Ltd., and OOCL (Europe) Limited (acting as a single party); CMA CGM S.A., APL Co. Pte. Ltd., American President Lines, LLC and ANL Singapore Pte Ltd. (acting as a single

party); Crowley Caribbean Services, LLC and Crowley Latin America Services, LLC (acting as a single party); Emirates Shipping Line FZE; Evergreen Marine Corporation (Taiwan) Ltd.; Hapag-Lloyd AG; Höegh Autoliners AS; HMM Company Limited; Independent Container Line, Ltd.; Kawasaki Kisen Kaisha Ltd., Maersk A/S and Hamburg Sud (acting as a single party); Matsun Navigation Company, Inc.; MSC Mediterranean Shipping Company SA; Mitsui O.S.K. Lines Ltd.; Nippon Yusen Kaisha; Ocean Network Express Pte. Ltd.; Swire Shipping, Pte. Ltd.; Wallenius Wilhelmsen Ocean AS; Wan Hai Lines Ltd. and Wan Hai Lines (Singapore) Pte Ltd. (acting as a single party); Yang Ming Marine Transport Corp.; and Zim Integrated Shipping Services, Ltd.

Filing Party: Robert Magovern, Cozen O'Connor.

Synopsis: The Amendment would amend and restate the Agreement pursuant to the Federal Maritime Commission's March 6, 2026 Order on Investigation and subsequent September 25, 2026 Order to Conclude Investigation, FMC Docket No. 25-10. The parties have requested expedited review.

Proposed Effective Date: 11/16/2026.

Location: <https://www2.fmc.gov/eAgreementsSP/Public/AgreementHistory/34503>.

Dated: October 9, 2026.

Jennifer Everling,
Assistant Secretary.

[FR Doc. 2026-21028 Filed 10-14-26; 8:45 am]

BILLING CODE 6730-02-P

FEDERAL MARITIME COMMISSION

[FMC-2026-0430]

Renewal of Agency Information Collections of Previously Approved Collections; VOCC and MTO Agreements; 3072-0045; 60-Day Public Comment Request

AGENCY: Federal Maritime Commission.

ACTION: Sixty-day notice; request for comments.

SUMMARY: As part of our continuing effort to reduce paperwork and respondent burden, and as required by the Paperwork Reduction Act of 1995, the Federal Maritime Commission (Commission or FMC) invites comments on the continuing information collections related to ocean common carrier and marine terminal operator agreements and related forms, FMC-150 and FMC-151. This notice announces a renewal of an existing collection and

includes updates to the collection based on the increase in number of responses and burden hours for respondents; the transition from use of the Monitoring Report Form (FMC-151) to individualized reporting requirements under the Periodic Reporting Requirements provision; monthly submissions of the global vessel sharing agreements; and a new electronic platform to submit agreement filings, required reports, and other agreement-related collections electronically.

DATES: Comments must be submitted on or before December 14, 2026.

ADDRESSES: The Commission is accepting comments using the Federal eRulemaking Portal at www.regulations.gov. The docket for this notice, which includes copies of applicable forms and submitted comments, can be found at www.regulations.gov under FMC-2026-0430. Follow the instructions provided for submitting comments.

FOR FURTHER INFORMATION CONTACT: Stephanie Rice, (202) 794-1067, sricehartung@fmc.gov.

SUPPLEMENTARY INFORMATION: The Commission invites the general public and other Federal agencies to comment on any aspect of the continuing information collection listed in this notice, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). We are particularly interested in receiving comments on: (1) the necessity and utility of the proposed information collection for the proper performance of the agency's functions; (2) the accuracy of the estimated burden; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

Comments submitted in response to this notice will be included or summarized in our request for Office of Management and Budget (OMB) approval of the relevant information collection. All comments are part of the public record and subject to disclosure. Please do not include any confidential or inappropriate material in your comments.

Information Collections Open for Comment

Title: 46 CFR part 535—Ocean Common Carrier and Marine Terminal Operator Agreements and Related Forms (FMC-150 and FMC-151).

OMB Control Number: 3072-0045 (Expires January 31, 2027).

Form Numbers: FMC-150, FMC-151.

Abstract: The Commission administers subtitle IV of title 46 of the United States Code (the Shipping Act or the Act). 46 U.S.C. 40301 (a)–(c), identifies certain agreements by or among ocean common carriers (carriers) and marine terminal operators (MTOs) that fall within the jurisdiction of that Act. Section 5 of the Act, 46 U.S.C. 40302, requires that carriers and MTOs file those agreements with the Federal Maritime Commission. Section 6 of the Act, 46 U.S.C. 40304, 40306, and 41307 (b)–(d), specifies the Commission actions that may be taken with respect to filed agreements, including requiring the submission of additional information. Section 40104 authorizes the Commission to require that carriers and MTOs, among other persons, file periodic or special reports. Requests for periodic or special reports are meant to assist the Commission in fulfilling its statutory mandate of overseeing the activities of the ocean transportation industry. These reports are necessary so that the Commission can monitor agreement parties' activities to determine how or if their activities will have an impact on competition.

Type of Review: Extension with change.

Current Actions: The estimated number of responses and burden hours for the collection have increased due to a number of factors. The biggest change is attributed to the transition from use of the Monitoring Report Form (FMC–151) to individualized reporting requirements under the Periodic Reporting Requirements provision of 46 CFR 535.701(d). Global vessel sharing agreements, which are now monitored under Alternative Period Reporting under 46 CFR 535.703(d), are required to submit monitoring data monthly. The Commission has increased its monitoring activities for MTO agreements. The FMC has reduced the estimated time to complete the Information Form (FMC–150) from 75 hours to 3 hours. The FMC has also now added to the burden estimate the time it takes to file Voluntary Guidelines for service contracts with the Commission. It is unclear why this activity was previously excluded from the burden calculation. Agreement filings, required reports, other agreement-related collections and Forms FMC–150 and FMC–151 have been included with the agency's modernization initiative and will be included within the ServiceNow platform.

Needs and Uses: The Commission uses the information filed by agreement parties to monitor their activities as required by the Shipping Act. Under 46 U.S.C. 41307, the Commission must

determine whether an agreement will result, or has resulted, in a substantial reduction in competition within the prevailing market leading to an unreasonable reduction in transportation service or an unreasonable increase in transportation costs, or “substantially lessen[s] competition in the purchasing of certain covered services.” In such cases, the Commission would take action to seek to enjoin the agreement in the U.S. District Court for the District of Columbia.

Frequency: This information will be collected as required by the regulations at Part 535.

Type of Respondents: The types of respondents are marine terminal operators, vessel-operating common carriers, and other parties to FMC-filed agreements.

Number of Annual Respondents: It is estimated that the number of annual respondents will be 4,365.

Estimated Time per Response:

Responses associated with Agreement filings under Part 535:

- The average time per response to file an Agreement that includes Form FMC–150 is 75 hours.
 - The average time per response to file an Agreement that does not include Form FMC–150 is 1 hour.
 - The time to file an Agreement termination averages 0.25 hours.
- Responses associated with Monitoring Requirements under Part 535:
- The average time per response to file meeting minutes is 2 hours.
 - The average time per response to file meeting minutes for Alternative Periodic Reporting is 2 hours.
 - The average time per response to file MTO meeting minutes is 2 hours.
 - The average time per response to file an Alliance Agreement that includes Form FMC–151 is 160 hours.
 - The average time per response to file a VOCC Rate Discussion Agreement that includes Form FMC–151 is 50 hours.

- The average time per response to file an Agreement other than a Global Vessel Sharing or VOCC Rate Discussion Agreement is 10 hours.
- The average time per response to file a Global Vessel Sharing Agreement is 160 hours.
- The average time per response to file an Alternative Periodic Reporting, VOCC Rate Discussion Agreement is 50 hours.
- The average time per response to file an Alternative Periodic Reporting other than a Global Vessel Sharing or VOCC Rate Discussion Agreement is 10 hours.

- The average time per response for filing a Marine Terminal Operators Monitoring Report is 160 hours.

Responses associated with Service Contracts, Voluntary Guidelines under Part 535:

- The average time per response for filing Service Contracts, Voluntary Guidelines is 0.25 hours.

Responses associated with Recordkeeping under Part 535:

- Recordkeeping for minutes filing and alternative periodic reporting is estimated at 0.25 hours.

Total Annual Burden: The Commission estimates the total person-hour burden at 22,347.25 hours, as detailed below.

Responses associated with Agreement filings under Part 535:

- *Filing an Agreement that includes Form FMC–150:* 10×75 hours = 750 person-hours.

- *Filing an Agreement that does not require FMC–150:* 50×1 hour = 50 person-hours.

- *Termination of Agreements:* 23×0.25 hours = 5.75 person-hours.

Responses associated with Monitoring Requirements under Part 535:

- *Reporting on FMC–151 (filed by Alliance parties):* 0×160 hours = 0 person-hours.

- *Reporting for VOCC Rate Discussion Agreements:* 0×50 hours = 0 person-hours.

- *Reporting for other than Alliance or VOCC Rate Discussion Agreements:* 0×10 hours = 0 person-hours.

- *Reporting for Alternative Periodic Reporting—Global Vessel Sharing agreements:* 60×160 hours = 9,600 person-hours.

- *Reporting for Alternative Periodic Reporting—VOCC Rate Discussion Agreements:* 32×50 hours = 1,600 person-hours.

- *Reporting for Alternative Periodic Reporting—other than Global Vessel Sharing or VOCC Rate Discussion Agreement:* 300×10 hours = 3,000 person-hours.

- *Reporting for Alternative Periodic Reporting—Marine Terminal Operators Monitoring Report:* 12×160 hours = 1,920 person-hours.

- *Filing meeting minutes:* 0×2 hours = 0 person-hours.

- *Filing meeting minutes—Alternative Periodic Reporting:* $2,340 \times 2$ hours = 4,680 person-hours.

- *Filing meeting minutes—MTOs:* 204×2 hours = 408 person-hours.

Responses associated with Service Contracts, Voluntary Guidelines under Part 535:

- *Reporting Service Contracts:* 34×0.25 hours = 8.5 person-hours.

Responses associated with Recordkeeping under Part 535:

• *Recordkeeping for optionally filed agreements* = $1,300 \times 0.25$ hours = 325 person-hours.

For the Commission.

David Eng,
Secretary.

[FR Doc. 2026-21086 Filed 10-14-26; 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 30, 2026.

A. *Federal Reserve Bank of St. Louis* (Winchell S. Carroll, Jr., Assistant Vice President) P.O. Box 442, St. Louis, Missouri 63166-2034. Comments can also be sent electronically to Comments.applications@stls.frb.org:

1. *The Michael F. Bender Revocable Living Trust and The Diane M. Bender*

Revocable Living Trust, Michael F. Bender, individually and as co-trustee of both trusts, Diane M. Bender as co-trustee of both trusts, Abby Kimrey, and Jordan Kimrey, all of Farmington, Missouri; Tyler Bender and Kelly Bender, both of Webster Groves, Missouri; and Jacob Bender, individually and as manager of JJB Capital, LLC, both of Dallas, Texas; as a group acting in concert, to acquire voting shares of Midwest Regional Bancorp, Inc., Festus, Missouri, and thereby indirectly acquire voting shares of Midwest Regional Bank, Clayton, Missouri.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,
Associate Secretary of the Board.

[FR Doc. 2026-21092 Filed 10-14-26; 8:45 am]

BILLING CODE P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

[Docket No. CDC-2026-0892]

Order Under Sections 362 and 365 of the Public Health Service Act Continuing the Suspension of the Right To Introduce Certain Persons From Countries Where a Quarantinable Communicable Disease Exists

AGENCY: Centers for Disease Control and Prevention (CDC), Department of Health and Human Services (HHS).

ACTION: Notice with comment period.

SUMMARY: The Centers for Disease Control and Prevention (CDC), a component of the Department of Health and Human Services (HHS), announces it is issuing an Order under Sections 362 and 365 of the Public Health Service Act, and associated implementing regulations, continuing the suspension of the right to introduce certain persons from countries where an outbreak of a quarantinable communicable disease exists. This Order was issued on October 11 and shall remain in effect through 4:59 p.m. Eastern Daylight Time (EDT) on Tuesday, November 10, 2026. This Order may be amended or rescinded prior to that time at the discretion of the Director.

DATES: This action took effect October 11, 2026, at 5:00 p.m. EDT.

Written comments must be received on or before October 30, 2026.

ADDRESSES: You may submit comments, identified by Docket No. CDC-2026-

0892 by either of the methods listed below. *Do not submit comments by email. CDC does not accept comments by email.*

• *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

• *Mail:* Division of Global Migration Health, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS H16-4, Atlanta, GA 30329.

Instructions: All submissions received must include the agency name and Docket Number. All relevant comments received will be posted without change to <http://regulations.gov>, including any personal information provided. For access to the docket to read background documents or comments received, go to <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT:

Jordan Faircloth, Deputy Chief of Staff, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS V18-2, Atlanta, GA 30329. Phone: 404-639-7000. Email: cdcregulations@cdc.gov.

SUPPLEMENTARY INFORMATION: On May 18, 2026, the Acting Director of the Centers for Disease Control and Prevention signed an Order prohibiting the introduction of certain persons who have departed from, or were otherwise present within, specified countries during the last 21 days. On May 22, 2026, the Assistant Secretary for Health (ASH), HHS, signed an Amended Order that reflected updates to 42 CFR 71.40 (f), which no longer provides an exemption for lawful permanent residents (LPRs) from such orders. CDC accepted comments on both the original Order and Amended Order through June 22, 2026. On June 21, 2026, the ASH signed a new 30-day Order continuing the previous Order, without change, and provided a 15-day comment period. Subsequent new orders, each continuing the previous Order without change and responding to public comments as well as providing updates on the epidemiologic situation and status of the outbreak, were signed by the ASH on July 13, 2026, August 12, 2026, and September 11, 2026, respectively. During the comment period for the September 11, 2026, Order, CDC received one comment, which is addressed below. With this notice, CDC is announcing the issuance of an Order that continues the suspension of the right to introduce certain persons who have departed from, or were otherwise present within, specified countries during the last 21 days. This Order is effective for a period of 30 days.

Response to Comment on Previous Order

Comment: CDC received one comment in response to the September 11, 2026, Order. The commenter expressed support for strong evidence-based measures to prevent Ebola from entering the United States during a serious outbreak and stated their support for broad public-health powers that are tied to clear scientific criteria for when restrictions begin, narrow, and end. The commenter also recommended that CDC use a meaningful risk-assessment approach to travel restrictions that consider the differences between meaningful exposure and theoretical exposure to pathogen, while recognizing uncertainty when evidence is incomplete. The commenter observed that the epidemiological situations described for Uganda and South Sudan are different from that of situation in Democratic Republic of the Congo and recommended CDC publish measurable criteria for adding and removing countries and reassess those criteria frequently, and that if a country completes the relevant surveillance period without cases, the public should be able to understand what additional evidence CDC needs before restrictions change.

The commenter also stated concern about applying restrictions to lawful permanent residents and to people whose presence in a listed country may have involved only transit, noting that Ebola transmission requires meaningful exposure to an infected symptomatic person or contaminated materials. The commenter recommended that if individualized risk assessment is operationally impractical during this outbreak, CDC should explain why and continue evaluating whether targeted screening, monitoring or narrowly defined exceptions could achieve comparable protection.

Response: Thank you for this comment. CDC recognizes that individual risk may differ among persons who have been present in a designated country or place where the quarantinable communicable disease outbreak is occurring. However, CDC also considers the public health and other resources required to implement an Order issued under Sections 362 and 365 of the Public Health Service Act and the implementing regulation at 42 CFR 71.40. Whether an individual transited through a covered jurisdiction or spent significant time there does not necessarily resolve all public health considerations relevant to that person's physical presence in the designated country or place or potential exposure.

Moreover, implementation of the proposed limitations based on individual exposure circumstances would be more difficult to operationalize considering the volume of travelers at issue, as well as restraints on resources and personnel in the highly fluid context of international air travel.

Based on such considerations, CDC has determined that a generally applicable threshold based on whether an individual was present in a designated country or place during the relevant period is both more protective of public health and more feasible to implement. CDC does not agree that individualized exposure assessments, testing, symptom screening, or monitoring can presently be feasibly implemented and serve as a substitute for the Order for all covered persons. CDC also notes that the status of Legal Permanent Residents (LPRs) is outside the scope of this notice, and that travel restrictions for LPRs are addressed at 42 CFR 71.40.

In regard to the commenter's recommendation that CDC monitor evidence and revise restrictions as indicated, CDC appreciates the comment and agrees that public health measures should be based on current epidemiological evidence and periodically reassessed as relevant conditions change. CDC will continue to evaluate the epidemiological conditions underlying the Order, the risk of international introduction, the effectiveness and availability of public health mitigation measures, and relevant information concerning implementation of the Order. If changing circumstances warrant modification of the geographic scope, covered populations, exceptions, or other provisions of the Order, CDC will consider such modifications consistent with 42 U.S.C. 265 and 42 CFR 71.40.

The Order also is temporary and subject to continuing reassessment. The current Order is effective for 30 days and is intended to facilitate an ongoing public health assessment and risk profile of the outbreak. CDC continues to evaluate epidemiological conditions, the risk of importation, the effectiveness and availability of mitigation measures, and other relevant public health information in determining whether the statutory and regulatory criteria remain satisfied. If those circumstances materially change, CDC will consider whether the Order should be modified, narrowed, or discontinued.

CDC carefully considered the comment and determined that it did not warrant changes to the requirements of the Order issued September 11, 2026.

The new Order, issued on October 11, 2026, provides updated information regarding the status of the Ebola disease outbreak and CDC response efforts and maintains the previous travel restrictions. CDC will accept comments for this Order for 15 days from the date of publication using docket CDC-2026-0892. A copy of the Order is provided below and a copy of the signed Order can be found at <https://www.cdc.gov/port-health/legal-authorities/evdorder.html>.

U.S. Department of Health and Human Services Centers for Disease Control and Prevention (CDC)

Order Under Sections 362 & 365 of the Public Health Service Act

(42 U.S.C. 265, 268) and 42 CFR § 71.40

Continuing the Suspension of the Right To Introduce Certain Persons From Countries Where a Quarantinable Communicable Disease Exists

I. Executive Summary

The Centers for Disease Control and Prevention (CDC), a component of the U.S. Department of Health and Human Services (HHS), issues this Order pursuant to Sections 362 and 365 of the Public Health Service (PHS) Act, 42 U.S.C. 265 and 268, and their implementing regulations. This Order continues the suspension of the right to introduce "covered aliens," as defined herein, into the United States for a period of thirty days, subject to the outcome of an ongoing comprehensive public health risk assessment. This Order is necessary to protect public health in the United States from the serious risk posed by the introduction of Ebola disease into the United States by covered aliens based on the outbreak of Ebola disease caused by the Bundibugyo virus confirmed present in the Democratic Republic of the Congo (DRC) and, until recently, in Uganda.

This Order applies to covered aliens who have departed from, or were otherwise present within, DRC, Uganda, or South Sudan during the last 21 days (regardless of their country of origin). This Order is based on an assessment of the most recently available data and current conditions regarding the Ebola disease outbreak.

This Order is time-limited and shall be in effect for 30 days from the date of issuance. This Order is intended to address the serious risk of introduction of Ebola disease into the United States, while allowing the U.S. Government to continue an ongoing assessment of the current and evolving conditions of the Ebola disease outbreak in consultation with other stakeholders.

This Order is severable from previously issued Orders under Sections 362 and 365 of the Public Health Service (PHS) Act, 42 U.S.C. 265 and 268, and their implementing regulations under 42 CFR part 71. Any provision of this Order held to be invalid or unenforceable by its terms, or as applied to any person or circumstance, shall be construed so as to continue to give the maximum effect to the provision permitted by law, unless such holding shall be one of utter invalidity or unenforceability.

II. Authority, Scope, and Purpose

I issue this Order pursuant to Sections 362 and 365 of the Public Health Service (PHS) Act, 42 U.S.C. 265 and 268, and their implementing regulations under 42 CFR part 71,¹ which authorize the CDC Director to suspend the right to introduce² persons into the United States when the Director determines that the existence of a quarantinable communicable disease in a foreign country or place creates a serious danger of the introduction of such disease into the United States and the danger is so increased by the introduction of persons from the foreign country or place that a temporary suspension of the right of such introduction is necessary to protect public health.

This Order applies to persons who have departed from, or were otherwise present within, DRC, Uganda, and South Sudan during the last 21 days (regardless of their country of origin), including lawful permanent residents of the United States, subject to the exceptions detailed below. For purposes of this Order, I refer to persons covered by the Order as “covered aliens.”

This Order does *not* apply to the following:

- U.S. citizens and U.S. nationals;³
- Members of the armed forces of the United States and associated personnel, U.S. government personnel serving overseas, associated personnel, and their spouses and children, subject to required assurances;⁴
- Persons whom customs officers determine, with approval from a

supervisor, should be excepted from this Order based on the totality of the circumstances, including consideration of significant law enforcement, officer and public safety, humanitarian, and public health interests. The U.S. Department of Homeland Security (DHS) will consult with CDC regarding the standards for such exceptions to help ensure consistency with current CDC guidance and public health recommendations; and

- Persons who would otherwise be subject to this Order, who are permitted to enter the United States based on an exception provisionally granted by CDC with confirmation based on a public health assessment at time of entry under a DHS-approved process documented and shared with CDC which includes appropriate public health mitigation protocols, per CDC guidance.

The purpose of this Order is twofold. First, this Order aims to continue minimizing the number of covered aliens entering the United States who have been within countries experiencing or that have recently experienced a known or suspected outbreak of Ebola disease and thereby reduce the risk of introduction of Ebola disease into the United States. Second, this Order is intended to facilitate an ongoing public health assessment and risk profile of the Ebola disease outbreak. Thirty days is the amount of time necessary for CDC to continue monitoring the situation and determine if there has been a material change to the risk of importation and whether this Order would remain in effect or requires modification. Such information will enable the CDC Director to make an informed determination regarding what restrictions are necessary going forward and provide the opportunity for the development of a comprehensive mitigation and containment plan in consultation with stakeholders.

III. Factual Basis

A. Ebola Disease

Viral hemorrhagic fever refers to a group of severe illnesses caused by certain viruses that damage the body's blood vessels and affect the ability of the blood to clot properly. Viral hemorrhagic fevers include diseases such as Ebola, Marburg, Lassa fever, and dengue hemorrhagic fever.

Bundibugyo virus disease (BVD) is a severe and often fatal illness caused by one of the viruses in the Ebola family. Ebola disease outbreaks occur mainly in parts of sub-Saharan Africa and can spread rapidly in communities with limited healthcare resources. Ebola disease caused by the Bundibugyo virus

is a rare form of Ebola first identified during an outbreak in Bundibugyo District, Uganda, in 2007. Bundibugyo virus is one of several species within the orthoebolavirus family and causes symptoms similar to other forms of Ebola, including fever, weakness, vomiting, diarrhea, and, in severe cases, hemorrhagic complications and organ failure. The disease spreads through direct contact with infected bodily fluids or contaminated materials.

The incubation period for Ebola disease caused by the Bundibugyo virus is typically between 2 and 21 days, with most people developing symptoms within 4 to 10 days after exposure. During this incubation period, infected persons do not spread the virus until symptoms begin.

Screening for Bundibugyo virus disease focuses on identifying symptoms and possible exposure history, such as recent travel to affected areas or contact with infected aliens. Suspected patients are evaluated for symptoms including fever, weakness, vomiting, diarrhea, and bleeding, and laboratory confirmation is performed using specialized tests such as PCR (polymerase chain reaction) to detect the virus in blood and other body fluid samples. Health authorities also use temperature checks, contact tracing, and isolation procedures to prevent transmission.

There are currently no widely approved vaccines or specific antiviral treatments for the Bundibugyo strain of Ebola disease. Treatment mainly consists of supportive care, including intravenous fluids, electrolyte replacement, oxygen support, pain and fever management, and treatment of secondary infections. Early medical care significantly improves survival chances. Robust public health measures such as early detection, rapid isolation, strong infection prevention measures (*i.e.*, use of personal protective equipment [PPE]), and monitoring of contacts are critical to controlling outbreaks and reducing deaths. A clinical trial of monoclonal antibodies is presently underway in DRC.⁵ However, experts expect it will be several months before these therapeutics are potentially available for wider use.

¹ Control of Communicable Diseases; Foreign Quarantine: Suspension of the Right to Introduce and Prohibition of Introduction of Persons into United States from Designated Foreign Countries or Places for Public Health Purposes, 85 FR 56424 (Sept. 11, 2020), as amended by 91 FR 31362 (May 27, 2026); 42 CFR 71.40.

² *Suspension of the right to introduce* means to cause the temporary cessation of the effect of any law, rule, decree, or order pursuant to which a person might otherwise have the right to be introduced or seek introduction into the United States. 42 CFR 71.40(b)(5).

³ 42 CFR 71.40(f).

⁴ 42 CFR 71.40(e)(1) and (2).

⁵ WHO, *Patient enrolment begins in a scientific trial to identify the first effective treatments for Bundibugyo virus disease*, <https://www.who.int/news/item/02-07-2026-patient-enrolment-begins-in-a-scientific-trial-to-identify-the-first-effective-treatments-for-bundibugyo-virus-disease> (last accessed September 10, 2026).

B. Ongoing Bundibugyo Virus Disease Outbreak

The ongoing outbreak of Ebola virus disease caused by the Bundibugyo virus in DRC continues to escalate in intensity and expand geographically. The outbreak is now the largest and deadliest Ebola outbreak in DRC's history, as well as the second largest Ebola outbreak on record.⁶ This Ebola outbreak appears to be expanding faster than any previously documented Ebola outbreak, with seven times as many cases observed 100 days after initial detection as experienced in the 2014 West Africa Ebola outbreak, the largest recorded outbreak worldwide.⁷ The outbreak remains centered in eastern DRC's Ituri Province, although cases have been identified in North Kivu, South Kivu, Haut-Uélé, Tshopo, and Bas-Uélé provinces. Since the issuance of the last Order, the outbreak has spread to an additional province, Sud-Ubangi.⁸ On September 9, prior to the issuance of the last Order, DRC reported 6,779 confirmed cases and 3,267 deaths across 61 health zones. Cases and deaths have continued to increase and as of October 5, 2026, DRC reports 8,665 confirmed cases and 4,178 deaths across 64 health zones.

As recently as October 5, 2026, the ongoing Bundibugyo Ebola virus outbreak in DRC continues to spread despite response efforts. This geographic expansion is concerning, particularly given that response efforts are still not at the scale required for outbreak containment. Contact tracing is currently at 80%, a decrease from 87% in September and well below the operational threshold of 95% needed to successfully slow the spread of this outbreak.⁹ Recent assessments indicate that the true magnitude of the outbreak may be two to four times greater than reported surveillance data suggest. Surveillance challenges persist in the most heavily affected areas, with

conflict and insecurity, weak health infrastructure, and relatively porous borders in the region complicating containment efforts. These conditions increase the likelihood that cases will remain undetected and that infected persons may travel outside affected areas before being identified by public health authorities.

Uganda completed the 42-day enhanced monitoring period—defined as twice the maximum incubation period for Ebola (21 days) per international guidance—on August 27, 2026.¹⁰ Prior to August 27, 2026, Uganda reported 20 confirmed cases of Ebola disease and two confirmed deaths, as well as one probable case and one probable death. The last confirmed case of the outbreak was reported on June 21, 2026. Of the confirmed cases, 15 were imported cases and 5 were secondary cases linked to imported cases from DRC.¹¹ All cases in Uganda have been epidemiologically linked to the ongoing outbreak in DRC, with cross-border importations having occurred, resulting in secondary transmission among family members and caregivers.¹² Ugandan authorities activated emergency response systems, expanded surveillance, and strengthened screening at borders and health facilities. Although the country has achieved successful containment of the outbreak, continued overland travel from DRC poses an ongoing risk of cross-border transmission, particularly among healthcare workers and in western Ugandan districts that serve as points of entry for travelers seeking medical care. For example, on October 6, 2026, the Kenya Ministry of Health announced the country's first BVD case and death in an individual who had traveled from DRC to Uganda, flown from Kampala to Nairobi on October 2, and was hospitalized before dying on October 5, 2026.¹³

To date, South Sudan has not reported any confirmed Ebola disease

cases in the current outbreak.¹⁴ However, it is considered at high risk because of its close border with affected areas in eastern DRC, limited healthcare infrastructure, and cross-border population movement. Regional and international agencies, including WHO and Africa CDC, are supporting preparedness measures, surveillance, and coordination among the three countries to prevent wider spread. Despite these efforts, there continues to be a risk that the outbreak in DRC could spread to South Sudan through cross-border travel by infected individuals during the virus's incubation period, when they have been exposed but are not yet showing symptoms.

Travelers moving between affected countries and major international transit hubs could unknowingly carry the Bundibugyo virus before becoming ill. Such travelers may spread the outbreak beyond the affected countries and ultimately reach the United States. DRC, Uganda, and South Sudan are connected to the global aviation network through a series of regional and international transit hubs that provide pathways into the United States. Travelers departing from outbreak-affected regions frequently transit through densely populated metropolitan airports such as Addis Ababa Bole International Airport (ADD), Jomo Kenyatta International Airport (NBO) in Nairobi, Brussels Airport (BRU), Hamad International Airport (DOH) in Doha, Dubai International Airport (DXB), and Istanbul Airport (IST), all of which maintain extensive passenger connectivity to major U.S. gateway airports including John F. Kennedy International Airport (JFK), Washington Dulles International Airport (IAD), Hartsfield-Jackson Atlanta International Airport (ATL), Chicago O'Hare International Airport (ORD), and Los Angeles International Airport (LAX). These international transportation corridors support continuous movement of travelers between Central and East Africa and major U.S. metropolitan centers, increasing the likelihood that aliens exposed to Ebola disease could enter the United States before symptoms become apparent. Complex multi-leg itineraries and the rapid pace of international travel create substantial challenges for identifying potentially infected travelers before arrival.

A traveler infected in outbreak regions of DRC may transit through multiple countries and major international airports before developing fever or other

⁶ Kabasele D, Meyer E, Kabore I, et al. *Notes from the Field: Characteristics and Monitoring of the 2026 Outbreak of Ebola Disease Caused by Bundibugyo Virus—Democratic Republic of the Congo, August 2026*. MMWR Morb Mortal Wkly Rep 2026;75:554–556. DOI: <http://dx.doi.org/10.15585/mmwr.mm7535e1>.

⁷ Rossow J, McHale TC, Fuller J, et al. *Notes from the Field: The First 100 Days of Five Ebola Outbreaks—Democratic Republic of the Congo, Uganda, and West Africa, 2007–2026*. MMWR Morb Mortal Wkly Rep 2026;75:576–578. DOI: <http://dx.doi.org/10.15585/mmwr.mm7537e1>.

⁸ CDC, *Ebola Outbreak: Current Situation* <https://sante.gouv.cd/documents/sitreps> (last accessed October 8, 2026).

⁹ Ministry of Public Health, Hygiene and Social Welfare, *Situation Report on the 17th Ebola Virus Outbreak Disease/DRC—October 6, 2026*, <https://insp.cd/category/activite-coup/> (last accessed October 8, 2026).

¹⁰ World Health Organization, *Uganda ends Ebola outbreak following completion of 42-day countdown*, <https://www.afro.who.int/countries/uganda/news/uganda-ends-ebola-outbreak-following-completion-42-day-countdown> (last accessed October 8, 2026).

¹¹ WHO, *Disease Outbreak News: Ebola disease caused by Bundibugyo virus, Democratic Republic of the Congo & Uganda*, <https://www.who.int/emergencies/disease-outbreak-news/item/2026-DON613> (last accessed October 8, 2026).

¹² CDC internal data.

¹³ World Health Organization, *Kenya confirms first imported Bundibugyo virus disease case; WHO supports control efforts*, <https://www.afro.who.int/countries/kenya/news/kenya-confirms-first-imported-bundibugyo-virus-disease-case-who-supports-control-efforts> (last accessed October 6, 2026).

¹⁴ CDC, *Ebola Outbreak: Current Situation*, <https://www.cdc.gov/ebola/situation-summary/index.html> (last accessed October 8, 2026).

clinical signs of disease. The risk of Bundibugyo virus disease introduction into the United States is heightened by the virus's incubation period, which can extend up to 21 days, allowing infected persons to travel internationally while asymptomatic and therefore unlikely to be detected through routine symptom-based screening measures. A single infected traveler, particularly in countries with limited public health infrastructure, can impose significant cross-border public health response demands even without onward transmission occurring within the United States. The interconnected nature of global air travel presents a credible pathway for Bundibugyo virus disease importation into the United States, underscoring the importance of aggressive surveillance, traveler monitoring, airport public health screening, healthcare preparedness, and rapid containment capabilities.

Travelers utilizing air transit pathways originating in or passing through DRC, Uganda, and South Sudan include non-U.S. citizens, including regional migrants, foreign contract workers, humanitarian personnel, business travelers, students, refugees, and third-country nationals moving through international aviation hubs in Africa, the Middle East, and Europe. Many travelers entering U.S.-bound itineraries from these pathways may do so under temporary visas, refugee or asylum processing mechanisms, international organizational travel, or multi-country itineraries that obscure their original point of departure. As a result, public health screening and border security systems face heightened operational complexity in identifying travelers with recent exposure histories linked to Ebola-affected regions, particularly when travelers transit through multiple jurisdictions prior to arrival at major U.S. metropolitan airports.

CDC has issued a series of Travel Health Notices (THNs) for the region, adjusting the THNs for individual affected provinces to reflect current circumstances during the course of the outbreak. On August 4, 2026, CDC escalated the THN issued for Ituri and North Kivu Provinces of DRC to a Level 4 (avoid all travel).¹⁵ A Level 3 THN (reconsider nonessential travel) is currently in place for Haut-Uélé, and

Tshopo Provinces of DRC.¹⁶ The rest of DRC and all of Uganda remain under a Level 2 THN (practice enhanced precautions).¹⁷ Modifications to the THNs reflect the geographic distribution of reported cases and do not indicate a reduced level of concern regarding the outbreak, which continues to expand in affected areas and poses a risk of further transmission and geographic spread.

CDC modeling indicates that, absent rapid and sustained public health interventions, the outbreak could become one of the largest Ebola epidemics ever recorded.¹⁸ The analysis further demonstrates that early identification of cases, contact tracing, isolation and treatment of symptomatic persons, community engagement, and safe burial practices are critical to reducing transmission and mitigating outbreak growth.¹⁹ CDC has concluded that the current outbreak is already the largest known outbreak of Bundibugyo virus disease and that large-scale, sustained public health measures are necessary to prevent further international spread of the disease and to reduce the risk of introduction of infected persons into the United States.²⁰

Restricting entry of covered aliens into the United States reduces the volume of higher-risk international arrivals requiring public health monitoring and follow-up. By limiting the number of potentially exposed travelers entering through major U.S. ports of entry, federal, state, and local public health authorities have concentrated finite surveillance, screening, contact tracing, quarantine management, and medical monitoring resources on returning U.S. citizens and U.S. nationals, including those who have worked in the outbreak areas.

Paired with the DHS arrival restrictions redirecting travelers to

specific U.S. airports,²¹ this approach has reduced operational strain on airport screening systems, CDC port health stations, public health laboratories, and healthcare facilities responsible for evaluating suspected Bundibugyo virus disease cases. It also has improved the ability of authorities to conduct detailed exposure assessments, ensure compliance with monitoring requirements during the 21-day incubation period, rapidly identify symptomatic travelers, and allocate specialized isolation and treatment capacity more effectively. In the context of a rapidly evolving Bundibugyo virus disease outbreak with significant cross-border mobility, prioritizing surveillance efforts toward a smaller and more traceable traveler population has strengthened the overall effectiveness of U.S. disease containment and border health security operations.

IV. Legal Basis for This Order Under Sections 362 and 365 of the Public Health Service Act and 42 CFR 71.40

CDC is issuing this Order pursuant to sections 362 and 365 of the Public Health Service Act (42 U.S.C. 265, 268) and the implementing regulation at 42 CFR 71.40. In accordance with these authorities, the CDC Director is permitted to prohibit, in whole or in part, the introduction into the United States of persons from designated foreign countries (or one or more political subdivisions or regions thereof) or places, only for such period of time that the Director deems necessary to avert the serious danger of the introduction of a quarantinable communicable disease,²² by issuing an Order in which the Director determines that:

(1) By reason of the existence of any quarantinable communicable disease in a foreign country (or one or more political subdivisions or regions thereof) or place there is serious danger of the introduction of such quarantinable communicable disease into the United States; and

(2) This danger is so increased by the introduction of persons from such country (or one or more political subdivisions or regions thereof) or place that a suspension of the right to introduce such persons into the United

¹⁶ South Kivu was added to the Level 3 THN on May 22, 2026 but then was moved to a Level 2 THN on July 15, 2026; Haut-Uélé and Tshopo Provinces were added to the Level 3 THN on August 4, 2026. The current THN is available at <https://wwwnc.cdc.gov/travel/notices/level3/ebola-democratic-republic-of-the-congo> (last accessed October 6, 2026).

¹⁷ CDC issued a Level 1 THN (practice usual precautions) for Uganda on May 15, 2026. On May 27, 2026, the THN for Uganda was elevated to a Level 2. On June 15, 2026, CDC issued a Level 2 THN for the remainder of DRC and Uganda. The current THN is available at <https://wwwnc.cdc.gov/travel/notices/level2/ebola-drc-uganda> (last accessed October 6, 2026).

¹⁸ Mooring EQ, Koval WT, Routledge I, et al. *Modeled Scenario Projections for the Ebola Disease Outbreak Caused by Bundibugyo Virus*, 2026. *MMWR Morb Mortal Wkly Rep* 2026;75:285–289. DOI: <http://dx.doi.org/10.15585/mmwr.mm7522e1>.

¹⁹ *Id.*

²⁰ *Id.*

²¹ DHS, *Arrival Restrictions Applicable to Flights Carrying Persons Who Have Recently Traveled From or Were Otherwise Present Within the Democratic Republic of the Congo, Uganda, or South Sudan*, 91 FR 29896 (May 21, 2026).

²² See Exec. Order No. 13,295, *Revised List of Quarantinable Communicable Diseases* (April 2, 2003) (adding viral hemorrhagic fevers, including Ebola, to the U.S. federal list of quarantinable communicable diseases).

¹⁵ CDC issued a Level 2 THN (practice enhanced precautions) for Ituri and North Kivu Provinces of DRC on May 15, 2026; this was escalated to a Level 3 THN (reconsider nonessential travel) on May 18, 2026. The current Level 4 THN is available at <https://wwwnc.cdc.gov/travel/notices/level4/ebola-drc-provinces> (last accessed October 6, 2026).

States is required in the interest of public health.²³

Section 362 and the implementing regulation provide the Director with a public health tool to suspend introduction of persons not only to prevent the introduction of a quarantinable communicable disease, but also to aid in continued efforts to mitigate spread of that disease.²⁴

The term “introduction into the United States” is defined in 42 CFR 71.40 as “the movement of a person from a foreign country (or one or more political subdivisions or regions thereof) or place, or series of foreign countries or places, into the United States so as to bring the person into contact with persons or property in the United States, in a manner that the Director determines to present a risk of transmission of a quarantinable communicable disease to persons, or a risk of contamination of property with a quarantinable communicable disease.” 42 CFR 71.40(b)(1). Similarly, the term “serious danger of the introduction of such quarantinable communicable disease into the United States” is defined as, “the probable introduction of one or more persons capable of transmitting the quarantinable communicable disease into the United States, even if persons or property in the United States are already infected or contaminated with the quarantinable communicable disease.” 42 CFR 71.40(b)(3).

Section 71.40(b)(2) defines “[p]rohibit, in whole or in part, the introduction into the United States of persons” in Section 362 to mean “to prevent the introduction of persons into the United States by suspending any right to introduce into the United States, physically stopping or restricting movement into the United States.” See also 42 U.S.C. 265 (authorizing the prohibition when the danger posed by the communicable disease “is so increased by the introduction of persons . . . from such country . . . that a suspension of the right to introduce such persons . . . is required in the interest of public health”).

As stated in the Final Rule for 42 CFR 71.40, CDC “may, in its discretion, consider a wide array of facts and circumstances when determining what is required in the interest of public health in a particular situation . . . includ[ing] . . . [t]he overall number of cases of disease; any large increase in the number of cases over a short period of time; the geographic distribution of cases; any sustained (generational) transmission; the method of disease

transmission; morbidity and mortality associated with the disease; the effectiveness of contact tracing; the adequacy of state and local health care systems; and the effectiveness of state and local public health systems and control measures.”²⁵

As stated in 42 CFR 71.40, this Order does not apply to U.S. citizens, U.S. nationals, members of the armed forces of the United States and associated personnel if the Secretary of War provides assurance to the Director that the Secretary of War has taken or will take measures such as quarantine or isolation, or other measures maintaining control over such individuals, to prevent the risk of transmission of the quarantinable communicable disease into the United States, or United States government employees or contractors on orders abroad, or their accompanying family members who are on their orders or are members of their household, if the Director receives assurances from the relevant head of agency and determines that the head of the agency or department has taken or will take measures such as quarantine or isolation, to prevent the risk of transmission of a quarantinable communicable disease into the United States.²⁶

In addition, this Order does not apply to additional classes of persons excepted by the CDC Director. Creating exceptions in the Order is consistent with Section 362 and 42 CFR 71.40. Section 362 explicitly states that the prohibition of introduction into the United States may be “in whole or in part.” This phrase is also included in section 71.40(a) and, as explained in the Final Rule, is intended to allow the Director to narrowly tailor the use of the authority to what is required in the interest of public health.²⁷ As noted in the Final Rule for 42 CFR 71.40, the CDC Director may also take into account international obligations and humanitarian concerns.²⁸ Pursuant to this capability, CDC is therefore excepting certain categories of persons, as described herein.

This Order will be in effect for 30 days to avert the serious danger of the introduction, transmission, and spread of Ebola disease into the United States. Finally, as directed by 42 CFR 71.40(c), this Order sets out the following:

(1) The foreign countries (or one or more political subdivisions or regions thereof) or places from which the

introduction of persons is being prohibited;

(2) The period of time or circumstances under which the introduction of any persons or class of persons into the United States is being prohibited;

(3) The conditions under which that prohibition on introduction will be effective, in whole or in part, including any relevant exceptions that the Director determines are appropriate;

(4) The means by which the prohibition will be implemented; and

(5) The serious danger posed by the introduction of the quarantinable communicable disease in the foreign country or countries (or one or more political subdivisions or regions thereof) or places from which the introduction of persons is being prohibited.

V. Determination and Implementation

Based on the foregoing, I hereby determine that Ebola disease, a highly transmissible quarantinable communicable disease, is confirmed currently present in DRC and recently present in Uganda. There is a material risk that the outbreak will spread to South Sudan and again to Uganda. I also determine that the prevalence of Ebola disease in these foreign countries constitutes a serious danger of the introduction of this disease into the United States due to the limited screening and testing and mitigation measures currently available. Finally, I determine that a temporary 30-day suspension of the right to introduce covered aliens is necessary to protect the public health from the serious danger of the introduction of Ebola disease into the United States, pending an ongoing public health assessment of the Ebola disease outbreak.

I consulted with the Department of State, DHS, and other federal departments as needed before I issued this Order and requested that DHS aid in the enforcement of this Order because CDC does not have the capability, resources, or personnel needed to do so.²⁹ As part of the consultation, DHS developed operational plans for implementing this Order. These plans are consistent with the language of this Order.

Although this Order is not a rule subject to notice and comment under the Administrative Procedure Act (APA) and is issued with immediate effect, in order to ensure that the forthcoming public health risk assessment is informed by public input, the Order is being issued with a simultaneous 15-day comment period.

²³ 42 U.S.C. 265; 42 CFR 71.40.

²⁴ 85 FR 56424 at 56425–26.

²⁵ *Id.* at 56444.

²⁶ 42 CFR 71.40(e) and (f).

²⁷ 85 FR 56424 at 56444.

²⁸ *Id.* at 56447.

²⁹ 42 U.S.C. 268; 42 CFR 71.40(d).

This Order takes effect at 5:00 p.m. Eastern Daylight Time on Sunday, October 11, 2026. For individuals intending to travel to the United States by air, the Order will apply to flights departing after 4:59 p.m. Eastern Daylight Time on Sunday, October 11, 2026.

* * * * *

In testimony whereof, the Assistant Secretary for Health, U.S. Department of Health and Human Services, has hereunto set his hand at Washington, DC this 9th day of October, 2026.

Dated:

Admiral Brian Christine, MD,
Assistant Secretary for Health (ASH) and
Head of the United States Public Health
Service (USPHS) Commissioned Corps,
Department of Health and Human Services.

Public Participation

Interested persons or organizations are invited to participate by submitting written views, recommendations, and data so that the public can provide input that may inform the forthcoming public health risk assessment and whether any subsequent exercise of this authority is necessary.

Please note that comments received, including attachments and other supporting materials, are part of the public record and are subject to public disclosure. Comments will be posted on <https://www.regulations.gov>. Therefore, do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure. If you include your name, contact information, or other information that identifies you in the body of your comments, that information will be on public display. CDC will review all submissions and may choose to redact, or withhold, submissions containing private or proprietary information such as Social Security numbers, medical information, inappropriate language, or duplicate/near duplicate examples of a mass-mail campaign. Do not submit comments by email. CDC does not accept comment by email.

Authority

The authority for this order is Sections 362 and 365 of the Public Health Service Act (42 U.S.C. 265, 268), as amended.

Brian Christine,

Admiral, Assistant Secretary for Health (ASH) and Head of the United States Public Health Service (USPHS) Commissioned Corps,
Department of Health and Human Services.

[FR Doc. 2026-21036 Filed 10-14-26; 8:45 am]

BILLING CODE 4163-18-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA-2026-N-0004]

Authorization of Emergency Use for Four Animal Drugs for the Prevention and Treatment of New World Screwworm; Availability

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice of availability.

SUMMARY: The Food and Drug Administration (FDA or the Agency) is announcing the issuance of four Emergency Use Authorizations (EUA or Authorization) under the Federal Food, Drug, and Cosmetic Act (FD&C Act) for new animal products. FDA has issued one EUA for an animal product as requested by Elanco US Inc. for application on or around wounds for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*; NWS) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn. FDA has issued one EUA for an animal product as requested by Zoetis Inc. for the treatment of infestations caused by NWS (myiasis) in dogs and puppies. FDA has issued one EUA for an animal product as requested by Bimeda Animal Health Ltd. for the prevention of infestations caused by NWS (myiasis) in cattle. FDA has issued one EUA for an animal product as requested by Sergeant's Pet Care Products LLC for the treatment and prevention of infestations caused by NWS (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older. The Authorizations contain, among other things, conditions on the emergency use of the authorized products. The Authorizations follow the August 18, 2025, determination by the Secretary of Health and Human Services (HHS) that there is a significant potential for a public health emergency that has a significant potential to affect national security or the health and security of U.S. citizens living abroad and that involves NWS. On the basis of such determination, the Secretary of HHS declared on August 18, 2025, that circumstances exist justifying the authorization of emergency use of animal drugs to treat or prevent NWS myiasis in animals. The Authorizations, which include an explanation of the reasons for issuance, are reprinted in this document.

DATES: The Authorizations are effective on their dates of issuance: August 7, 2026, August 13, 2026, August 27, 2026, and September 3, 2026, respectively.

ADDRESSES: Submit written requests for single copies of the EUAs to the Policy and Regulations Staff, Center for Veterinary Medicine, Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740. Send one self-addressed adhesive label to assist that office in processing your requests. See the **SUPPLEMENTARY INFORMATION** section for electronic access to the Authorizations.

FOR FURTHER INFORMATION CONTACT:

Crystal Groesbeck, Center for Veterinary Medicine, Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, 240-402-0819, Crystal.Groesbeck@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Section 564 of the FD&C Act (21 U.S.C. 360bbb-3) allows FDA to strengthen public health protections against biological, chemical, nuclear, and radiological agents. Among other things, section 564 of the FD&C Act allows FDA to authorize the use of an unapproved medical product or an unapproved use of an approved medical product in certain situations. With this EUA authority, FDA can help ensure that medical countermeasures may be used in emergencies to diagnose, treat, or prevent serious or life-threatening diseases or conditions caused by biological, chemical, nuclear, or radiological agents when there are no adequate, approved, and available alternatives (among other criteria).

II. Criteria for EUA Authorization

Section 564(b)(1) of the FD&C Act provides that, before an EUA may be issued, the Secretary of HHS must declare that circumstances exist justifying the authorization based on one of the following grounds: (A) a determination by the Secretary of Homeland Security that there is a domestic emergency, or a significant potential for a domestic emergency, involving a heightened risk of attack with a biological, chemical, radiological, or nuclear agent or agents (CBRN); (B) a determination by the Secretary of Defense that there is a military emergency, or a significant potential for a military emergency, involving a heightened risk to U.S. military forces, including personnel operating under the authority of title 10 or title 50, U.S. Code, of attack with (i) a CBRN; or (ii) an agent or agents that may cause, or are otherwise associated with, an

imminently life-threatening and specific risk to U.S. military forces;¹ (C) a determination by the Secretary of HHS that there is a public health emergency, or a significant potential for a public health emergency, that affects, or has a significant potential to affect, national security or the health and security of U.S. citizens living abroad, and that involves a CBRN agent or agents, or a disease or condition that may be attributable to such agent or agents; or (D) the identification of a material threat by the Secretary of Homeland Security pursuant to section 319F–2 of the Public Health Service (PHS) Act (42 U.S.C. 247d–6b) sufficient to affect national security or the health and security of U.S. citizens living abroad.

Once the Secretary of HHS has declared that circumstances exist justifying an authorization under section 564 of the FD&C Act, FDA may authorize the emergency use of a drug, device, or biological product if the Agency concludes that the statutory criteria are satisfied. Under section 564(h)(1) of the FD&C Act, FDA is required to publish in the **Federal Register** a notice of each authorization, and each termination or revocation of an authorization, and an explanation of the reasons for the action. Under section 564(h)(1) of the FD&C Act, revisions to an authorization shall be made available on FDA's website. Section 564 of the FD&C Act permits FDA to authorize the introduction into interstate commerce of a drug, device, or biological product intended for use in an actual or potential emergency when the Secretary of HHS has declared that circumstances exist justifying the authorization of emergency use. Products appropriate for emergency use may include products and uses that are not approved, cleared, or licensed under sections 505, 510(k), 512, or 515 of the FD&C Act (21 U.S.C. 355, 360(k), 360b, and 360e) or section 351 of the PHS Act (42 U.S.C. 262), or conditionally approved under section 571 of the FD&C Act (21 U.S.C. 360ccc).

Under section 564(c) of the FD&C Act, FDA may issue an EUA only if, after

consultation with the HHS Assistant Secretary for Preparedness and Response, the Director of the National Institutes of Health, and the Director of the Centers for Disease Control and Prevention (to the extent feasible and appropriate given the applicable circumstances), FDA² concludes: (1) that an agent referred to in a declaration of emergency or threat can cause a serious or life-threatening disease or condition; (2) that, based on the totality of scientific evidence available to FDA, including data from adequate and well-controlled clinical trials, if available, it is reasonable to believe that: (A) the product may be effective in diagnosing, treating, or preventing (i) such disease or condition; or (ii) a serious or life-threatening disease or condition caused by a product authorized under section 564, approved or cleared under the FD&C Act, or licensed under section 351 of the PHS Act, for diagnosing, treating, or preventing such a disease or condition caused by such an agent; and (B) the known and potential benefits of the product, when used to diagnose, prevent, or treat such disease or condition, outweigh the known and potential risks of the product, taking into consideration the material threat posed by the agent or agents identified in a declaration under section 564(b)(1)(D) of the FD&C Act, if applicable; (3) that there is no adequate, approved, and available alternative to the product for diagnosing, preventing, or treating such disease or condition; (4) in the case of a determination described in section 564(b)(1)(B)(ii) of the FD&C Act, that the request for emergency use is made by the Secretary of Defense; and (5) that such other criteria as may be prescribed by regulation are satisfied. No other criteria for issuance have been prescribed by regulation under section 564(c)(4) of the FD&C Act.

III. The Authorizations

The Authorizations follow the August 18, 2025, determination by the Secretary of HHS that there is a significant potential for a public health emergency that has a significant potential to affect national security or the health and security of U.S. citizens living abroad

and that involves NWS. On the basis of such determination, the Secretary of HHS declared, on August 18, 2025, that circumstances exist justifying the authorization of emergency use of animal drugs to treat or prevent NWS myiasis in animals. Notice of the Secretary's determination and declaration was provided in the **Federal Register** on August 20, 2025 (90 FR 40609). Having concluded that the criteria for the issuance of the Authorizations under section 564(c) of the FD&C Act are met, FDA has issued four authorizations for the emergency use of animal products. On August 7, 2026, FDA issued an EUA to Elanco US Inc. for the animal product CLiK Extra (dicyclanil topical suspension) wound spray, subject to the terms of its Authorization. On August 13, 2026, FDA issued an EUA to Zoetis Inc. for the animal product Simparica TRIO (sarolaner, moxidectin, and pyrantel chewable tablets), subject to the terms of its Authorization. On August 27, 2026, FDA issued an EUA to Bimeda Animal Health Ltd. for the animal product Bimectin (ivermectin) injection, subject to the terms of its Authorization. On September 3, 2026, FDA issued an EUA to Sergeant's Pet Care Products LLC for the animal product CAPSTAR (nitenpyram) tablets, subject to the terms of its Authorization.

The initial Authorizations, included below in their entirety after section IV of this document (not including the authorized versions of the fact sheets and other written materials), provide explanations of the reasons for issuance, as required by section 564(h)(1) of the FD&C Act. Any subsequent reissuance of the Authorizations can be found on FDA's web page at: <https://www.fda.gov/animal-veterinary/safety-health/new-world-screwworm-information-veterinarians>.

IV. Electronic Access

An electronic version of this document and the full text of the Authorizations are available on the internet at: <https://www.fda.gov/emergency-preparedness-and-response/mcm-legal-regulatory-and-policy-framework/emergency-use-authorization>.

BILLING CODE 4164–01–P

¹ In the case of a determination by the Secretary of Defense, the Secretary of HHS shall determine, within 45 calendar days of such determination, whether to make a declaration under section 564(b)(1) of the FD&C Act, and, if appropriate, shall promptly make such a declaration (see section 564(b)(6) of the FD&C Act).

² The Secretary of HHS has delegated the authority to issue an EUA under section 564 of the FD&C Act to the Commissioner of Food and Drugs.



**FDA U.S. FOOD & DRUG
ADMINISTRATION**

August 07, 2026

Elanco US Inc.
Attention: Jennifer Schofield, DVM, CPH
Director, Regulatory
450 Elanco Circle
Indianapolis, IN 46221

Re: Emergency Use Authorization 006723

Dear Dr. Schofield:

This letter is in response to the request by Elanco US Inc. (Elanco) that the Food and Drug Administration (FDA) issue an Emergency Use Authorization (EUA) for the emergency use of CLiK Extra (dicyclanil topical suspension) wound spray¹ for application on or around wounds for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured² wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn, pursuant to Section 564 of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. § 360bbb-3).

On August 18, 2025, pursuant to Section 564(b)(1)(C) of the FD&C Act, the Secretary of the Department of Health and Human Services (HHS) determined that there is a significant potential for a public health emergency that has a significant potential to affect national security or the health and security of United States citizens living abroad and that involves New World screwworm (*Cochliomyia hominivorax*) (hereinafter "NWS"). On the basis of such determination, the Secretary of HHS on August 18, 2025, declared that circumstances exist justifying the authorization of emergency use of animal drugs to treat or prevent NWS myiasis in animals, pursuant to Section 564(b)(1) of the FD&C Act, subject to terms of any authorization issued under that section.³

CLiK Extra is a topical insect growth regulator. CLiK Extra is not FDA-approved for any indication.

Based on the totality of scientific evidence available to the FDA, including data from foreign approvals, dose determination studies, a margin of safety study, and scientific literature, it is reasonable to believe that CLiK Extra (dicyclanil topical suspension) wound spray may be effective for application on or around wounds for the prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn, as described in this authorization, and when used under the conditions

¹ Unless specified by name, products sold under separate distributor's labeling per 21 CFR 514.80(b)(5)(iii) (i.e., with a different proprietary name) are not subject to this EUA. A request must be made to change the scope of this authorization for such products.

² Definitions for "captive wildlife" and "captured wildlife" can be found in the last section of the USDA APHIS New World Screwworm Response Playbook, accessible at <https://www.aphis.usda.gov/animal-emergencies/nws>

³ See U.S. Department of Health and Human Services, Declaration of Emergency Pursuant to the Federal Food, Drug, and Cosmetic Act for New World Screwworm, August 20, 2025: <https://www.federalregister.gov/documents/2025/08/20/2025-15918/declaration-of-emergency-pursuant-to-the-federal-food-drug-and-cosmetic-act-for-new-world-screwworm>

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described in this authorization, the known and potential benefits of CLiK Extra outweigh the known and potential risks of such product, since NWS infestations can have significant adverse health consequences and can be fatal if left untreated due to the extensive tissue damage caused by *Cochliomyia hominivorax* larvae.

Having concluded that the criteria for issuance of this authorization under Section 564(c) of the FD&C Act are met, I am authorizing the emergency use of CLiK Extra for application on or around wounds for the prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn, as described in this authorization and subject to the terms of this authorization.

I. Criteria for Issuance of Authorization

I have concluded that the emergency use of CLiK Extra for application on or around wounds for the prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn, when administered as described in this authorization, meets the criteria for issuance of an authorization under Section 564(c) of the FD&C Act, because:

1. NWS can cause a serious or life-threatening disease or condition to animals and humans;
2. Based on the totality of scientific evidence available to FDA, it is reasonable to believe that CLiK Extra may be effective in preventing NWS, and that, when used under the conditions and within the scope described in this authorization, the known and potential benefits of CLiK Extra when used to prevent NWS outweigh the known and potential risks of such product; and
3. There is no adequate, approved,⁴ and available alternative to the emergency use of CLiK Extra for application on or around wounds for the prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn.⁵

II. Scope of Authorization

⁴ "Approved" products include conditionally approved products for purposes of EUAs issued under Section 564 of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 360bbb-3. There are no approved products to treat or prevent NWS in sheep, goats, swine, camelids, cervids, American bison, bighorn sheep, and Sonoran pronghorn. Although there are conditionally approved products for the prevention and treatment of NWS in cattle, CLiK Extra provides an important option for preventing NWS in cattle because it offers a different drug class for topical application. Cattle are at particular risk of infestation by NWS, and a diverse and sufficient supply of products is needed to adequately address an incursion in the United States.

⁵ No other criteria of issuance have been prescribed by regulation under Section 564(c)(4) of the FD&C Act.

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I have concluded, pursuant to Section 564(d)(1) of the FD&C Act, that the scope of this authorization is limited as follows:

- CLiK Extra, as covered by this authorization, will be used only for over the counter use for application on or around wounds for the prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn; and
- The use of CLiK Extra covered by this authorization must be in accordance with the authorized Fact Sheet.

Product Description

CLiK Extra is a topical insect growth regulator. It contains dicyclanil at a concentration of 65 mg/mL. The authorized CLiK Extra bottle label is clearly marked for NWS under Emergency Use Authorization with a website address and QR code that links to the authorized Fact Sheet.

Store at or below 86°F (30°C). Do not freeze. Protect from light. Store in original container tightly closed in a dry, cool place.

CLiK Extra is authorized to be accompanied by the following product-specific information pertaining to emergency use, which is required to be made available to all users:

- Fact Sheet: Emergency Use Authorization of CLiK Extra (dicyclanil topical suspension) Wound Spray for New World Screwworm (NWS)

I have concluded, pursuant to Section 564(d)(2) of the FD&C Act, that it is reasonable to believe that the known and potential benefits of CLiK Extra, when used for application on or around wounds for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn, and used in accordance with this authorization, outweigh its known and potential risks.

I have concluded, pursuant to Section 564(d)(3) of the FD&C Act, based on the totality of scientific evidence available to FDA, that it is reasonable to believe that CLiK Extra may be effective for application on or around wounds for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn, when used in accordance with this authorization, pursuant to Section 564(c)(2)(A) of the FD&C Act.

Having reviewed the scientific information available to FDA, including the information supporting the conclusions described in Section I above, I have concluded that CLiK Extra,

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as described in this authorization, meets the criteria set forth in Section 564(c) of the FD&C Act concerning safety and potential effectiveness.

The emergency use of this product under an EUA must be consistent with, and may not exceed, the terms of this authorization, including the Scope of Authorization (Section II) and the Conditions of Authorization (Section III). Subject to the terms of this EUA and under the circumstances set forth in the Secretary of HHS's determination under Section 564(b)(1)(C) of the FD&C Act described above and the Secretary of HHS's corresponding declaration under Section 564(b)(1) of the FD&C Act, CLiK Extra is authorized for application on or around wounds for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn, as described in this authorization, despite the fact that it does not meet certain requirements otherwise required by applicable federal law.

III. Conditions of Authorization

Pursuant to Section 564 of the FD&C Act, I am establishing the following conditions on this authorization:

- A. Elanco will ensure that the authorized CLiK Extra, accompanied with the authorized Fact Sheet, is distributed to authorized distributor(s)⁶ consistent with the terms and conditions of this EUA, and that authorized distributor(s) will limit distribution to other authorized distributors and end users.
- B. Elanco will ensure that if a sticker is used on the labeling, the sticker contains a website address and QR code that link to the authorized Fact Sheet and that the sticker is placed in a blank space or does not obscure any important use or safety information.
- C. Elanco and authorized distributor(s) will ensure that appropriate storage conditions are maintained until the product is delivered to the end user.
- D. Elanco and authorized distributor(s) will provide to each authorized distributor immediately downstream in the supply chain a copy of this Letter of Authorization and promptly communicate any subsequent amendments that might be made to this Letter of Authorization and its authorized accompanying materials (e.g., its authorized Fact Sheet).
- E. Elanco may request changes to this authorization, including to the authorized Fact Sheet for CLiK Extra. Requests for changes must be submitted to the Office of New

⁶ The term "distributors" includes all parties in the supply chain between the recipient of this authorization letter and the end user, excluding veterinary facilities and veterinarians who only provide product to veterinarians and end users at their facility. "Authorized distributors" are all distributors who otherwise lawfully obtain and distribute the product, unless Elanco places limits on distribution in writing (e.g., via contract or written notice accompanying the product).

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Animal Product Evaluation. Such changes require appropriate authorization prior to implementation.⁷

F. Reporting Adverse Drug Experiences and Product/Manufacturing Defects:

Elanco will report to FDA all product/manufacturing defects⁸ within 3 days, all serious adverse events⁹ and medication errors¹⁰ associated with the use of the authorized CLiK Extra that are reported to Elanco within 15 days, and all non-serious adverse drug events within 90 days. Submit the reports electronically using either of the following options which are described on FDA's Veterinary Adverse Event Reporting for Manufacturers webpage (www.fda.gov/IndustryReportAnimalAE).

Option 1: Submit reports through the Safety Reporting Portal (SRP).

Option 2: Submit reports directly through the Electronic Submissions Gateway (ESG).

Submitted reports must state in the "Narrative of Adverse Event" field: "CLiK Extra use for NWS under an EUA". Contact the Pharmacovigilance Liaison in CVM's Division of Pharmacovigilance and Surveillance at CVMAESupport@fda.hhs.gov for any questions related to electronic reporting or for assistance with setting up a Safety Reporting Portal account.

G. Through a process of inventory control, Elanco and authorized distributor(s) will maintain records regarding distribution of the authorized CLiK Extra (i.e., lot numbers, quantity, receiving site, receipt date).

H. Elanco and authorized distributor(s) will maintain records in connection with this EUA for at least two years following the termination of the declaration or the revocation of the authorization, or until notified by HHS or FDA, whichever is sooner, and will make such records available to FDA for inspection upon request.

⁷ Changes that do not necessitate revision to this letter (e.g., changes to the Fact Sheet(s); changes related to current good manufacturing practice requirements, expiration dating extensions) may be authorized through separate notification without reissuance of this letter.

⁸ Product defect/manufacturing defect is the deviation of a distributed product from the standards specified in the approved application, or any significant chemical, physical, or other change, or deterioration in the distributed drug product, including any microbial or chemical contamination. A manufacturing defect is a product defect caused or aggravated by a manufacturing or related process. A manufacturing defect may occur from a single event or from deficiencies inherent to the manufacturing process. These defects are generally associated with product contamination, product deterioration, manufacturing error, defective packaging, damage from disaster, or labeling error. For example, a labeling error may include any incident that causes a distributed product to be mistaken for, or its labeling applied to, another product.

⁹ Serious adverse event is an adverse event that is fatal, or life-threatening, or requires professional intervention, or causes an abortion, or stillbirth, or infertility, or congenital anomaly, or prolonged or permanent disability, or disfigurement.

¹⁰ Medication error is any preventable event that may cause or lead to inappropriate medication use or patient harm while the medication is in the control of the health care professional, patient, or consumer. Such events may be related to professional practice, health care products, procedures, and systems, including prescribing; order communication; product labeling, packaging, and nomenclature; compounding; dispensing; distribution; administration; education; monitoring; and use.

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- I. Elanco and any person engaged in manufacturing, packing, or holding will comply with all FD&C Act requirements for animal drugs, including, but not limited to, registration and listing and drug quality requirements (e.g., current good manufacturing practice requirements)¹¹ unless such requirements are specifically waived or modified in this authorization. Sponsor and any person engaged in manufacturing, packing, or holding shall only manufacture CLiK Extra using the processes, facilities, controls, and equipment specified in the file for this EUA request at the time of authorization, and no changes may be implemented until accepted by FDA.¹²

Conditions of Authorization Related to Advertisements and other Promotional Descriptive Printed Matter

- J. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter, relating to the authorized use of CLiK Extra, shall be consistent with the authorized Fact Sheet¹³ and the terms set forth in this EUA, as well as comply with FD&C Act Section 502(a). Additionally, the sponsor and authorized distributor(s) shall comply with any other applicable requirements in the FD&C Act and its implementing regulations regarding advertising and/or promotion.
- K. Elanco and authorized distributor(s) may not imply that CLiK Extra is FDA approved, conditionally approved, or indexed for the authorized use. Elanco and authorized distributor(s) may disseminate advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the emergency use of CLiK Extra that provide accurate descriptions of safety and effectiveness information summarized in the authorized Fact Sheet. Such materials must include any limitations of information submitted to support this authorization.
- L. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the authorized use of CLiK Extra shall be accompanied by the authorized Fact Sheet and the applicable approved labeling (e.g., package insert), and shall clearly and conspicuously state that:
- CLiK Extra has not been approved for application on or around wounds for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn;

¹¹ Among other requirements, all expiration dates shall be established in accordance with 21 CFR 211.137.

¹² Any request submitted via an update to the file is considered accepted after 30 calendar days unless FDA provides notice to the contrary.

¹³ If the authorized Fact Sheet references sections of a drug's FDA-approved labeling, the entirety of each section is considered part of the Fact Sheet, except as otherwise specified. Advertising and promotional materials may not use general references to approved labeling in lieu of summarizing or restating its contents when a summary or restatement is otherwise needed to comply with applicable requirements.

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- CLiK Extra has been authorized by FDA under an EUA for application on or around wounds for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in sheep, cattle, goats, swine, camelids, and the following captive and captured wildlife species: cervids, American bison, bighorn sheep, and Sonoran pronghorn; and
- CLiK Extra is authorized as described herein only for the duration of the declaration that circumstances exist justifying the authorization of the emergency use of CLiK Extra under Section 564(b)(1) of the FD&C Act, 21 U.S.C. § 360bbb-3(b)(1), unless the declaration is terminated or the authorization is revised or revoked sooner.

M. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter must be submitted to your Type VII Veterinary Master File as a G submission at the time of initial dissemination (publication or broadcast). When submitting, identify the submission as promotion and advertising material.

If FDA notifies Elanco or authorized distributor(s) that any descriptive materials, advertising, or promotional materials do not meet the terms set forth in this EUA, Elanco or authorized distributor(s) must discontinue and/or cease distribution of such advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter in accordance with FDA's notification. Furthermore, as part of its notification, FDA may also require Elanco or authorized distributor(s) to issue corrective communication(s).

IV. Duration of Authorization

This EUA will be effective as described herein until the declaration that circumstances exist justifying the authorization of the emergency use of animal drugs during the NWS public health emergency is terminated under Section 564(b)(2) of the FD&C Act or the EUA is revised or revoked under Section 564(g) of the FD&C Act.

Sincerely,

{see appended electronic signature page}

Timothy Schell, Ph.D.
Director
Center for Veterinary Medicine
U.S. Food and Drug Administration

Enclosures:
Freedom of Information Summary
Fact Sheet

U.S. Food & Drug Administration
10903 New Hampshire Avenue
Silver Spring, MD 20903
www.fda.gov



**FDA U.S. FOOD & DRUG
ADMINISTRATION**

August 13, 2026

Zoetis Inc.
Attention: Elizabeth Rigoni, DVM, MPH, Dipl ACVPM
Associate Director, VMRD Global Regulatory Affairs
333 Portage St.
Kalamazoo, MI 49007

Re: Emergency Use Authorization 006691

Dear Dr. Rigoni:

This letter is in response to the request by Zoetis Inc. (Zoetis) that the Food and Drug Administration (FDA) issue an Emergency Use Authorization (EUA) for the emergency use of Simparica TRIO (sarolaner, moxidectin, and pyrantel chewable tablets)¹ for the treatment of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in dogs and puppies, pursuant to Section 564 of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. § 360bbb-3).

On August 18, 2025, pursuant to Section 564(b)(1)(C) of the FD&C Act, the Secretary of the Department of Health and Human Services (HHS) determined that there is significant potential for a public health emergency that has a significant potential to affect national security or the health and security of United States citizens living abroad and that involves New World screwworm (*Cochliomyia hominivorax*) (hereinafter "NWS"). On the basis of such determination, the Secretary of HHS on August 18, 2025, declared that circumstances exist justifying the authorization of emergency use of animal drugs to treat or prevent NWS myiasis in animals, pursuant to Section 564(b)(1) of the FD&C Act, subject to terms of any authorization issued under that section.²

Simparica TRIO is an oral antiparasitic that is indicated under NADA 141-521 for the prevention of heartworm disease caused by *Dirofilaria immitis* and for the treatment and control of roundworm (immature adult and adult *Toxocara canis* and adult *Toxascaris leonina*) and hookworm (L4, immature adult, and adult *Ancylostoma caninum* and adult *Uncinaria stenocephala*) infections. Simparica TRIO kills adult fleas (*Ctenocephalides felis*) and is indicated under NADA 141-521 for the treatment and prevention of flea infestations, the prevention of *Dipylidium caninum* (tapeworm) infections as a direct result of killing *Ctenocephalides felis* vector fleas on the treated dog, and the treatment and control of tick infestations with *Amblyomma americanum* (lone star tick), *Amblyomma maculatum* (Gulf Coast tick), *Dermacentor variabilis* (American dog tick), *Ixodes scapularis* (black-legged tick), *Rhipicephalus sanguineus* (brown dog tick), and *Haemaphysalis longicornis* (Asian longhorned tick) for one month in dogs and puppies 8 weeks of age and older,

¹ Unless specified by name, products sold under separate distributor's labeling per 21 CFR 514.80(b)(5)(iii) (i.e., with a different proprietary name) are not subject to this EUA. A request must be made to change the scope of this authorization for such products.

² See U.S. Department of Health and Human Services, Declaration of Emergency Pursuant to the Federal Food, Drug, and Cosmetic Act for New World Screwworm, August 20, 2025:
<https://www.federalregister.gov/documents/2025/08/20/2025-15918/declaration-of-emergency-pursuant-to-the-federal-food-drug-and-cosmetic-act-for-new-world-screwworm>

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and weighing 2.8 pounds or greater. Simparica TRIO is indicated under NADA 141-521 for the prevention of *Borrelia burgdorferi* infections as a direct result of killing *Ixodes scapularis* vector ticks. Simparica TRIO is not approved for the treatment of NWS myiasis in dogs and puppies.

Based on the totality of scientific evidence available to the FDA, including data from a laboratory effectiveness study, it is reasonable to believe that Simparica TRIO (sarolaner, moxidectin, and pyrantel chewable tablets) may be effective for the treatment of NWS myiasis in dogs and puppies, as described in this authorization, and when used under the conditions described in this authorization, the known and potential benefits of Simparica TRIO outweigh the known and potential risks of such product for dogs of all ages and weights, since NWS infestations can have significant adverse health consequences and can be fatal if left untreated due to extensive tissue damage caused by *Cochliomyia hominivorax* larvae, therefore justifying including dogs less than 8 weeks of age or less than 2.8 pounds in this authorization.

Having concluded that the criteria for issuance of this authorization under Section 564(c) of the FD&C Act are met, I am authorizing the emergency use of Simparica TRIO for the treatment of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in dogs and puppies, as described in this authorization and subject to the terms of this authorization.

I. Criteria for Issuance of Authorization

I have concluded that the emergency use of Simparica TRIO for the treatment of NWS myiasis in dogs and puppies, when administered as described in this authorization, meets the criteria for issuance of an authorization under Section 564(c) of the FD&C Act, because:

1. NWS can cause a serious or life-threatening disease or condition to animals and humans;
2. Based on the totality of scientific evidence available to FDA, it is reasonable to believe that Simparica TRIO may be effective in treating NWS, and that, when used under the conditions and within the scope described in this authorization, the known and potential benefits of Simparica TRIO when used to treat NWS outweigh the known and potential risks of such product; and
3. There is no adequate, approved,^{3,4} and available alternative to the emergency use of Simparica TRIO for the treatment of NWS myiasis in dogs and puppies.⁵

³ "Approved" products include conditionally approved products for purposes of EUAs issued under Section 564 of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 360bbb-3.

⁴ Other therapeutics are currently conditionally approved for the same use as Simparica TRIO. However, there is no adequate, approved alternative for dogs and puppies under 8 weeks of age or weighing less than 3.3 pounds because the product that is conditionally approved for the same use as Simparica TRIO is conditionally approved to treat NWS myiasis in dogs and puppies at least 8 weeks of age and weighing at least 3.3 pounds. Additionally, there is no adequate, approved alternative product that can be administered without food. The conditionally approved product must be administered with food. Simparica TRIO offers the ability to administer with or without food, which provides an option for dogs who are not eating due to the NWS myiasis or other conditions.

⁵ No other criteria of issuance have been prescribed by regulation under Section 564(c)(4) of the FD&C Act.

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II. Scope of Authorization

I have concluded, pursuant to Section 564(d)(1) of the FD&C Act, that the scope of this authorization is limited as follows:

- Simparica TRIO, as covered by this authorization, will be used only for the treatment of NWS myiasis by a veterinarian by prescription in dogs and puppies; and
- The use of Simparica TRIO covered by this authorization must be in accordance with the authorized Fact Sheet.

Product Description

Simparica TRIO is an oral parasiticide for use in dogs and puppies. The recommended minimum dose is 0.54 mg/lb (1.2 mg/kg) sarolaner, 0.011 mg/lb (24 µg/kg) moxidectin, and 2.27 mg/lb (5 mg/kg) pyrantel (as pamoate salt). Simparica TRIO is available in six flavored tablet sizes. The authorized Simparica TRIO carton labeling is clearly marked for the approved indications and for NWS under Emergency Use Authorization with a website address and QR code that links to the authorized Fact Sheet.

Store at or below 30°C (86°F).

Simparica TRIO is authorized to be accompanied by the following product-specific information pertaining to emergency use, which is required to be made available to veterinarians, and others who may administer the product:

- Fact Sheet for Veterinarians: Emergency Use Authorization of Simparica TRIO (sarolaner, moxidectin, and pyrantel chewable tablets) for New World Screwworm (NWS)

I have concluded, pursuant to Section 564(d)(2) of the FD&C Act, that it is reasonable to believe that the known and potential benefits of Simparica TRIO, when used for the treatment of NWS myiasis in dogs and puppies and used in accordance with this authorization, outweigh its known and potential risks.

I have concluded, pursuant to Section 564(d)(3) of the FD&C Act, based on the totality of scientific evidence available to FDA, that it is reasonable to believe that Simparica TRIO may be effective for the treatment of infestations caused by NWS myiasis in dogs and puppies when used in accordance with this authorization, pursuant to Section 564(c)(2)(A) of the FD&C Act.

Having reviewed the scientific information available to FDA, including the information supporting the conclusions described in Section I above, I have concluded that Simparica TRIO, as described in this authorization, meets the criteria set forth in Section 564(c) of the FD&C Act concerning safety and potential effectiveness.

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The emergency use of this product under an EUA must be consistent with, and may not exceed, the terms of this authorization, including the Scope of Authorization (Section II) and the Conditions of Authorization (Section III). Subject to the terms of this EUA and under the circumstances set forth in the Secretary of HHS's determination under Section 564(b)(1)(C) of the FD&C Act described above and the Secretary of HHS's corresponding declaration under Section 564(b)(1) of the FD&C Act, Simparica TRIO is authorized for the treatment of NVWS myiasis in dogs and puppies as described in this authorization, despite the fact that it does not meet certain requirements otherwise required by applicable federal law.

III. Conditions of Authorization

Pursuant to Section 564 of the FD&C Act, I am establishing the following conditions on this authorization:

- A. Zoetis will ensure that the authorized Simparica TRIO, accompanied with the authorized Fact Sheet, is distributed to veterinary facilities⁶ and veterinarians, or authorized distributor(s),⁷ consistent with the terms and conditions of this EUA, and that authorized distributor(s) will limit distribution to other authorized distributors and end users.
- B. Zoetis will ensure that if a sticker is used on the labeling, the sticker contains a website address and QR code that link to the authorized Fact Sheet and that the sticker is placed in a blank space or does not obscure any important use or safety information.
- C. Zoetis and authorized distributor(s) will ensure that appropriate storage conditions are maintained until the product is delivered to veterinary facilities and veterinarians.
- D. Zoetis and authorized distributor(s) will ensure that the terms and conditions of this EUA are made available to all relevant stakeholders (e.g., U.S. government agencies, state and local government authorities, authorized distributors, veterinary facilities, and veterinarians) involved in distributing or receiving authorized Simparica TRIO. Zoetis will provide to all relevant stakeholders a copy of this Letter of Authorization and communicate any subsequent amendments that might be made to this Letter of Authorization and its authorized accompanying materials (e.g., its authorized Fact Sheet).
- E. Zoetis may request changes to this authorization, including to the authorized Fact Sheet for Simparica TRIO. Requests for changes must be submitted to the Office of New Animal Product Evaluation. Such changes require appropriate authorization prior to implementation.⁸

⁶ Veterinary facilities include veterinary hospitals, veterinary clinics, and other establishments providing veterinary care. If a veterinarian is not associated with a veterinary facility, the veterinarian then assumes the obligations of the veterinary facility.

⁷ The term "distributors" includes all parties in the supply chain between the recipient of this authorization letter and the end user, excluding veterinary facilities and veterinarians who only provide product to veterinarians and end users at their facility. "Authorized distributors" are all distributors who otherwise lawfully obtain and distribute the product, unless Zoetis places limits on distribution in writing (e.g., via contract or written notice accompanying the product).

⁸ Changes that do not necessitate revision to this letter (e.g., changes to the Fact Sheet, changes related to current good manufacturing practice requirements, expiration dating extensions) may be authorized through separate notification without reissuance of this letter.

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F. Reporting Adverse Drug Experiences and Product/Manufacturing Defects:

Zoetis will fully comply with the reporting requirements under 21 CFR 514.80. When collecting adverse event information, Zoetis will attempt to determine whether the use of Simparica TRIO was related to the EUA and will put this categorization, as well as the reason for use, in the narrative description of the adverse event. Zoetis will submit the reports electronically using either of the options that are described on FDA's Veterinary Adverse Event Reporting for Manufacturers webpage (www.fda.gov/IndustryReportAnimalAE).

Submitted reports should state in the "Narrative of Adverse Event" field: "Simparica TRIO use for NWS under an EUA". Contact the Pharmacovigilance Liaison in CVM's Division of Pharmacovigilance and Surveillance at CVMAESupport@fda.hhs.gov for any questions related to electronic reporting or for assistance with setting up a Safety Reporting Portal account.

- G. Through a process of inventory control, Zoetis and authorized distributor(s) will maintain records regarding distribution of the authorized Simparica TRIO (i.e., lot numbers, quantity, receiving site, receipt date).
- H. Zoetis and authorized distributor(s) will maintain records in connection with this EUA for at least two years following the termination of the declaration or the revocation of the authorization, or until notified by HHS or FDA, whichever is sooner, and will make such records available to FDA for inspection upon request.
- I. Zoetis (and any other person engaged in manufacturing, packing, or holding) will comply with all other FD&C Act requirements applicable to the approved product, Simparica TRIO, including, but not limited to, requirements related to registration and listing, drug quality, and the requirement to manufacture using the processes, facilities, controls, and equipment specified in the approved application,⁹ unless such requirements are specifically waived or modified in this authorization. Zoetis, and authorized distributor(s) who distribute EUA product under separate distributor labeling, if any, shall update their drug listing to reflect the EUA, including submission of updated labeling, before commercial distribution of the EUA product begins.

Conditions of Authorization for Veterinary Facilities and Veterinarians

- J. Veterinary facilities and veterinarians will ensure that they are aware of and adhere to the terms of this Letter of Authorization. Authorized Fact Sheets will be made available to veterinarians, and veterinary facilities and veterinarians will ensure that the client is aware that the drug is authorized for emergency use, but not approved, for the treatment of NWS myiasis and advise the client of the risks, benefits, and any alternatives.

⁹ Changes shall be submitted and approved in accordance with 21 CFR 514.8, unless otherwise approved under Paragraph E of this letter.

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- K. Veterinary facilities and veterinarians receiving Simparica TRIO will track serious adverse events potentially related to Simparica TRIO use under this EUA and must report these to FDA in accordance with the Fact Sheet for Veterinarians. Report by (1) contacting Zoetis at 1-888-963-8471, (2) downloading and submitting Form FDA 1932a available at <https://www.fda.gov/reportanimalae>, or (3) contacting FDA at 1-888-FDA-VETS to request this form. Include the statement "Simparica TRIO use for NWS under an EUA" under the "Describe Adverse Event/Product Problem/Product Use Error" heading, followed by a detailed account of the adverse event.
- L. Veterinary facilities will maintain health records that include the following information: client name, patient name, patient age, disease manifestation, number of doses prescribed or administered per patient, lot number prescribed or administered, and other drugs coadministered. The records shall be maintained in a manner that allows veterinary facilities to identify in a reasonable time which patients received drugs subject to this EUA.
- M. Veterinary facilities will maintain any records associated with this EUA for at least two years following the termination of the declaration or the revocation of the authorization, or until notified by HHS or FDA, whichever is sooner. Such records will be made available to Zoetis, HHS, and FDA for inspection upon request.

Conditions of Authorization Related to Advertisements and other Promotional Descriptive Printed Matter

- N. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter, relating to the authorized use of Simparica TRIO shall be consistent with the authorized Fact Sheet¹⁰ and the terms set forth in this EUA, as well as comply with FD&C Act Sections 502(a) and 502(n), and 21 CFR Part 202. Additionally, the sponsor and authorized distributor(s) shall comply with any other applicable requirements in the FD&C Act and its implementing regulations regarding advertising and/or promotion.
- O. Zoetis and authorized distributor(s) may not imply that Simparica TRIO is FDA approved or conditionally approved for the authorized use. Zoetis and authorized distributor(s) may disseminate advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the emergency use of Simparica TRIO that provide accurate descriptions of safety and effectiveness information summarized in the authorized Fact Sheet. Such materials must include any limitations of information submitted to support this authorization.
- P. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the authorized use of Simparica TRIO shall be accompanied by the authorized Fact Sheet and the applicable approved labeling (e.g., package insert), and shall clearly and conspicuously state that:

¹⁰ If the authorized Fact Sheet references sections of a drug's FDA-approved labeling, the entirety of each section is considered part of the authorized Fact Sheet, except as otherwise specified. Advertising and promotional materials may not use general references to approved labeling in lieu of summarizing or restating its contents when a summary or restatement is otherwise needed to comply with applicable requirements.

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- Simparica TRIO has not been approved for the treatment of NWS myiasis in dogs and puppies;
- Simparica TRIO has been authorized by FDA under an EUA for the treatment of NWS myiasis in dogs and puppies; and
- Simparica TRIO is authorized as described herein only for the duration of the declaration that circumstances exist justifying the authorization of the emergency use of Simparica TRIO under Section 564(b)(1) of the FD&C Act, 21 U.S.C. § 360bbb-3(b)(1), unless the declaration is terminated or the authorization is revised or revoked sooner.

Q. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter must be submitted to the CVM OSC DER eSubmitter Program at the time of initial dissemination (publication or broadcast). Each submission of promotional labeling or advertisements must be accompanied by a completed Form FDA 2301.

If FDA notifies Zoetis or authorized distributor(s) that any descriptive materials, advertising, or promotional materials do not meet the terms set forth in this EUA, Zoetis or authorized distributor(s) must discontinue and/or cease distribution of such advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter in accordance with FDA's notification. Furthermore, as part of its notification, FDA may also require Zoetis or authorized distributor(s) to issue corrective communication(s).

IV. Duration of Authorization

This EUA will be effective as described herein until the declaration that circumstances exist justifying the authorization of the emergency use of animal drugs during the NWS public health emergency is terminated under Section 564(b)(2) of the FD&C Act or the EUA is revised or revoked under Section 564(g) of the FD&C Act.

Sincerely,

(see appended electronic signature page)

Timothy Schell, Ph.D.
Director
Center for Veterinary Medicine
U.S. Food and Drug Administration

Enclosures:
Freedom of Information Summary
Fact Sheet

U.S. Food & Drug Administration
10903 New Hampshire Avenue
Silver Spring, MD 20903
www.fda.gov



**FDA U.S. FOOD & DRUG
ADMINISTRATION**

August 27, 2026

Bimeda Inc.
Attention: Stephanie Batliner
VP R&D and Regulatory Affairs North America
U.S. Agent for Bimeda Animal Health Ltd.
1B The Herbert Building, The Park
Carrickmines, Dublin 18
Ireland

Re: Emergency Use Authorization 006729

Dear Ms. Batliner:

This letter is in response to the request on behalf of Bimeda Animal Health Ltd. (Bimeda) that the Food and Drug Administration (FDA) issue an Emergency Use Authorization (EUA) for the emergency use of Bimectin (ivermectin) injection¹ for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in cattle, except for female dairy cattle producing milk for human consumption and calves that will be processed for veal,² pursuant to Section 564 of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. § 360bbb-3).

On August 18, 2025, pursuant to Section 564(b)(1)(C) of the FD&C Act, the Secretary of the Department of Health and Human Services (HHS) determined that there is a significant potential for a public health emergency that has a significant potential to affect national security or the health and security of United States citizens living abroad and that involves New World screwworm (*Cochliomyia hominivorax*) (hereinafter "NWS"). On the basis of such determination, the Secretary of HHS on August 18, 2025, declared that circumstances exist justifying the authorization of emergency use of animal drugs to treat or prevent NWS myiasis in animals, pursuant to Section 564(b)(1) of the FD&C Act, subject to terms of any authorization issued under that section.³

Bimectin (ivermectin) injection is an antiparasitic drug that is indicated under ANADA 200-447 for the treatment and control of a variety of internal and external parasites in cattle, swine, reindeer, and American bison. Bimectin injection is not approved for the prevention of NWS myiasis.

Based on the totality of scientific evidence available to the FDA, including summaries of data

¹ Bimectin (ivermectin) injection is also distributed by Aspen Veterinary Resources, LTD; Durvet, Inc.; and MWI under the proprietary names IVERMAX, Ivermectin, and Vetrimec 1%, respectively. All references to Bimectin in this letter include each of the drugs sold under the aforementioned proprietary names. This authorization is limited to Bimectin, IVERMAX, Ivermectin, and Vetrimec 1%. Except those previously named, any other products sold under separate distributor's labeling per 21 CFR 514.80(b)(5)(iii) are not subject to this EUA. A request must be made to change the scope of this authorization for any additional products.

² Hereinafter, "cattle, except for female dairy cattle producing milk for human consumption and calves that will be processed for veal" will be referred to as "certain cattle".

³ See U.S. Department of Health and Human Services, Declaration of Emergency Pursuant to the Federal Food, Drug, and Cosmetic Act for New World Screwworm, August 20, 2025:
<https://www.federalregister.gov/documents/2025/08/20/2025-15918/declaration-of-emergency-pursuant-to-the-federal-food-drug-and-cosmetic-act-for-new-world-screwworm>

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from studies performed on ivermectin injection, it is reasonable to believe that Bimectin (ivermectin) injection may be effective for the prevention of NWS myiasis in certain cattle, as described in this authorization, and when used under the conditions described in this authorization, the known and potential benefits of Bimectin injection outweigh the known and potential risks of such product, since NWS infestations can have significant adverse health consequences and can be fatal if left untreated due to the extensive tissue damage caused by *Cochliomyia hominivorax* larvae.

Having concluded that the criteria for issuance of this authorization under Section 564(c) of the FD&C Act are met, I am authorizing the emergency use of Bimectin injection for the prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in cattle, except for female dairy cattle producing milk for human consumption and calves that will be processed for veal, as described in this authorization and subject to the terms of this authorization.

I. Criteria for Issuance of Authorization

I have concluded that the emergency use of Bimectin injection for the prevention of infestations caused by NWS larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle, when administered as described in this authorization, meets the criteria for issuance of an authorization under Section 564(c) of the FD&C Act, because:

1. NWS can cause a serious or life-threatening disease or condition to animals and humans;
2. Based on the totality of scientific evidence available to FDA, it is reasonable to believe that Bimectin injection may be effective in preventing NWS, and that, when used under the conditions and within the scope described in this authorization, the known and potential benefits of Bimectin injection when used to prevent NWS outweigh the known and potential risks of such product; and
3. There is no adequate, approved,⁴ and available alternative⁵ to the emergency use of Bimectin injection for the prevention of infestations caused by NWS larvae (myiasis)

⁴ "Approved" products include conditionally approved products for purposes of EUAs issued under Section 564 of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 360bbb-3.

⁵ While there are therapeutics conditionally approved for prevention of infestations caused by NWS larvae (myiasis) in cattle, they are not considered adequate and available alternatives for the purpose of this analysis. The existing conditionally approved injectable product is not an available alternative because there are insufficient quantities to meet the demands of a widescale incursion of NWS into the United States. The conditionally approved topical product is not an adequate alternative because it is a different pharmacological class with a different route of administration, and its label restricts use to cattle two months of age and older. Furthermore, because this topical product requires a prescription, it is not a readily available alternative, as the requirement for veterinary intervention could delay administration. There is a significant benefit to expedient administration of a preventative product, particularly if animals nearby are infested. Thus, FDA concluded that this additional over-the-counter injectable macrocyclic lactone product indicated for prevention of NWS in cattle is needed to meet the demands of a widescale incursion of NWS into the United States.

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when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle.⁶

II. Scope of Authorization

I have concluded, pursuant to Section 564(d)(1) of the FD&C Act, that the scope of this authorization is limited as follows:

- Bimectin injection, as covered by this authorization, will be dispensed over the counter and used only for subcutaneous administration within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle; and
- The use of Bimectin injection covered by this authorization must be in accordance with the authorized Fact Sheet.

Product Description

Bimectin injection is derived from the avermectins, a family of broad-spectrum antiparasitic agents. The authorized Bimectin injection labeling (vial labels, carton labeling, and package insert) is clearly marked for the approved indications and for NWS under Emergency Use Authorization, with a website address and QR code that links to the authorized Fact Sheet.

Store at 20°C to 25°C (68°F to 77°F). Protect product from light.

Bimectin injection is authorized to be accompanied by the following product-specific information pertaining to emergency use, which is required to be made available to all users:

- Fact Sheet: Emergency Use Authorization of Bimectin (ivermectin) Injection for New World Screwworm (NWS)⁷

I have concluded, pursuant to Section 564(d)(2) of the FD&C Act, that it is reasonable to believe that the known and potential benefits of Bimectin injection, when used for the prevention of infestations caused by NWS larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle and used in accordance with this authorization, outweigh its known and potential risks.

I have concluded, pursuant to Section 564(d)(3) of the FD&C Act, based on the totality of scientific evidence available to FDA, that it is reasonable to believe that Bimectin injection may be effective for the prevention of infestations caused by NWS larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle when used in accordance with this authorization, pursuant to Section 564(c)(2)(A) of the FD&C Act.

⁶ No other criteria of issuance have been prescribed by regulation under Section 564(c)(4) of the FD&C Act.

⁷ IVERMAX, Ivermectin, and Vetrimec 1% will be accompanied by the IVERMAX Fact Sheet, Ivermectin Fact Sheet, and Vetrimec 1% Fact Sheet, respectively. Hereinafter, when we refer to the Bimectin Fact Sheet we are including all four Fact Sheets which differ only in the product name and distributor.

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Having reviewed the scientific information available to FDA, including the information supporting the conclusions described in Section I above, I have concluded that Bimectin injection, as described in this authorization, meets the criteria set forth in Section 564(c) of the FD&C Act concerning safety and potential effectiveness.

The emergency use of this product under an EUA must be consistent with, and may not exceed, the terms of this authorization, including the Scope of Authorization (Section II) and the Conditions of Authorization (Section III). Subject to the terms of this EUA and under the circumstances set forth in the Secretary of HHS's determination under Section 564(b)(1)(C) of the FD&C Act described above and the Secretary of HHS's corresponding declaration under Section 564(b)(1) of the FD&C Act, Bimectin injection is authorized for the prevention of infestations caused by NWS larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle as described in this authorization, despite the fact that it does not meet certain requirements otherwise required by applicable federal law.

III. Conditions of Authorization

Pursuant to Section 564 of the FD&C Act, I am establishing the following conditions on this authorization:

- A. Bimeda will ensure that the authorized Bimectin injection, accompanied with the authorized Fact Sheet, is distributed to authorized distributor(s)⁸ consistent with the terms and conditions of this EUA, and that authorized distributor(s) will limit distribution to other authorized distributors and end users.
- B. Bimeda will ensure that if a sticker is used on the labeling, the sticker contains a website address and QR code that link to the authorized Fact Sheet and that the sticker is placed in a blank space or does not obscure any important use or safety information.
- C. Bimeda and authorized distributor(s) will ensure that appropriate storage conditions are maintained until the product is delivered to the end user.
- D. Bimeda and authorized distributor(s) will provide to each authorized distributor immediately downstream in the supply chain a copy of this Letter of Authorization and promptly communicate any subsequent amendments that might be made to this Letter of Authorization and its authorized accompanying materials (e.g., its authorized Fact Sheet).
- E. Bimeda may request changes to this authorization, including to the authorized Fact Sheet for Bimectin injection. Requests for changes must be submitted to the Office of Generic Animal Drugs. Such changes require appropriate authorization prior to implementation.⁹

⁸ The term "distributors" includes all parties in the supply chain between the recipient of this authorization letter and the end user, excluding veterinary facilities and veterinarians who only provide product to veterinarians and end users at their facility. "Authorized distributors" are all distributors who otherwise lawfully obtain and distribute the product, unless Bimeda places limits on distribution in writing (e.g., via contract or written notice accompanying the product).

⁹ Changes that do not necessitate revision to this letter (e.g., changes to the Fact Sheet(s), changes related to current good manufacturing practice requirements, expiration dating extensions) may be authorized through separate notification without reissuance of this letter.

Bimeda Animal Health Ltd.

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F. Reporting Adverse Drug Experiences and Product/Manufacturing Defects:

Bimeda will fully comply with the reporting requirements under 21 CFR 514.80. When collecting adverse event information, Bimeda will attempt to determine whether the use of Bimectin injection was related to the EUA and will put this categorization, as well as the reason for use, in the narrative description of the adverse event. Bimeda will submit the reports electronically using either of the options that are described on FDA's Veterinary Adverse Event Reporting for Manufacturers webpage (www.fda.gov/IndustryReportAnimalAE).

Submitted reports must state in the "Narrative of Adverse Event" field: "Bimectin injection use for NWS under an EUA". Contact the Pharmacovigilance Liaison in CVM's Division of Pharmacovigilance and Surveillance at CVMAESupport@fda.hhs.gov for any questions related to electronic reporting or for assistance with setting up a Safety Reporting Portal account.

- G. Through a process of inventory control, Bimeda and authorized distributor(s) will maintain records regarding distribution of the authorized Bimectin injection (i.e., lot numbers, quantity, receiving site, receipt date).
- H. Bimeda and authorized distributor(s) will maintain records in connection with this EUA for at least two years following the termination of the declaration or the revocation of the authorization, or until notified by HHS or FDA, whichever is sooner, and will make such records available to FDA for inspection upon request.
- I. Bimeda (and any other person engaged in manufacturing, packing, or holding) will comply with all other FD&C Act requirements applicable to the approved product, Bimectin injection, including, but not limited to, requirements related to registration and listing, drug quality, and the requirement to manufacture using the processes, facilities, controls, and equipment specified in the approved application,¹⁰ unless such requirements are specifically waived or modified in this authorization. Bimeda, and authorized distributor(s) who distribute EUA product under separate distributor labeling, if any, shall update their drug listing to reflect the EUA, including submission of updated labeling, before commercial distribution of the EUA product begins.

Conditions of Authorization Related to Advertisements and other Promotional Descriptive Printed Matter

- J. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter, relating to the authorized use of Bimectin injection, shall be consistent with the authorized Fact Sheet¹¹ and the terms set forth in this EUA, as well as

¹⁰ Changes shall be submitted and approved in accordance with 21 CFR 514.8, unless otherwise approved under Paragraph E of this letter.

¹¹ If the authorized Fact Sheet references sections of a drug's FDA-approved labeling, the entirety of each section is considered part of the Fact Sheet, except as otherwise specified. Advertising and promotional materials may not use general references to approved labeling in lieu of summarizing or restating its contents when a summary or restatement is otherwise needed to comply with applicable requirements.

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comply with FD&C Act Section 502(a). Additionally, the sponsor and authorized distributor(s) shall comply with any other applicable requirements in the FD&C Act and its implementing regulations regarding advertising and/or promotion.

- K. Bimeda and authorized distributor(s) may not imply that Bimectin injection is FDA approved, conditionally approved, or indexed for the authorized use. Bimeda and authorized distributor(s) may disseminate advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the emergency use of Bimectin injection that provide accurate descriptions of safety and effectiveness information summarized in the authorized Fact Sheet. Such materials must include any limitations of information submitted to support this authorization.
- L. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the authorized use of Bimectin injection shall be accompanied by the authorized Fact Sheet and the applicable approved labeling (e.g., package insert), and shall clearly and conspicuously state that:
- Bimectin injection has not been approved for the prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle;
 - Bimectin injection has been authorized by FDA under an EUA for the prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) when administered within 24 hours of birth, at the time of castration, or at the appearance of a wound in certain cattle; and
 - Bimectin injection is authorized as described herein only for the duration of the declaration that circumstances exist justifying the authorization of the emergency use of Bimectin injection under Section 564(b)(1) of the FD&C Act, 21 U.S.C. § 360bbb-3(b)(1), unless the declaration is terminated or the authorization is revised or revoked sooner.
- M. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter must be submitted to the CVM OSC DER eSubmitter Program at the time of initial dissemination (publication or broadcast). Each submission of promotional labeling or advertisements must be accompanied by a completed Form FDA 2301.

If FDA notifies Bimeda or authorized distributor(s) that any descriptive materials, advertising, or promotional materials do not meet the terms set forth in this EUA, Bimeda or authorized distributor(s) must discontinue and/or cease distribution of such advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter in accordance with FDA's notification. Furthermore, as part of its notification, FDA may also require Bimeda or authorized distributor(s) to issue corrective communication(s).

Bimeda Animal Health Ltd.

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IV. Duration of Authorization

This EUA will be effective as described herein until the declaration that circumstances exist justifying the authorization of the emergency use of animal drugs during the NWS public health emergency is terminated under Section 564(b)(2) of the FD&C Act or the EUA is revised or revoked under Section 564(g) of the FD&C Act.

Sincerely,

{see appended electronic signature page}

Timothy Schell, Ph.D.

Director

Center for Veterinary Medicine

U.S. Food and Drug Administration

Enclosures:

Freedom of Information Summary

Fact Sheets



FDA U.S. FOOD & DRUG
ADMINISTRATION

September 3, 2026

Sergeant's Pet Care Products LLC
Attention: Teri Gasper
Regulatory Affairs Manager, OTC Drugs
10077 S. 134th St.
Omaha, NE 68138

Re: Emergency Use Authorization 006688

Dear Ms. Gasper:

This letter is in response to the request by Sergeant's Pet Care Products LLC (Sergeant's) that the Food and Drug Administration (FDA) issue an Emergency Use Authorization (EUA) for the emergency use of CAPSTAR (nitenpyram) tablets¹ for the treatment and prevention of infestations caused by New World screwworm (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older, pursuant to Section 564 of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. § 360bbb-3).

On August 18, 2025, pursuant to Section 564(b)(1)(C) of the FD&C Act, the Secretary of the Department of Health and Human Services (HHS) determined that there is a significant potential for a public health emergency that has a significant potential to affect national security or the health and security of United States citizens living abroad and that involves New World screwworm (*Cochliomyia hominivorax*) (hereinafter "NWS"). On the basis of such determination, the Secretary of HHS on August 18, 2025, declared that circumstances exist justifying the authorization of emergency use of animal drugs to treat or prevent NWS myiasis in animals, pursuant to section 564(b)(1) of the FD&C Act, subject to terms of any authorization issued under that section.²

CAPSTAR is an oral antiparasitic that is indicated under NADA 141-175 to kill adult fleas and is indicated for the treatment of flea infestations on dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older. CAPSTAR is not approved for the treatment and prevention of NWS myiasis.

Based on the totality of scientific evidence available to the FDA, including data from published literature, it is reasonable to believe that CAPSTAR (nitenpyram) tablets may be effective for the treatment and prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older, as described in this authorization, and when used under the conditions described in this authorization, the known and potential benefits of CAPSTAR outweigh the known and

¹ Unless specified by name, products sold under separate distributor's labeling per 21 CFR 514.80(b)(5)(iii) (i.e., with a different proprietary name) are not subject to this EUA. A request must be made to change to the scope of this authorization for such products.

² See U.S. Department of Health and Human Services, Declaration of Emergency Pursuant to the Federal Food, Drug, and Cosmetic Act for New World Screwworm, August 20, 2025:
<https://www.federalregister.gov/documents/2025/08/20/2025-15918/declaration-of-emergency-pursuant-to-the-federal-food-drug-and-cosmetic-act-for-new-world-screwworm>

Sergeant's Pet Care Products LLC

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potential risks of such product, since NWS infestations can have significant adverse health consequences and can be fatal if left untreated due to the extensive tissue damage caused by *Cochliomyia hominivorax* larvae.

Having concluded that the criteria for issuance of this authorization under Section 564(c) of the FD&C Act are met, I am authorizing the emergency use of CAPSTAR for the treatment and prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older, as described in this authorization and subject to the terms of this authorization.

I. Criteria for Issuance of Authorization

I have concluded that the emergency use of CASTAR for the treatment and prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older, when administered as described in this authorization, meets the criteria for issuance of an authorization under Section 564(c) of the FD&C Act, because:

1. NWS can cause a serious or life-threatening disease or condition to animals and humans;
2. Based on the totality of scientific evidence available to FDA, it is reasonable to believe that CAPSTAR may be effective in treating and preventing NWS, and that, when used under the conditions and within the scope described in this authorization, the known and potential benefits of CAPSTAR when used to treat and prevent NWS outweigh the known and potential risks of such product; and
3. There is no adequate, approved,³ and available alternative⁴ to the emergency use of CAPSTAR for the treatment and prevention of infestations caused by NWS (*Cochliomyia*

³ "Approved" products include conditionally approved products for purposes of EUAs issued under Section 564 of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 360bbb-3.

⁴ There are no approved alternatives for the treatment and prevention of NWS myiasis in cats and kittens.

There are no approved alternatives for the treatment and prevention of NWS myiasis in dogs and puppies between 4 and 8 weeks of age or weighing between 2 and 3.3 pounds because the conditionally approved product is indicated for the treatment of NWS in dogs and puppies at least 8 weeks of age and weighing at least 3.3 pounds.

Additionally, there are no adequate approved over the counter (OTC) products for dogs and puppies, and OTC marketing will allow the product to be available in circumstances where access to a veterinarian is limited.

Furthermore, there are no approved products with a single active ingredient for the treatment and prevention of NWS myiasis in dogs and puppies; CAPSTAR contains a single active pharmaceutical ingredient, whereas the conditionally approved product contains multiple active ingredients. The presence of multiple active ingredients in the conditionally approved product may increase the likelihood of adverse events in dogs and puppies that have recently been treated with a heartworm preventative or other antiparasitic drug in the same pharmacological class as one of the conditionally approved product's active ingredients. Because CAPSTAR contains only a single active ingredient that is not in that drug class, its use may minimize the potential for adverse events in these dogs.

Lastly, CAPSTAR acts through a mechanism of action that is distinct from each of the active ingredients in the conditionally approved product. Because no approved alternative product works through the same mechanism of action as CAPSTAR, the conditionally approved product is not an adequate therapeutic substitute in circumstances where the CAPSTAR distinct mechanism of action is clinically relevant.

Sergeant's Pet Care Products LLC
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hominivorax) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older.⁵

II. Scope of Authorization

I have concluded, pursuant to Section 564(d)(1) of the FD&C Act, that the scope of this authorization is limited as follows:

- CAPSTAR, as covered by this authorization, will be used only for over the counter use in dogs and cats 2 pounds of body weight or greater and 4 weeks of age and older; and
- The use of CAPSTAR covered by this authorization must be in accordance with the authorized Fact Sheet.

Product Description

CAPSTAR is an oral tablet for dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older. CAPSTAR (nitenpyram) tablets belongs to the chemical class of neonicotinoids and kills adult fleas. The authorized CAPSTAR carton labeling is clearly marked for the approved indications and for NWS under Emergency Use Authorization with a website address and QR code that links to the authorized Fact Sheet.

Store at controlled room temperature, between 59° and 77°F (15°-25°C).

CAPSTAR is authorized to be accompanied by the following product-specific information pertaining to emergency use, which is required to be made available to all users:

- Fact Sheet: Emergency Use Authorization of Capstar (nitenpyram) Tablets for New World Screwworm (NWS)

I have concluded, pursuant to Section 564(d)(2) of the FD&C Act, that it is reasonable to believe that the known and potential benefits of CAPSTAR, when used for the treatment and prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older and used in accordance with this authorization, outweigh its known and potential risks.

I have concluded, pursuant to Section 564(d)(3) of the FD&C Act, based on the totality of scientific evidence available to FDA, that it is reasonable to believe that CAPSTAR may be effective for the treatment and prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older when used in accordance with this authorization, pursuant to Section 564(c)(2)(A) of the FD&C Act.

⁵ No other criteria of issuance have been prescribed by regulation under Section 564(c)(4) of the FD&C Act.

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Having reviewed the scientific information available to FDA, including the information supporting the conclusions described in Section I above, I have concluded that CAPSTAR, as described in this authorization, meets the criteria set forth in Section 564(c) of the FD&C Act concerning safety and potential effectiveness.

The emergency use of this product under an EUA must be consistent with, and may not exceed, the terms of this authorization, including the Scope of Authorization (Section II) and the Conditions of Authorization (Section III). Subject to the terms of this EUA and under the circumstances set forth in the Secretary of HHS's determination under Section 564(b)(1)(C) of the FD&C Act described above and the Secretary of HHS's corresponding declaration under Section 564(b)(1) of the FD&C Act, CAPSTAR is authorized for the treatment and prevention of infestations caused by NVWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older as described in this authorization, despite the fact that it does not meet certain requirements otherwise required by applicable federal law.

III. Conditions of Authorization

Pursuant to Section 564 of the FD&C Act, I am establishing the following conditions on this authorization:

- A. Sergeant's will ensure that the authorized CAPSTAR, accompanied with the authorized Fact Sheet, is distributed to authorized distributor(s)⁶ consistent with the terms and conditions of this EUA, and that authorized distributor(s) will limit distribution to other authorized distributors and end users.
- B. Sergeant's will ensure that if a sticker is used on the labeling, that the sticker contains a website address and QR code that link to the authorized Fact Sheet and that the sticker is placed in a blank space or does not obscure any important use or safety information.
- C. Sergeant's and authorized distributor(s) will ensure that appropriate storage conditions are maintained until the product is delivered to the end user.
- D. Sergeant's and authorized distributor(s) will provide to each authorized distributor immediately downstream in the supply chain a copy of this Letter of Authorization and promptly communicate any subsequent amendments that might be made to this Letter of Authorization and its authorized accompanying materials (e.g., its authorized Fact Sheet).
- E. Sergeant's may request changes to this authorization, including to the authorized Fact Sheet for CAPSTAR. Requests for changes must be submitted to the Office of New Animal

⁶ The term "distributors" includes all parties in the supply chain between the recipient of this authorization letter and the end user. "Authorized distributors" are all distributors who otherwise lawfully obtain and distribute the product, unless Sergeant's places limits on distribution in writing (e.g., via contract or written notice accompanying the product).

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Product Evaluation. Such changes require appropriate authorization prior to implementation.⁷

F. Reporting Adverse Drug Experiences and Product/Manufacturing Defects:

Sergeant's will fully comply with the reporting requirements under 21 CFR 514.80. When collecting adverse event information, Sergeant's will attempt to determine whether the use of CAPSTAR was related to the EUA and will put this categorization, as well as the reason for use, in the narrative description of the adverse event. Sergeant's will submit the reports electronically using either of the options that are described on FDA's Veterinary Adverse Event Reporting for Manufacturers webpage (www.fda.gov/IndustryReportAnimalAE).

Submitted reports should state in the "Narrative of Adverse Event" field: "CAPSTAR use for NWS under an EUA". Contact the Pharmacovigilance Liaison in CVM's Division of Pharmacovigilance and Surveillance at CVMAESupport@fda.hhs.gov for any questions related to electronic reporting or for assistance with setting up a Safety Reporting Portal account.

G. Through a process of inventory control, Sergeant's and authorized distributor(s) will maintain records regarding distribution of the authorized CAPSTAR (i.e., lot numbers, quantity, receiving site, receipt date).

H. Sergeant's and authorized distributor(s) will maintain records in connection with this EUA for at least two years following the termination of the declaration or the revocation of the authorization, or until notified by HHS or FDA, whichever is sooner, and will make such records available to FDA for inspection upon request.

I. Sergeant's (and any other person engaged in manufacturing, packing, or holding) will comply with all other FD&C Act requirements applicable to the approved product, CAPSTAR, including, but not limited to, requirements related to registration and listing, drug quality, and the requirement to manufacture using the processes, facilities, controls, and equipment specified in the approved application,⁸ unless such requirements are specifically waived or modified in this authorization. Sergeant's, and authorized distributors who distribute EUA product under separate distributor labeling, if any, shall update their drug listing to reflect the EUA, including submission of updated labeling, before commercial distribution of the EUA product begins.

⁷ Changes that do not necessitate revision to this letter (e.g., changes to the Fact Sheet(s), changes related to current good manufacturing practice requirements, expiration dating extensions) may be authorized through separate notification without reissuance of this letter.

⁸ Changes shall be submitted and approved in accordance with 21 CFR 514.8, unless otherwise approved under Paragraph E of this letter.

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Conditions of Authorization Related to Advertisements and other Promotional Descriptive Printed Matter

- J. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter, relating to the authorized use of CAPSTAR, shall be consistent with the authorized Fact Sheet⁹ and the terms set forth in this EUA, as well as comply with FD&C Act Section 502(a). Additionally, the sponsor and authorized distributor(s) shall comply with any other applicable requirements in the FD&C Act and its implementing regulations regarding advertising and/or promotion.
- K. Sergeant's and authorized distributor(s) may not imply that CAPSTAR is FDA approved, conditionally approved, or indexed for the authorized use. Sergeant's and authorized distributor(s) may disseminate advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the emergency use of CAPSTAR that provide accurate descriptions of safety and effectiveness information summarized in the authorized Fact Sheet. Such materials must include any limitations of information submitted to support this authorization.
- L. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter relating to the authorized use of CAPSTAR shall be accompanied by the authorized Fact Sheet and the applicable approved labeling (e.g., package insert), and shall clearly and conspicuously state that:
- CAPSTAR has not been approved for the treatment and prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older;
 - CAPSTAR has been authorized by FDA under an EUA for the treatment and prevention of infestations caused by NWS (*Cochliomyia hominivorax*) larvae (myiasis) in dogs, puppies, cats and kittens 2 pounds of body weight or greater and 4 weeks of age and older; and
 - CAPSTAR is authorized as described herein only for the duration of the declaration that circumstances exist justifying the authorization of the emergency use of CAPSTAR under Section 564(b)(1) of the FD&C Act, 21 U.S.C. § 360bbb-3(b)(1), unless the declaration is terminated or the authorization is revised or revoked sooner.
- M. All advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter must be submitted to the CVM OSC DER eSubmitter Program at the time of initial dissemination (publication or broadcast). Each submission of promotional labeling or advertisements must be accompanied by a completed Form FDA 2301.

⁹ If the authorized Fact Sheet references sections of a drug's FDA-approved labeling, the entirety of each section is considered part of the Fact Sheet, except as otherwise specified. Advertising and promotional materials may not use general references to approved labeling in lieu of summarizing or restating its contents when a summary or restatement is otherwise needed to comply with applicable requirements.

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If FDA notifies Sergeant's or authorized distributor(s) that any descriptive materials, advertising, or promotional materials do not meet the terms set forth in this EUA, Sergeant's or authorized distributor(s) must discontinue and/or cease distribution of such advertisements (including printed and nonprinted communications) and other promotional descriptive printed matter in accordance with FDA's notification. Furthermore, as part of its notification, FDA may also require Sergeant's or authorized distributor(s) to issue corrective communication(s).

IV. Duration of Authorization

This EUA will be effective as described herein until the declaration that circumstances exist justifying the authorization of the emergency use of animal drugs during the NWS public health emergency is terminated under Section 564(b)(2) of the FD&C Act or the EUA is revised or revoked under Section 564(g) of the FD&C Act.

Sincerely,

{see appended electronic signature page}
Timothy Schell, Ph.D.
Director
Center for Veterinary Medicine
U.S. Food and Drug Administration

Enclosures:
Freedom of Information Summary
Fact Sheet

U.S. Food & Drug Administration
10903 New Hampshire Avenue
Silver Spring, MD 20903
www.fda.gov

Grace R. Graham,
*Deputy Commissioner for Policy, Legislation,
and International Affairs.*

[FR Doc. 2026-21084 Filed 10-14-26; 8:45 am]

BILLING CODE 4164-01-C

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA-2026-N-11624]

Request for Nominations for Voting Members on a Public Advisory Committee; Tobacco Products Scientific Advisory Committee (TPSAC)

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is requesting nominations for members to serve on the Tobacco Products Scientific Advisory Committee (TPSAC), in the Center for Tobacco Products. FDA seeks to include the views of qualified individuals on its advisory committees and therefore encourages nominations of appropriately qualified candidates. Specifically, TPSAC is seeking to fill 2 voting member vacancies with physicians, dentists, scientists, or health care professionals practicing in the areas of oncology, pulmonology, cardiology, toxicology, pharmacology, addiction, engineering, or any other relevant specialty.

DATES: Nominations received on or before December 14, 2026 will be given first consideration for membership on the TPSAC. Nominations received after December 14, 2026 will be considered as later vacancies arise.

ADDRESSES: All nominations for membership should be sent electronically by logging into the FDA Advisory Committee Nomination Portal at <http://www.accessdata.fda.gov/scripts/FACTRSportal/FACTRS/index.cfm> and select "Academician/Practitioner" as the membership type. Nominations also may be submitted by mail to Advisory Committee Oversight and Management Staff, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 1, Rm. 3215, Silver Spring, MD 20993-0002. Information about applying for membership is available at <https://www.fda.gov/advisory-committees/advisory-committee-membership/applying-membership-fda-advisory-committees>. Information about TPSAC, including committee charter and meeting materials, is available at <https://www.fda.gov/advisory-committees/committees-and-meeting-materials/tobacco-products-scientific-advisory-committee>.

Nominations submitted to the *Request for Nominations for Voting Members of Food and Drug Administration Advisory*

Committees notice published on October 1, 2026, will also be considered for the current vacancies.

FOR FURTHER INFORMATION CONTACT:

Regarding all nomination questions for membership, the primary contact is: Advisors and Consultants Staff (ACS), CTP-OS-ACS@fda.hhs.gov.

SUPPLEMENTARY INFORMATION: FDA is requesting nominations for voting members on the TPSAC.

I. General Description of Committee Duties

The Tobacco Products Scientific Advisory Committee (TPSAC or the Committee) advises the Commissioner of FDA or designee in discharging responsibilities related to the regulation of tobacco products. The Committee reviews and evaluates safety, dependence, and health issues relating to tobacco products and provides appropriate advice, information, and recommendations to the Commissioner of Food and Drugs.

The Committee may provide recommendations to the Commissioner regarding any regulations to be promulgated under Section 917 of the Tobacco Control Act (TCA) and may review any applications for new tobacco products or petitions for exemption under Section 906(e) of the FD&C Act. The Committee may consider and provide recommendations on any other matter as provided in the Family Smoking Prevention and Tobacco Control Act.

II. Criteria for Voting Members

The Committee consists of a total of 12 members of whom there are nine, technically qualified, voting members including the Chair. Members and the Chair are selected by the Commissioner or designee from among physicians, dentists, scientists, or health care professionals practicing in the areas of oncology, pulmonology, cardiology, toxicology, pharmacology, addiction, or any other relevant specialty. Members and the Chair are selected from individuals knowledgeable in the fields of medicine, medical ethics, science, or technology involving the manufacture, evaluation, or use of tobacco products. One member shall be an officer or employee of a state or local government or of the Federal Government. The final voting member shall be a representative of the general public. Almost all non-Federal members of this committee serve as Special Government Employees. Members will be invited to serve for terms of up to 4 years.

III. Nomination Procedures

Any interested person may nominate one or more qualified individuals for membership on the advisory committee. Self-nominations are also accepted. Nominations must include a current, complete résumé or curriculum vitae for each nominee. Nominations must also specify the advisory committee for which the nominee is recommended. Nominations must also acknowledge that the nominee is aware of the nomination unless self-nominated. FDA will ask potential candidates to provide detailed information concerning such matters related to financial holdings, employment, and research grants and/or contracts to permit evaluation of possible sources of conflicts of interest.

This notice is issued under the Federal Advisory Committee Act (5 U.S.C. 1001) and 21 CFR part 14, relating to advisory committees.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026-21027 Filed 10-14-26; 8:45 am]

BILLING CODE P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Amended Notice of Meeting

Notice is hereby given of a change in the meeting of the Center for Scientific Review Special Emphasis Panel, PAR Panel: Preclinical and Translational Research in Neurodegenerative Diseases November 04, 2026, 09:00 a.m. to November 04, 2026, 08:00 p.m., National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 which was published in the **Federal Register** on October 07, 2026, 91 FR 64156, Doc. No. 2026-20558.

This meeting is being amended to change the meeting from a 2-day to a 1-day meeting on November 4, 2026, and to change the end time from 6:30 p.m. to 8:00 p.m. The meeting is closed to the public.

Dated: October 13, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026-21099 Filed 10-14-26; 8:45 am]

BILLING CODE 4167-05-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute on Drug Abuse; Notice of Closed Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of a meeting of the Board of Scientific Counselors, National Institute on Drug Abuse.

The meeting will be closed to the public as indicated below in accordance with the provisions set forth in section 552b(c)(6), Title 5 U.S.C., as amended for the review, discussion, and evaluation of individual intramural programs and projects conducted by the National Institute on Drug Abuse, including consideration of personnel qualifications and performance, and the competence of individual investigators, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Board of Scientific Counselors, National Institute on Drug Abuse.

Date: October 27–28, 2026.

Time: 8:00 a.m. to 4:05 p.m.

Agenda: To review and evaluate personnel qualifications and performance, and competence of individual investigators.

Address: National Institute on Drug Abuse, NIH Biomedical Research Center, 251 Bayview Boulevard, Baltimore, MD 21224.

Meeting Format: Virtual Meeting.

Contact Person: Megan E. Bollinger, M.S. Management Analyst, Office of the Scientific Director, National Institute on Drug Abuse, 251 Bayview Boulevard, Suite 200, Baltimore, MD 21224, (443) 740-2466, Megan.Bollinger@nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.277, Drug Abuse Scientist Development Award for Clinicians, Scientist Development Awards, and Research Scientist Awards; 93.278, Drug Abuse National Research Service Awards for Research Training; 93.279, Drug Abuse and Addiction Research Programs, National Institutes of Health, HHS)

Dated: October 9, 2026.

Denise M. Santeufemio,
Supervisory Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–21098 Filed 10–14–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Substance Abuse and Mental Health Services Administration

Agency Information Collection Activities: Submission for OMB Review; Comment Request

In compliance with Section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995 concerning opportunity for public comment on proposed collections of information, the Substance Abuse and Mental Health Services Administration (SAMHSA) will publish periodic summaries of proposed projects. To request more information on the proposed projects or to obtain a copy of the information collection plans, call the SAMHSA Reports Clearance Officer at (240) 276–0361 or email samhsapra@samhsa.hhs.gov.

Comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Proposed Project: Assessment of Communities Talk To Prevent Alcohol and Other Drug Misuse (Formerly Assessment of the Underage Drinking Prevention Initiative OMB No. 0930–0288)—Revision

The Substance Abuse and Mental Health Services Administration, Center

for Substance Abuse Prevention (SAMHSA/CSAP) is requesting a revision from the Office of Management and Budget (OMB) for information collection regarding the *Assessment of Communities Talk to Prevent Alcohol and Other Drug Misuse*, which is implemented by the Substance Use Disorder Prevention Engagement Initiatives (SUDPEI) within CSAP. *Communities Talk* activities are grassroots activities that raise awareness of the public health dangers of substance misuse and engage communities in evidence-based prevention, particularly to individuals aged 12–25 years old. In this survey, substance use disorder (SUD) questions refers to any alcohol or drugs used in the 12 months prior to the survey and the language “alcohol and other drug misuse” will be used to ask questions about SUDs throughout the survey. Alcohol misuse includes any underage use of alcohol. Other drug use includes use of marijuana, cocaine (including crack), heroin, hallucinogens, inhalants, methamphetamine, and any misuse of prescription stimulants, tranquilizers or sedatives (e.g., benzodiazepines), and pain relievers.¹ The most recent data collection was reinstated under OMB No. 0930–0288, *Assessment of the Underage Drinking Prevention Initiative*, which expires on December 31, 2026.

Changes

Under the most recent approval, the Organizer Survey consisted of 14 items. Under this revision, the Organizer Survey includes 17 items about the *Communities Talk* initiative and how communities might be carrying out evidence-based strategies to prevent alcohol and other drug misuse. The following table provides a summary of the changes that were made to the instrument.

¹ Substance Abuse and Mental Health Services Administration. (2022). Highlights for the 2021 National Survey on Drug Use and Health. <https://www.samhsa.gov/data/sites/default/files/2022-12/2021NSDUHFFRHighlights092722.pdf>.

Current question/item	Changes made
Burden statement	Updated with language provided by SAMHSA to include “alcohol and other drug misuse” verbiage: ‘This information is being collected to assist the Substance Abuse and Mental Health Services Administration (SAMHSA) for the purpose of program monitoring of the Communities Talk to Prevent Alcohol and Other Drug Misuse initiative. This voluntary information collected will be used at an aggregate level to assess the <i>Communities Talk</i> stipend recipients’ experiences with the events and alcohol and other drug misuse prevention activities deployed by their organizations or institutions. Under the Privacy Act of 1974, any personally identifying information obtained will be kept private to the extent of the law. 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 Office of Management and Budget (OMB) control number. The OMB control number for this project is 0930–0288. Public reporting burden for this collection of information is estimated to average 15 minutes per encounter, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to SAMHSA Reports Clearance Officer, 5600 Fishers Ln., Room 15 E57B, Rockville, MD 20857.’
Informed consent	Updated to include new “alcohol and other drug misuse” verbiage provided by SAMSHA: ‘The Substance Abuse and Mental Health Services Administration (SAMHSA) invites prevention specialists working individually or as part of a coalition to fill out this survey. A coalition refers to any group of individuals or organizations working together. This survey asks about your possible experiences with Communities Talk to Prevent Alcohol and Other Drug Misuse and how your community might be carrying out evidence-based strategies addressing alcohol and other drug misuse. Evidence-based strategies have been evaluated and found to have positive effects on the intended audiences. The survey should take approximately 15 minutes. Your participation is completely voluntary. You can stop at any time. Refusal to participate will not affect your employment, funding for your work, or result in any other penalty or loss of benefit. The evaluation team will keep your survey answers in a password-protected computer folder. It will be accessed only by the evaluation team. The evaluation team will summarize everyone’s answers in a report. The evaluation team will keep your name and contact information separate from your answers. We collect your name and contact information only to monitor who has already completed the survey, as to not request more than one response per organization. The report will not identify you and the person documenting survey completions will not analyze the data. Your thoughts are very important. They will help SAMHSA improve how it supports community-based prevention efforts. If you have any questions, please contact Dr. Genevieve Martinez-Garcia or Dr. Abbey Schneider, Study Administrators, at info@communities-talk.com . By continuing, you are consenting to participate in this survey on behalf of your coalition or you.’
q1—In your opinion, how important is underage drinking, and its consequences, to the residents of your community?	Replaced “underage drinking” verbiage with “alcohol and other drug misuse” verbiage.
q2—How many Communities Talk activities have ever taken place in your community? These events may have been primarily hosted by your organization or a different one.	Question was reworded for clarity: “What is the total number of Communities Talk activities hosted in your community during this calendar year? These events may have been primarily hosted by your organization or a different one.”
q3—What was the total number of attendees at your Communities Talk event? (Estimates are okay.).	No modification.
q4—What substances/topics, if any, will your Communities Talk activity cover? Choose all that apply.	New q4; Added question with fields to include: ☐ E-cigarettes/vaping. ☐ Prescription opioids. ☐ Fentanyl. ☐ Naloxone. ☐ Marijuana. ☐ Heroin. ☐ Cocaine. ☐ Methamphetamines. ☐ Mental health. ☐ Suicide. ☐ Alcohol. Other: [FILL IN].
q5—Evidence-based strategies have been evaluated and found to have positive effects on the intended audience. Certain advance preparation may or may not help professionals build their capacity to carry out any number of evidence-based strategies to prevent underage drinking in their community. Some of the preparation may be tied to Communities Talk, while some of the preparation may not be tied to Communities Talk. This question asks about any preparation for evidence-based strategies, other than hosting a Communities Talk activity. How much have you completed the following steps?	New q5; Replaced “underage drinking” verbiage with “alcohol and other drug misuse” verbiage; Added examples of evidence-based strategies. “Got resources (e.g., time, funding, equipment).” “Read materials on how to conduct evidence-based strategies (e.g., website, handbook, toolkit, checklist).” “Made plans to use the materials on how to conduct evidence-based strategies.” “Got training.” “Talked to one or more of my managers.” “Talked to one or more of my peers.” “Got one-on-one advice.”
q6—Have you used any material(s) from the Communities Talk website (www.samhsa.gov/communities-talk)?	New q6.
q6A—What material(s) from the Communities Talk website (www.samhsa.gov/communities-talk) have you used?	New q6A; Modified response options: removed “Prevention Event Planner web app” and added “ <i>Communities Talk</i> Toolkit.”
q7—Please rate your agreement with the following statement: I know how to use evidence-based approaches to carry out future underage drinking prevention activities.	New q7; Replaced “underage drinking” verbiage with “alcohol and other drug misuse” verbiage.
q8—Prevention professionals take several steps as part of their evidence-based work. How confident are you that you can carry out the following tasks?	“Acquire/get materials for priority populations.” “Collaborate with others to implement resources or programming.” Remove “Work with my local legislators or policymakers to create laws and/or policies.”

Current question/item	Changes made
q9—There are many ways to prevent underage drinking in a community. Different communities need different evidence-based strategies. SAMHSA wants to learn what works best for your community. Currently, which of the following activities are you or your organization collaborating with others on to prevent underage drinking in your community?	New q9; Replaced “underage drinking” verbiage with “alcohol and other drug misuse” verbiage; Added the following items under this question: “Prevent sales of other drugs at public events where youth are present.” Create new line for “Enforce compliance checks to reduce youth access to alcohol and/or other drugs.” Remove “Work with my local legislators or policymakers to educate about the importance of changes to, or recommend enforcement of, existing laws and policies.”
q10—For the activities mentioned in Q9, what types of organizations did you typically collaborate with (check all that apply)?	Added new questions with fields to include organizations: ○ Faith-based based organizations. ○ Law enforcement. ○ Youth-led organizations. ○ Secondary schools. ○ Elementary schools. ○ Colleges or universities. ○ Other community-based organizations. ○ Local chapters of national organizations. ○ Charitable organizations. ○ Local businesses. ○ State and local government agencies (e.g., public health departments). ○ Other. ○ None.
q11—How many partners does your organization coordinate with for activities on a monthly basis? This can be an estimated number.	Added new questions and include a field to enter the number of collaboration partners engaged per month. # of collaboration partners engaged per month.
q12—A community’s needs and its resources may change over time. In the future, how likely is it that you or your organization will plan or collaborate with others on the following activities to prevent substance use underage drinking in your community?	New q12; Replaced “underage drinking” verbiage with “alcohol and other drug misuse” verbiage; Added the following items under this question: “Prevent sales of other drugs at public events where youth are present.” Remove “Draft policy changes for my community that focus on alcohol and/or other drug misuse prevention.” Remove “Work with local legislators or policymakers to educate about the importance of changes to, or recommend enforcement of, existing laws and policies.”
q13—Think about all of the Communities Talk activities that might have taken place in your community. How much do you agree with the following statements?	New q13; Replaced “underage drinking” verbiage with “alcohol and other drug misuse” verbiage.
q14—Do you have a report or something else (e.g., tables) that includes substance (mis)use data at the community level (e.g., incidences of use; activities or actions employed to prevent and combat underage drinking)?	New q14; Replaced “underage drinking” verbiage with “alcohol and other drug misuse” verbiage.
q14A—<If Q11=Yes> Would you be willing to share the report with SAMHSA?	New q14A.
q14B—<If Q11A=Yes> Please send the report to the following address: info@communities-talk.com [or] ICF Attn.: Communities Talk—Genevieve Martinez-Garcia, 530 Gaither Rd., Suite 500, Rockville, MD 20857.	New q14B.
q15—How would you characterize the location where the Communities Talk event or activity was held?	New q15.
q16—Which of the following best describes your organization?	Removed “Institutions of higher education”; Add “College or University.”
q17—Which of the following best describes the primary audience(s) served by your organization? (Mark all that apply.).	New q17; Added the following response options: “Prevention specialists and volunteers.” “Healthcare providers.” Removed “Legislators or policymakers.” Removed “Lesbian, gay, bisexual, or transgender (LGBTQ) community members.”
<Exit screen>	No modification.
Thank you again for sharing this important information about your experience with <i>Communities Talk</i> and alcohol and other drug misuse prevention activities in your community! Visit www.samhsa.gov/communities-talk for the most current updates.	

Three new questions were added concerning the substance use topics addressed by Communities Talk activities (q4), the types of organizations with which respondents collaborate (q10), and the number of partners engaged in activities each month (q11).

The revisions were necessary to better align the data gathered to the short-term and long-term outcomes of the *Communities Talk* events and activities for organizers, specifically:

Short-Term

- Increase organization’s efforts related to a holistic approach to substance use, beyond only underage drinking.

- Increase staff’s perceived threat of alcohol and other drug misuse to residents of the community;

- Increase staff’s knowledge related to using evidence-based approaches to carry out future alcohol and other drug misuse prevention activities;

- Increase staff’s perceived efficacy of *Communities Talk* to enhance alcohol and other drug misuse prevention in the community;

- Increase staff’s skills related to using evidence-based approaches to carry out future alcohol and other drug misuse prevention activities, specifically share information about alcohol and other drug misuse with others, host meetings or discussion

groups; create committees, task forces, advisory boards, or other action groups; build coalitions; develop strategic plans; and advocate for policies;

- Increase staff’s self-efficacy related to using evidence-based approaches to carry out future alcohol and other drug misuse prevention activities; and

- Increase staff’s intention related to using evidence-based approaches to carry out future alcohol and other drug misuse prevention activities.

Long-Term

- Increase staff’s use of evidence-based approaches to carry out future alcohol and other drug misuse prevention activities.

• Reduce burden on the respondents by removing the option to be contacted for a follow-up assessment.

SAMHSA/CSAP will be responsible for collecting, compiling, analyzing, and reporting on information requested in this survey.

SAMHSA supports nationwide *Communities Talk* activities every year. Collecting data on each round of *Communities Talk* activities and using this information to inform policy and measure impact connects with SAMHSA’s Strategic Plan. *Communities Talk* activities are intended to work at the grassroots level to raise awareness of the public health dangers of drinking alcohol and other drug misuse and to engage communities in evidence-based prevention. Notably, *Communities Talk* activities provide a forum for communities to discuss ways they can best prevent drinking alcohol and other drug misuse by reducing the availability of alcohol and other drugs, and by creating community norms that discourage demand.

SAMHSA will use the information collected to document the implementation efforts of this nationwide initiative, determine if the federally sponsored *Communities Talk* activities lead to additional activities within the community that are aimed at preventing and reducing drinking alcohol and other drug misuse, identify what these activities may possibly include, and help plan for future rounds of *Communities Talk* events. SAMHSA intends to post online a summary document of each round of *Communities Talk* activities and present findings at national conferences attended by CBOs and colleges and universities that have hosted these activities and might host future activities. Similarly, SAMHSA plans to share findings with the Interagency Coordinating Committee on the Prevention of Underage Drinking. Agencies within this committee encourage their grantees to participate as the activity hosts. Additionally, the

information collected will support performance measurement for SAMHSA programs under the Government Performance Results Act (GPRA).

Data Collection Component

SAMHSA/CSAP will use a web-based method, such as Qualtrics, to collect data through the Organizer Survey. The web-based application will comply with the requirements of Section 508 of the Rehabilitation Act to permit accessibility to people with disabilities.

On an annual basis, the Organizer Survey will be completed by an estimated 500 *Communities Talk* activity organizers and will require only one response per respondent. It will take an average of 15 minutes (0.25 hours) to review the instructions and complete the survey. This burden estimate is based on comments from three 2019 *Communities Talk* activity organizers who reviewed the survey and provided comments on how long it would take them to complete it.

ESTIMATED ANNUALIZED BURDEN TABLE

Form name	Number of respondents	Responses per respondent	Total responses	Hours per response	Total hour burden
Organizer Survey	500	1	500	0.25	125
Total	500	.....	500	.....	125

Send comments to SAMHSA Reports Clearance Officer, 5600 Fisher Lane, Room 15E57A, Rockville, MD 20852 OR email a copy to Samhsapra@samhsa.hhs.gov <mailto:carlos.graham@samhsa.hhs.gov>. Written comments should be received by December 14, 2026.

Alicia Broadus,
Public Health Advisor.
[FR Doc. 2026–21057 Filed 10–14–26; 8:45 am]

BILLING CODE 4162–20–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1508]

Certain Systems, Devices, Software, Compositions, Chemicals, and Laboratory Supplies for Studying Proteins; Notice of Commission Determination Not To Review an Initial Determination Finding the Sole Respondent in This Investigation in Default; Request for Written Submissions on Remedy, the Public Interest, and Bonding

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination (“ID”) (Order No. 7) of the presiding administrative law judge (“ALJ”) finding the sole respondent in this investigation—Nanomics Biotechnology Co., Ltd. (“Nanomics”) of Hangzhou, Zhejiang, China—in default based on Nanomics’s filing of a notice of intent to default. The Commission requests

written submissions from the parties, interested government agencies, and other interested persons on the issues of remedy, the public interest, and bonding, under the schedule set forth below.

FOR FURTHER INFORMATION CONTACT: Richard P. Hadorn, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–3179. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General information concerning the Commission may also be obtained by accessing its internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal, telephone (202) 205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on July 2, 2026, based on a complaint filed by Seer, Inc. of Redwood City, California and The Brigham and

Women's Hospital of Boston, Massachusetts (collectively, "Complainants"). 91 FR 40589–90 (July 2, 2026). The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, based on the importation into the United States, the sale for importation, and the sale within the United States after importation of certain systems, devices, software, compositions, chemicals, and laboratory supplies for studying proteins by reason of the infringement of certain claims of U.S. Patent Nos. 11,435,360; 11,630,112; 12,050,222; 12,228,566; and 12,590,948 (collectively, the "Asserted Patents"). *Id.* at 40589. The complaint further alleges that a domestic industry exists. *Id.* The notice of investigation names only Nanomics as a respondent. *Id.* The Office of Unfair Import Investigations ("OUII") is also named as a party. *Id.*

On September 14, 2026, Nanomics filed a notice of intent to default ("Notice") pursuant to Commission Rule 210.16(b)(3)(i) (19 CFR 210.16(b)(3)(i)). Nanomics states that it submits its Notice after "having considered the cost and burden of continued participation in this investigation," and without conceding "infringement, validity or [*sic*] any Asserted Patent, or truth of any allegation in the Complaint." Notice at 1. Nanomics also states that it "will raise no further defenses and will not make any further submissions or otherwise participate in this investigation." *Id.*

On September 16, 2026, the presiding ALJ issued the subject ID (Order No. 7) finding Nanomics in default. The ID notes that, pursuant to Commission Rule 210.16(b)(3)(ii) (19 CFR 210.16(b)(3)(ii)), "[u]pon the filing of a notice of intent to default" the presiding ALJ "shall issue an [ID] finding the respondent in default without first issuing the show-cause order of paragraph (b)(1)(i) of this section" and that "[s]uch default will be treated in the same manner as any other default under this section." ID at 1. The ALJ also stayed all procedural deadlines in the investigation given that Nanomics is the sole respondent. *Id.* at 2. The ALJ further denied as moot Complainants' pending motion to find Nanomics in default and to stay all procedural deadlines. *Id.* No petitions for review of the subject ID were filed.

Having reviewed the record of this investigation, including the subject ID and the parties' submissions to the ALJ, the Commission has determined not to review the subject ID. Respondent Nanomics is hereby in default in this

investigation pursuant to Commission Rule 210.16(b)(3).

In connection with the final disposition of this investigation, the statute authorizes issuance of, *inter alia*, (1) an exclusion order that could result in the exclusion of the subject articles from entry into the United States; and/or (2) cease and desist orders that could result in the respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843, Comm'n Op. at 7–10 (Dec. 1994).

The statute requires the Commission to consider the effects of that remedy upon the public interest. The public interest factors the Commission will consider include the effect that an exclusion order and any cease and desist order would have on: (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve, disapprove, or take no action on the Commission's determination. See Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

Written Submissions: Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written

submissions on the issues of remedy, the public interest, and bonding.

In their initial submission, Complainants are also requested to identify the remedy sought and Complainants and OUII are requested to submit proposed remedial orders for the Commission's consideration. Complainants are further requested to state the dates that the Asserted Patents expire, to provide the HTSUS subheadings under which the accused products are imported, and to supply the identification information for all known importers of the products at issue in this investigation. All initial written submissions, from the parties and/or third parties/interested government agencies, and proposed remedial orders from the parties must be filed no later than the close of business on October 30, 2026. All reply submissions must be filed no later than the close of business on November 6, 2026. Initial submissions from the parties are limited to 15 pages. Reply submissions from the parties are limited to 10 pages. All submissions from third parties and/or interested government agencies are limited to 10 pages. No further submissions on any of these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above pursuant to 19 CFR 210.4(f). Submissions should refer to the investigation number (Inv. No. 337-TA-1508) in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, https://www.usitc.gov/secretary/documents/handbook_on_filing_procedures.pdf). Persons with questions regarding filing should contact the Secretary, (202) 205–2000.

Any person desiring to submit a document to the Commission in confidence must request confidential treatment by marking each document with a header indicating that the document contains confidential information. This marking will be deemed to satisfy the request procedure set forth in Rules 201.6(b) and 210.5(e)(2) (19 CFR 201.6(b) & 210.5(e)(2)). Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. Any non-party wishing to submit comments containing confidential information must serve those comments on the parties to the investigation pursuant to the applicable Administrative Protective Order. A redacted non-confidential version of the document must also be filed with the Commission and served on any parties

to the investigation within two business days of any confidential filing. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes. All contract personnel will sign appropriate nondisclosure agreements. All nonconfidential written submissions will be available for public inspection on EDIS.

The Commission vote for this determination took place on October 13, 2026.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

Issued: October 13, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-21100 Filed 10-14-26; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

[CPCLO Order No. 011-2026]

Privacy Act of 1974; Systems of Records

AGENCY: Bureau of Justice Statistics, Office of Justice Programs, United States Department of Justice.

ACTION: Notice of a new system of records.

SUMMARY: Pursuant to the Privacy Act of 1974, 5 U.S.C. 552a, and Office of Management and Budget (OMB) Circular No. A-108, notice is hereby given that the Office of Justice Programs (OJP), a component within the U.S. Department of Justice (DOJ) or Department), proposes to develop a new system of records notice titled Bureau of Justice Statistics (BJS) Statistical Data, JUSTICE/OJP-017. OJP proposes to establish this system of records to support BJS's mission to collect, analyze, publish, and disseminate

information on crime, criminal offenders, victims of crime, and the operation of justice at all levels of government. The purpose of this system of records is to maintain the statistical data that BJS collects, acquires, or maintains through questionnaires, surveys, interviews, focus groups, and administrative records to carry out BJS's statistical mission.

DATES: In accordance with 5 U.S.C. 552a(e)(4) and (11), this notice is effective upon publication, subject to a 30-day period in which to comment on the routine uses, described below. Please submit any comments by November 16, 2026.

ADDRESSES: The public, OMB, and Congress are invited to submit any comments to the U.S. Department of Justice, Office of Privacy and Civil Liberties, ATTN: Privacy Analyst, Justice Management Division, Office of General Counsel, Office of Privacy and Civil Liberties, 145 N Street NE, Suite 8W.300, Washington, DC 20530, by facsimile at 202-307-0693, or email at privacy.compliance@usdoj.gov. To ensure proper handling, please reference the above CPCLO Order No. in your correspondence.

FOR FURTHER INFORMATION CONTACT:

Bureau of Justice Statistics, Office of Justice Programs, ATTN: Statistical Policy and Standards Unit, 999 N Capitol Street NE, Washington, DC 20531 or AskBJS@usdoj.gov. To ensure proper handling, please reference "BJS SORN" in your correspondence.

SUPPLEMENTARY INFORMATION: The Bureau of Justice Statistics (BJS), located within the Office of Justice Programs (OJP) in the U.S. Department of Justice (DOJ), is a recognized statistical agency and is one of 13 principal statistical agencies recognized by the Office of Management and Budget (OMB). Consistent with *Responsibilities of Recognized Statistical Agencies and Units*, 5 CFR 1321, BJS's activities are predominantly the collection, compilation, processing, or analysis of information described below for statistical purposes. Statistical purpose means "the description, estimation, or analysis of the characteristics of groups, without identifying the individuals or organizations that comprise such groups." 44 U.S.C. 3561 (12). Statistical purposes exclude "any administrative, regulatory, law enforcement, adjudicatory, or other purpose that affects the rights, privileges, or benefits of a particular identifiable respondent." 44 U.S.C. 3561(8).

BJS's mission is to collect, analyze, publish, and disseminate data on crime, criminal offenders, victims of crime,

and the operation of justice systems at all levels of government. BJS also collects data on civil justice and administrative matters, including information on civil and administrative proceedings to study civil justice systems and issues, particularly when such matters bear directly and substantially on criminal justice issues. See 34 U.S.C. 10237. BJS provides criminal, civil, and administrative justice data to legislators, policymakers, criminal justice officials, researchers, and the public. These audiences use the data to analyze justice system operations and inform budgetary, programmatic, and policy decisions across criminal, civil, and administrative contexts.

This is a new system of records that includes information collected under BJS's authority from sources including demographic survey respondents (individuals or households) and from administrative data that are routinely maintained by other establishments including federal, state, local, and tribal criminal and civil justice or governmental agencies and offices. The purpose of this system of records is to maintain data collected under BJS's authority through questionnaires, paper and electronic survey tools, interviews, focus groups, and administrative records to support its statistical mission. BJS regularly obtains information with direct identifiers, including names, addresses, social security numbers, and other identifiers. BJS may also collect other records with information such as criminal history and victimization information, demographic information, employment information, civil and administrative proceedings information, and medical information to complete its statistical activities. As a federal statistical agency, BJS is governed by strict data use, privacy, and confidentiality laws. 34 U.S.C. 10231(a); 34 U.S.C. 10134; and 28 CFR 22.

Summary of BJS's Data Use and Confidentiality Obligations

BJS conducts its statistical data collections under the authority of 34 U.S.C. 10132. BJS is also authorized to administer data collections under 34 U.S.C. 10132 in conjunction with different statutes and the purposes described therein, for example, the Prison Rape Elimination Act of 2003 (PREA; Pub. L. 108-79) and the Death in Custody Reporting Act of 2013 (DCRA; Pub. L. 113-242).

BJS may only use the data it collects for statistical and research purposes and must protect respondents' privacy and confidentiality under 34 U.S.C. 10231(a). Additionally, 34 U.S.C. 10134

requires that “[d]ata collected by the Bureau shall be used only for statistical or research purposes, and shall be gathered in a manner that precludes their use for law enforcement or any purpose relating to a private person or public agency other than statistical or research purposes.” PREA data are further protected under the confidentiality requirements in Public Law 108–79, 4 (34 U.S.C. 30303(5)), except as authorized under 34 U.S.C. 30303(7).

BJS’s confidentiality protections apply to information identifiable to a private person, which includes both individuals and establishments as defined in and consistent with the applicability requirements the Department of Justice’s Confidentiality of Identifiable Research and Statistical Information Rule, 28 CFR 22. This includes, under 28 CFR 22.2(e) information identifiable to a private person, meaning data that is labeled with personal identifiers or can be reasonably linked to a specific individual based on small sample or cell sizes, combinations of indirect identifiers, or linkage to other data sources.

In accordance with 5 U.S.C. 552a(r), the Department has provided a report to OMB and Congress on the new system of records.

Dated: October 5, 2026.

Laurence E. Rothenberg,
Chief Privacy and Civil Liberties Officer,
United States Department of Justice.

JUSTICE/OJP–017

SYSTEM NAME AND NUMBER:

Bureau of Justice Statistics (BJS)
Statistical Data, JUSTICE/OJP–017.

SECURITY CLASSIFICATION:

Unclassified

SYSTEM LOCATION:

Office of Justice Programs, U.S.
Department of Justice, 999 N. Capitol
Street NE, Washington, DC 20531

SYSTEM MANAGER(S):

Director, Enterprise Infrastructure and
Engineering Division, Office of the Chief
Information Officer, Office of Justice
Programs

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

The Bureau of Justice Statistics (BJS) conducts its statistical data-collection activities pursuant to 34 U.S.C. 10132. BJS is located within the Office of Justice Programs (OJP) in the U.S. Department of Justice (DOJ), and is a statistical agency formally recognized by the Office of Management and Budget (OMB). See Responsibilities of

Recognized Statistical Agencies and Units, 5 CFR 1321. BJS’s activities are predominantly the collection, compilation, processing, or analysis of information for statistical purposes. Statistical purpose means “the description, estimation, or analysis of the characteristics of groups, without identifying the individuals or organizations that comprise such groups.” 44 U.S.C. 3561 (12). Statistical purposes exclude “any administrative, regulatory, law enforcement, adjudicatory, or other purpose that affects the rights, privileges, or benefits of a particular identifiable respondent.” 44 U.S.C. 3561(8).

BJS and its award recipients acting as BJS-data collection agents, at any stage (including collection, storage, analysis, or dissemination), may use the information collected under BJS’s direction solely for statistical and research purposes. All entities must comply with strict confidentiality protections set forth in 34 U.S.C. 10231(a); 34 U.S.C. 10134; and 28 CFR 22.

In addition to its primary statutory authority, BJS administers certain data collections under different statutes in conjunction with 34 U.S.C. 10132 including the Death in Custody Reporting Act of 2013 (DCRA; Pub. L. 113–242) or the Prison Rape Elimination Act of 2003 (PREA) Public Law 108–79. PREA data are further protected under the confidentiality provisions in Public Law 108–79, 4 (34 U.S.C. 30303).

PURPOSE(S) OF THE SYSTEM:

The purpose of this system of records is to maintain the statistical data that BJS collects, acquires, or maintains through questionnaires, surveys, interviews, focus groups, and administrative records from criminal and civil justice agencies to support BJS’s statutory mission to collect, analyze, publish, and disseminate statistical information on crime, criminal offenders, victims of crime, and the operation of justice systems at all levels of government. BJS uses this information to produce aggregate statistical reports and data products, conduct methodological research to improve survey operations, and comply with specific statutory mandates under the Prison Rape Elimination Act (PREA) or Death in Custody Reporting Act (DCRA).

Consistent with 34 U.S.C. 10231(a), BJS is prohibited from using individual-level data for compliance, regulatory, or enforcement activities or to make determinations about an individual’s benefits. BJS makes its published microdata available through its data

archive for secondary analysis, subject to strict confidentiality protections and appropriate access controls based on disclosure risk assessments. All data collection, use, sharing, and dissemination activities are conducted solely for statistical and research purposes under BJS’s governing authorities at 34 U.S.C. 10132.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM

SELF-REPORTING SURVEYS:

Households participating in victimization surveys; individuals who have experienced or witnessed criminal victimization; inmates currently incarcerated in federal prisons, state prisons, or local jails; individuals under community supervision including probationers and parolees; individuals previously incarcerated who participate in recidivism or post-release studies; arrestees participating in specialized surveys; and juveniles in residential placement facilities.

ADMINISTRATIVE RECORDS:

Individuals whose records are maintained by criminal and civil justice agencies, including: arrestees and suspects whose information is recorded by law enforcement agencies; defendants prosecuted in federal, state, local, or tribal courts; individuals sentenced by courts; inmates admitted to or released from correctional facilities; individuals under probation or parole supervision; individuals involved in cases handled by prosecutors’ or public defender offices; individuals who work at criminal justice or victim service provider organizations; and decedents who died while in the custody of law enforcement or correctional agencies.

CATEGORIES OF RECORDS IN THE SYSTEM:

Categories of records in this system include working statistical files (e.g., those files being analyzed to produce reports), administrative data files (e.g., those files containing information provided by federal, state, local, or tribal criminal and civil justice or governmental agencies and offices), survey data files (i.e., those files containing answers directly from the respondent), and/or data contact files (i.e., those files used for contacting respondents). Examples of the data that will be maintained in this system of records include: activity and event-related information (e.g., alcohol and substance abuse, physical abuse, sexual abuse, victimization, mortality, and relationship to victim or perpetrator); criminal justice history information (e.g., arrest date(s) and location(s), arrest

charge(s), disposition(s), appeal(s), incarceration status, and criminal justice agency and court name); non-criminal data including civil and administrative proceedings information from immigration courts (*e.g.*, immigration-related charges, bond redetermination requests and decisions, applications for relief or protection from removal, basis of asylum or withholding of removal application, and court and appeals decisions); general personal information (*e.g.*, name, address, citizenship status, country of nationality, language, and date of birth); medical information; military service information; financial information; identifying numbers (*e.g.*, FBI ID number, state ID number, state Department of Correction (DOC) ID number, social security number (SSN), Alien Registration Number, and file, case, and arrest numbers); employment information; computer network address (URL); and respondent contact information (*e.g.*, name, address, phone number, and email address).

RECORD SOURCE CATEGORIES:

Records in this system are obtained directly from individual survey respondents through questionnaires, interviews, and other data collection instruments; from administrative records maintained by federal, state, local, and Tribal criminal and civil justice agencies and offices, including but not limited to law enforcement agencies, courts, correctional facilities, probation and parole agencies, prosecutors' and public defender offices, and medical examiners; from governmental agencies and establishments such as victim service providers and juvenile justice facilities; and from data extracts, reports, and establishment surveys provided by these entities. BJS may combine survey data with administrative records data, where practical and permissible, to enhance data quality, reduce respondent burden and collection costs, improve data completeness, and support statistical analysis.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

In addition to those disclosures generally permitted under 5 U.S.C. 552a(b), all or a portion of the records or information contained in this system of records may be disclosed as a routine use pursuant to 5 U.S.C. 552a(b)(3) under the circumstances or for the purposes described below, however, disclosures of individually identifiable information are subject to the confidentiality protections of both 34

U.S.C. 10231(a), which prohibit the use of information collected for statistical or research purposes for any non-statistical or research purposes and 34 U.S.C. 10134, prohibiting use of statistical or research data for law enforcement, compliance, and investigative purposes, consistent with the applicability described in 28 CFR 22.20. The confidentiality of survey respondents for collections administered under the PREA are further protected under the confidentiality provisions of 34 U.S.C. 30303(a)(5), except as authorized under (a)(7). Furthermore, to the extent such disclosures are compatible with the purposes for which the information was collected and not contrary to law, routine uses are as follows:

1. To contractors, award recipients, subcontractors, consultants, and other authorized individuals performing or working on a BJS-funded contract, grant, cooperative agreement, or interagency agreement, consistent with BJS's statutory authorities, when necessary to accomplish an agency function related to this system of records and support BJS's statistical mission. Such individuals work under BJS's authority and direction as agents to collect, receive, handle, analyze, transfer, process, store, and/or disseminate records maintained in this system of records. Access to records is based on an individual's job responsibilities and need to know to support BJS objectives.

2. To federal governmental agencies and offices, consistent with BJS's statutory authorities, for approved statistical and research purposes, including to facilitate the linkage of statistical records through the use of personal identifiers for example general personal information (*e.g.*, name, address, citizenship status, country of nationality, and date of birth); and identifying numbers (*e.g.*, FBI ID number, state ID number, state Department of Correction (DOC) ID number, social security number (SSN) (as to BJS administrative statistical data collections only), Alien Registration Number, and file, case, and arrest numbers).

3. To another federal agency; the Congressional Budget Office; State, local, and Tribal governments; researchers; and other individuals, as appropriate, to support approved statistical, research, and evidence-building purposes, consistent with BJS's statutory authorities.

4. To such recipients and under such circumstances and procedures as are mandated by federal statute or treaty.

5. To a Member of Congress or staff acting upon the Member's behalf when the Member or staff requests the

information on behalf of, and at the request of, the individual who is the subject of the record.

6. To appropriate agencies, entities, and persons when (1) the Department suspects or has confirmed that there has been a breach of the system of records; (2) the Department has determined that as a result of the suspected or confirmed breach, there is a risk of harm to individuals, the Department (including its information systems, programs, and operations), the Federal Government, or national security; and (3) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the Department's efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm.

7. To another federal agency or federal entity, when the Department determines that information from this system of records is reasonably necessary to assist the recipient agency or entity in (1) responding to a suspected or confirmed breach, or (2) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its information systems, programs, and operations), the Federal Government, or national security, resulting from a suspected or confirmed breach.

8. To the National Archives and Records Administration (NARA) for the purpose of records management inspections conducted under the authority of 44 U.S.C. 2904 and 2906.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records will be stored in secure drives and secure Cloud platforms. In rare cases where physical copies of records are received, they will be stored in a secure, locked area with appropriate physical and administrative controls, until they can be digitized, stored securely, and disposed of according to National Institute of Standards and Technology (NIST) standards to clear, purge, and destroy data to prevent unauthorized recovery, or currently accepted federal requirements. Information systems that store BJS data will maintain the appropriate technical controls to safeguard the data in accordance with 28 CFR 22, the Federal Information Security Modernization Act, NIST, and other applicable federal requirements. Datasets are accessible only by authorized personnel. Control lists will be used to restrict access to those employees with a need to know; access will be granted based on job functions and access logs will be maintained and audited periodically to ensure only

authorized staff access confidential BJS data. BJS data collection agents are required to maintain a comparable level of protection and adhere to the data security requirements described in 28 CFR 22.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

A limited number of individuals on the BJS project team, including BJS employees and its data collection agents who are authorized to complete statistical activities under BJS's direction, will have access to records, as needed on a project-specific basis. Requisite OJP and contractor IT security administrators will have access to the stored data to complete essential job functions. BJS and its data collection agents may use a personal identifier such as name, associated case file number, and type of crime or victimization to retrieve information about a specific record for activities related to its statistical and research work, such as data quality checks to resolve missing, incongruous, or incomplete information; or survey sampling frame development activities for routine statistical analysis purposes. BJS may also use personal identifiers such as an individual's name and, for example, a criminal justice case number or facility location (in the case of inmates) to retrieve specific records that need to be purged or updated.

Consistent with its authorizing confidentiality and data use statutes, BJS policies adheres strictly to prohibiting the unauthorized use or disclosure of personal identifiers for reasons other than statistical or research purposes, such as to look up information on a specific private person for individual-level investigative, compliance, or enforcement purposes or to make determinations about the receipt of benefits. To further minimize the risk of unauthorized use or disclosure of personal identifiers maintained in BJS systems, BJS will delete direct identifiers from its data analysis files and replace them with unique non-identifying codes where practical and when doing so will not compromise data integrity, reliability, or utility. When direct identifiers cannot be replaced with non-identifying codes, BJS will store the personal identifiers in secure systems in accordance with the Federal Information Security Modernization Act (FISMA) and ensure that only authorized staff have access to the records to protect the information from unauthorized use or disclosure.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

BJS official records, including final versions of collected data and all related research and statistical records, are currently classified as *Unscheduled Records*, in accordance with National Archives and Records Administration (NARA) guidance. As *unscheduled* federal records, these materials cannot be destroyed and must be retained indefinitely until a NARA-approved records disposition schedule is established. Working data files and duplicates are disposed of using secure methods when no longer needed for business purposes.

BJS is actively developing a comprehensive records disposition schedule that will outline permanent retention and transfer requirements for statistical products, supporting documentation, and related analytical files. Until NARA approves this schedule, all BJS official records, whether electronic or physical, will continue to be maintained securely and without destruction.

Where applicable, BJS adheres to relevant NIST or other accepted federal standards to securely remove and dispose of data from its servers and physical media. Such standards include using various techniques to securely clear, purge, and destroy the data, such as cryptographic erasure, shredding, and degaussing procedures.

For BJS award recipients, final disposition requirements remain governed by 28 CFR 22.25 and the terms of the award agreement. Such entities are authorized to destroy identifiable or nonpublic data using secure disposition standards only after secure transfer to BJS and receipt of written destruction authorization from BJS. These requirements do not alter BJS's mandatory retention of official records.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

BJS is required to comply with applicable Federal and DOJ IT security policies, procedures, and guidelines to adequately secure and protect information systems against unauthorized disclosure (28 CFR 22), specifically to: assess and secure information systems in accordance with the Federal Information Security Modernization Act (FISMA); adhere to National Institute of Standards and Technology (NIST) guidelines to categorize and secure data; reduce the volume of records collected and retained to the minimum necessary; limit access to information identifiable to a private person and restrict its use for only the approved purposes;

complete data security and confidentiality training, as applicable; and comply with DOJ policies on remote access and security incident preparation, reporting, and notification.

BJS data collection agents are required to maintain the appropriate physical, technical, and administrative controls and security procedures to protect information identifiable to a private person from unauthorized disclosure or misuse (28 CFR 22). Further, BJS award recipients must maintain a data management plan that describes the specific controls and procedures that will be used to safeguard the administrative, technical, and physical security of identifiable data and return to BJS and destroy all nonpublic data to BJS at the end of the project period.

Any person who violates BJS's confidentiality provisions of 34 U.S.C. 10231 may be punished by a fine of up to \$10,000, in addition to any other penalties imposed by Federal law.

To comply with the Federal Cybersecurity Enhancement Act of 2015 and mitigate cybersecurity threats, OJP facilitates the inspection of all information transmitted to and from OJP systems including, but not limited to, respondent data collected and maintained by BJS.

The BJS Data Protection Guidelines, found on the BJS website (www.bjs.gov) summarize BJS's responsibilities related to the collection, handling, use, dissemination, protection, and disposition of data collected under BJS's authority.

RECORD ACCESS PROCEDURES:

A major part of this system is exempted from this requirement under subsections (c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), and (f) of the Privacy Act pursuant to 5 U.S.C. 552a(k)(4). A determination as to exemption shall be made at the time a request for access is received. All requests for access to records must be in writing and should be addressed as follows:

OJP FOIA Officer; Office of Justice Programs; Office of the General Counsel; 999 North Capitol Street NE, Washington, DC 20002.

The envelope and letter should be clearly marked "Privacy Act Access Request." The request must describe the records sought in sufficient detail to enable DOJ personnel to locate them with a reasonable amount of effort. The request must include a general description of the records sought and must include the requester's full name, current address, and date and place of birth. The request must be signed and either notarized or submitted under penalty of perjury.

Although no specific form is required, you may obtain forms for this purpose from the FOIA/Privacy Act Mail Referral Unit, United States Department of Justice, 950 Pennsylvania Avenue NW, Washington, DC 20530, or on the Department of Justice website at <https://www.justice.gov/oip/oip-request.html>.

More information regarding the DOJ's procedures for accessing records in accordance with the Privacy Act can be found at 28 CFR part 16 Subpart D, "Protection of Privacy and Access to Individual Records Under the Privacy Act of 1974."

CONTESTING RECORD PROCEDURES:

Individuals seeking to contest or amend records pertaining to them, maintained in this system of records, must direct their requests to the address indicated in the "RECORD ACCESS PROCEDURES" paragraph, above. All requests to contest or amend records must be in writing and the envelope and letter should be clearly marked "Privacy Act Amendment Request." All requests must state clearly and concisely what record is being contested, the reasons for contesting it, and the proposed amendment to the record.

More information regarding the DOJ's procedures for amending or contesting records in accordance with the Privacy Act can be found at 28 CFR 16.46, "Requests for Amendment or Correction of Records."

NOTIFICATION PROCEDURES:

Individuals may request to be notified if a record in this system of records pertains to them by utilizing the same procedures as those identified in the "RECORD ACCESS PROCEDURES" paragraph, above.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

The Attorney General has exempted this system from subsections (c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), and (f) of the Privacy Act pursuant to 5 U.S.C. 552a(k)(4). The reasons for asserting these exemptions are to comply with the confidentiality provisions of 34 U.S.C. 10231 and 34 U.S.C. 30303 and the requirements of 34 U.S.C. 10134 and 44 U.S.C. 3563 that the data are to be used solely for statistical purposes and to avoid unlawful consideration of these records whose sole statistical and research use comports fully with a basic purpose of the Privacy Act, namely, that no adverse disclosures are made from these records as to any identifiable individual. The exemptions will be applied only to the extent that the information in the system is subject to exemption pursuant to 5 U.S.C. 552a(k)(4). Rules are in the process of

being promulgated in accordance with the requirements of 5 U.S.C. 553(b), (c), and (e) and are in the process of being published in the **Federal Register**.

HISTORY:

None.

[FR Doc. 2026–21055 Filed 10–14–26; 8:45 am]

BILLING CODE 4410–18–P

DEPARTMENT OF JUSTICE

[CPCLO Order No. 013–2026]

Privacy Act of 1974; Systems of Records

AGENCY: Executive Office for Immigration Review, United States Department of Justice.

ACTION: Notice of a new system of records.

SUMMARY: Pursuant to the Privacy Act of 1974 and Office of Management and Budget (OMB) Circular No. A–108, notice is hereby given that the Executive Office for Immigration Review (EOIR), a component within the United States Department of Justice (DOJ or Department), proposes to develop a new system of records notice titled "Fraud and Abuse Prevention Program Records," and numbered JUSTICE/EOIR–006. This system of records assists the EOIR Fraud and Abuse Prevention Program (Fraud Program) in receiving, tracking, and managing complaints of suspected immigration fraud, abuse, and unauthorized practice of immigration law, and in referring complaints to Federal, state, and local law enforcement and disciplinary authorities when appropriate. Fraud Program records were previously included within a different system of records, JUSTICE/EOIR–001. *See* 69 FR 16179 (May 11, 2004). However, JUSTICE/EOIR–001 was recently modified and now only partially covers Fraud Program records. *See* JUSTICE/EOIR–001, Adjudication and Appeal Records of the Office of the Chief Immigration Judge and Board of Immigration Appeals, 90 FR 42265 (Aug. 29, 2025). Accordingly, EOIR proposes to establish a new system of records encompassing all Fraud Program records.

DATES: In accordance with 5 U.S.C. 552a(e)(4) and (11), this notice is effective upon publication, subject to a 30-day period in which to comment on the routine uses, described below. Routine uses will become effective after the 30-day comment period. Please submit any comments by November 16, 2026.

ADDRESSES: The public, OMB, and Congress are invited to submit any comments by mail to the United States Department of Justice, Office of Privacy and Civil Liberties, ATTN: Privacy Analyst, Two Constitution Square (2CON), 145 N Street NE, Suite 8W.300, Washington, DC 20530; by facsimile at 202–307–0693; or by email at privacy.compliance@usdoj.gov. To ensure proper handling, please reference the above CPCLO Order No. on your correspondence.

FOR FURTHER INFORMATION CONTACT:

Justine Fuga, Senior Component Official for Privacy, Office of the General Counsel; Executive Office for Immigration Review, 5107 Leesburg Pike, Suite 2600, Falls Church, VA 22041; Justine.Fuga@usdoj.gov; EOIR.Privacy.Intake@usdoj.gov.

SUPPLEMENTARY INFORMATION: The primary mission of EOIR is to adjudicate immigration cases by fairly, expeditiously, and uniformly interpreting and administering the Nation's immigration laws. Under delegated authority from the Attorney General, EOIR conducts immigration court proceedings, appellate reviews, and administrative hearings. Individuals and aliens who are subjects of EOIR immigration proceedings may be represented by counsel.

Within EOIR's Office of the General Counsel (OGC), under the supervision of a designated anti-fraud officer, the Fraud and Abuse Prevention Program (Fraud Program) investigates complaints of immigration fraud, immigration scams, and the unauthorized practice of immigration law within EOIR proceedings. The Fraud Program refers complaints of fraud to appropriate law enforcement and disciplinary authorities; and it provides training for EOIR personnel, outreach materials, and education for the public on these issues. *See* 8 CFR 1003.0(f)(2).

The anti-fraud officer serves as a point of contact relating to concerns about possible fraud involving EOIR proceedings, particularly with respect to matters relating to fraudulent applications or documents affecting multiple removal proceedings, applications for relief from removal, appeals, or other proceedings before EOIR. 8 CFR 1003.0(f)(2)(i). The Fraud Program coordinates with investigative authorities of the Department of Justice, Department of Homeland Security, and other appropriate agencies with respect to the identification of and response to reported fraud. 8 CFR 1003.0(f)(2)(ii). The Fraud Program also collaborates with the EOIR disciplinary counsel and with other appropriate authorities with

respect to instances of fraud, misrepresentation, or abuse pertaining to an attorney or accredited representative providing representation to clients in EOIR immigration proceedings. 8 CFR 1003.0(f)(2)(iii).

This system of records is used by the Fraud Program in connection with its work receiving, tracking, managing, investigating, and responding to reports of suspected immigration fraud, abuse, and unauthorized practice of immigration law, and referring complaints to Federal, state, local, territorial, or tribal law enforcement and disciplinary authorities when appropriate. The system consists primarily of electronic records. Records received in hard copy are digitized and the hard copies are disposed of following quality control checks of the digital copies, in accordance with authorized agency records information management practices. Records are stored on the DOJ EOIR Microsoft Azure Cloud in agency shared drives and disposed of in accordance with applicable record retention schedules. As such, EOIR has prepared this system of records notice to account for the changes to JUSTICE/EOIR–001, resulting in the need for a system of records specific to the Fraud Program system of records.

Finally, pursuant to 5 U.S.C. 552a(k)(2), EOIR claims that information in this system is exempt from 5 U.S.C. 552a(c) and (d). Rules will be promulgated in accordance with the requirements of 5 U.S.C. 553(b), (c), and (e) and will be published and codified in the **Federal Register** at 28 CFR 16.83.

In accordance with 5 U.S.C. 552a(r), the Department has provided a report to OMB and Congress on this new system of records.

Dated: October 5, 2026.

Laurence E. Rothenberg,
Chief Privacy and Civil Liberties Officer,
United States Department of Justice.

JUSTICE/EOIR–006

SYSTEM NAME AND NUMBER:

Fraud and Abuse Prevention Program Records.

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

Executive Office for Immigration Review, Department of Justice, 5107 Leesburg Pike, Suite 2600, Falls Church, Virginia 22041. Electronic records are maintained and stored in network drives hosted on the DOJ EOIR Microsoft Azure Cloud.

SYSTEM MANAGER(S):

General Counsel, Office of the General Counsel, Executive Office for Immigration Review, 5107 Leesburg Pike, Suite 2600, Falls Church, VA 22041.

Chief Information Officer, Office of Information Technology, Executive Office for Immigration Review, 4825 Mark Center Drive, Suite 200, Alexandria, VA 22311.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

8 U.S.C. 1101, 1103, 1154, 1158–59, 1229a, 1255, 1255a, 1324a, 1324b, 1324c, 1362; 8 CFR parts 1001 and 1003; 8 CFR 1003.0, 1003.1(d)(2)(iii), 1003.1(d)(5), 1003.101–111, 1292.1, 1292.3, 1292.19, 292.3; 28 CFR 68.33, 68.35, 68.36; Presidential Memorandum for the Attorney General and the Secretary of Homeland Security on Preventing Abuses of the Legal System and the Federal Court (Mar. 22, 2025); EOIR Policy Memorandum (PM) 25–19 (Amended), *EOIR’s Anti-Fraud Program* (Feb. 5, 2025); EOIR PM 19–07, *Identifying and Reporting Fraud and Abuse* (Dec. 19, 2018); EOIR PM 19–06, *Internal Reporting of Suspected Ineffective Assistance of Counsel and Professional Misconduct* (Dec. 18, 2018).

PURPOSE(S) OF THE SYSTEM:

The purpose of this system is to maintain records of the Fraud Program in connection with its work receiving, tracking, managing, investigating, and responding to reports of suspected immigration fraud, abuse, and unauthorized practice of immigration law, and referring complaints to law enforcement and disciplinary authorities when appropriate. The records in the system are also used to generate statistical reports, informational materials for public awareness concerning immigration fraud issues, and internal materials to train EOIR personnel in identifying and reporting suspected fraud.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

This system includes records pertaining to complainants, witnesses, and subjects of investigations of alleged fraud; EOIR adjudicators and personnel reporting, observing, or investigating alleged fraud; individuals who are subjects of EOIR immigration proceedings; attorneys, representatives, and organizations practicing before EOIR adjudicators; and law enforcement and disciplinary authorities to which the Fraud Program refers complaints.

CATEGORIES OF RECORDS IN THE SYSTEM:

The system includes the following categories of electronic records: Fraud

Program case files, related data, and education and training materials.

Fraud Program case files consist of: complaints of fraud, including the complainant’s contact information; evidentiary records submitted with complaints or collected during the course of investigating and substantiating complaints, including copies of relevant portions of official records of immigration proceedings and digital audio recordings of immigration hearings; correspondence, witnesses statements, memoranda, and notes collected or created in the course of investigating and substantiating complaints; correspondence with law enforcement and disciplinary authorities to which a complaint may be referred.

Fraud Program data contained in the records in this system consists of: complaints, including case number and status; the date a complaint or case was reported or closed; names and contact information of complainants, witnesses, subjects, and law enforcement or disciplinary authorities; and date of birth, age, sex, and physical descriptors of the complainants, witnesses, or subjects, as well as their alien registration number (A-number), and/or EOIR ID numbers. Fraud Program data is used to generate statistical reports.

This system includes general educational materials, including the Fraud Program Newsletter, created by the Fraud Program for purposes of informing and raising internal and/or public awareness concerning immigration-related fraud issues. The system also includes internal training materials and presentations developed by the Fraud Program to train EOIR personnel on identifying and reporting suspected fraud.

RECORD SOURCE CATEGORIES:

Records in this system are generated or provided by members of the public; EOIR personnel; and law enforcement or disciplinary authorities.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

In addition to those disclosures generally permitted under 5 U.S.C. 552a(b), all or a portion of the records contained in this system of records may be disclosed as a routine use pursuant to 5 U.S.C. 552a(b)(3) under the circumstances or for the purposes described below, to the extent such disclosures are compatible with the purposes for which the information in the record was collected:

(1) To the Department of Homeland Security (DHS), including but not

limited to the Disciplinary Counsel(s) for the U.S. Citizenship and Immigration Services (USCIS), Homeland Security Investigations, and Fraud Detection and National Security Directorate, to investigate and respond to complaints of fraud;

(2) To Federal agencies, including but not limited to the Federal Trade Commission and DHS, involved in statistical analysis of data, and publication and/or reporting of aggregated or de-identified information designed to improve the efficiency and effectiveness of immigration proceedings at those agencies or to better meet EOIR's mission of adjudicating cases fairly, expeditiously, and uniformly interpreting and administering the Nation's immigration laws.

(3) Where a record, either alone or in conjunction with other information, indicates a violation or potential violation of law—criminal, civil, or regulatory in nature—to the appropriate federal, state, local, territorial, tribal, or foreign law enforcement authority or other appropriate entity charged with the responsibility for investigating or prosecuting such violation or charged with enforcing or implementing such law.

(4) To any person or entity that EOIR has reason to believe possesses information regarding a matter within the jurisdiction of EOIR, to the extent deemed to be necessary by EOIR in order to elicit such information or cooperation from the recipient for use in the performance of an authorized activity, such as to assist EOIR in evaluating and substantiating claims of immigration-related fraud or abuse or unauthorized practice of immigration law.

(5) In an appropriate proceeding before a court, grand jury, or administrative or adjudicative body, when the Department or an adjudicator determines that the records are relevant to the proceeding; or when the records are relevant to a proceeding and the DOJ or any subcomponent thereof is authorized to appear in it; or when any of the following is a party to litigation or has an interest in litigation: DOJ or any components thereof; any DOJ employee in his or her official capacity; any DOJ employee in his or her individual capacity where DOJ has agreed to represent the employee; or the United States where DOJ or any component thereof determines that litigation is likely to affect it or any of its subdivisions.

(6) To an actual or potential party to litigation or the party's authorized representative for the purpose of

negotiation or in connection with settlement, plea bargaining, or discovery proceedings, whether formal or informal.

(7) To the news media and the public, including disclosures pursuant to 28 CFR 50.2, unless it is determined that release of the specific information in the context of a particular case would constitute an unwarranted invasion of personal privacy.

(8) To contractors, grantees, experts, consultants, students, and others performing or working on a contract, service, grant, cooperative agreement, or other assignment for the agency, when necessary to accomplish an agency function related to this system of records.

(9) To designated officers and employees of state, local, territorial, or tribal law enforcement or detention agencies in connection with the hiring or continued employment of an employee or contractor, where the employee or contractor would occupy or occupies a position of public trust as a law enforcement officer or detention officer having direct contact with the public or with prisoners or detainees, to the extent that the information is necessary to the recipient agency's decision.

(10) To appropriate officials and employees of a federal agency or entity that requires information relevant to a decision concerning the hiring, appointment, or retention of an employee; the assignment, detail, or deployment of an employee; the issuance, renewal, suspension, or revocation of a security clearance; the execution of a security or suitability investigation; the letting of a contract, or the issuance of a grant or benefit.

(11) To a former employee of the Department for purposes of responding to an official inquiry by a Federal, state, or local government entity or professional licensing authority; in accordance with applicable Department regulations; or facilitating communications with a former employee that may be necessary for personnel-related or other official purposes where the Department requires information and/or consultation assistance from the former employee regarding a matter within that person's former area of responsibility.

(12) To Federal, state, local, territorial, tribal, foreign, or international licensing agencies or associations which require information concerning the suitability or eligibility of an individual for a license or permit.

(13) To a Member of Congress or staff acting upon the Member's behalf when the Member or staff requests the

information on behalf of, and at the request of, the individual who is the subject of the record.

(14) To the National Archives and Records Administration (NARA) for purposes of records management inspections conducted under the authority of 44 U.S.C. 2904 and 2906.

(15) To appropriate agencies, entities, and persons when (i) the Department suspects or has confirmed that there has been a breach of the system of records; (ii) the Department has determined that as a result of the suspected or confirmed breach there is a risk of harm to individuals, the Department (including its information systems, programs, and operations), the Federal Government, or national security; and (iii) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the Department's efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm.

(16) To another Federal agency or Federal entity, when the Department determines that information from this system of records is reasonably necessary to assist the recipient agency or entity in (i) responding to a suspected or confirmed breach, or (ii) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its information systems, programs, and operations), the Federal Government, or national security, resulting from a suspected or confirmed breach.

(17) To any Federal Office of the Inspector General, or similar publicly identified official of a federal agency who has the official mission and duty to detect and deter waste (the squandering of money or resources even if not explicitly illegal), fraud (the attempt to obtain something of value through willful misrepresentation), and abuse (behaving improperly or unreasonably, or misusing one's position or authority), as necessary for the purpose of identification and elimination of such waste, fraud, and abuse related to Federal programs, employees, contractors, grantees, inmates, or beneficiaries.

(18) To such recipients and under such circumstances and procedures as are mandated by federal statute, regulation, or treaty.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

All electronic records in this system are stored in electronic media via a configuration of government servers and in accordance with Federal and Department information security standards. Records received in hard

copy are digitized. Digitized copies undergo quality control checks to confirm the digitization of the records was complete and accurate before the original hard copy is disposed of in accordance with authorized agency record information management practices. Records in this system are maintained in accordance with applicable laws, rules, and policies on protecting individual privacy and operating in a Federal Risk and Authorization Management Program (FedRAMP) certified cloud-storage environment. Stored records are organized by complainant name, complaint or case number, complaint or case type and date, complaint or case status, and/or the name of the subject of the complaint or case.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

Records may be retrieved by complainant name, complaint or case type, complaint or case numbers, date the complaint or case was reported or closed, and/or the name of the subject of the complaint or case. Records may only be retrieved by authorized DOJ personnel on a need-to-know basis.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

Records are retained in accordance with EOIR Agency Records Control Schedule DAA-0582-2017-0001. The Immigration Fraud and Abuse Prevention Program Case Files and Data are temporary records retained for 15 years after cutoff (DAA-0582-2017-0001-0001 and DAA-0582-2017-0001-0002). The Fraud and Abuse Prevention Program Newsletters are temporary records disposed of 5 years after cutoff (DAA-0582-2017-0001-0003). The Fraud and Abuse Prevention Working Files are temporary records with a retention period of 3 years after cutoff (DAA-0582-2017-0001-0004). Fraud Program Items Closed without Action are temporary records retained for 3 years after cutoff (DAA-0582-2017-0001-0005).

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

Records in this system are safeguarded in accordance with applicable laws, rules, and policies that protect individual privacy, including automated system security and access policies of EOIR and the Department. Access to records is limited to Department personnel who have an official need for access in order to perform their duties. Electronic records are maintained and backed up on secure servers and networks that may only be accessed by authorized personnel.

Physical records are stored in locked filing cabinets or locked offices until they are digitized and disposed of, as described above. Access to records may be restricted depending on a user's role and responsibility within the system. Internet connections are protected by multiple firewalls. Security personnel conduct periodic vulnerability scans using DOJ-approved software to ensure security compliance, and security logs are enabled for all computers to assist in troubleshooting and forensics analysis during incident investigations. Users of individual computers can only gain access to the data by authorized user identification and authentication processes. Records are safeguarded in accordance with appropriate laws, rules, and policies based on the classification and handling restrictions of the record.

RECORD ACCESS PROCEDURES:

All requests for access to records must be made in writing and include a general description of the records sought and identifying information about the record subject, including but not limited to, the record subject's full name, date of birth, place of birth, and alien registration number (A-number), where applicable. See 28 CFR 16.41; 28 CFR part 16 Appendix I. If the A-number is not known, or the case occurred before 1988, the date of an Order to Show Cause, country of origin, and location of the immigration hearing must be provided. See 28 CFR part 16 Appendix I.

All requests for access to records may be submitted by mail to EOIR's Freedom of Information Act (FOIA) Service Center at 5107 Leesburg Pike, Suite 2600, Falls Church, VA 22041, by email at EOIR.FOIARequests@usdoj.gov, or online through the EOIR FOIA Public Access Link, available at <https://foia.eoir.justice.gov/app/Home.aspx>. Additional information for submitting requests to the FOIA Service Center can be found at <https://www.justice.gov/eoir/foia-submit-a-request>. The envelope and letter or email subject should be clearly marked "Privacy Act Access Request."

The request must describe the records sought in sufficient detail to enable Department personnel to locate them with a reasonable amount of effort. The request should include a general description of the records sought and must include the requester's full name, current address, and date and place of birth. The request must be signed and either notarized or submitted under penalty of perjury. Although no specific form is required, individuals may use Form EOIR-59, Certification and

Release of Records, available at <https://www.justice.gov/eoir/eoir-forms>.

More information regarding EOIR's procedures for accessing records is available at <https://www.justice.gov/eoir/freedom-information-act-foia>. General information about the Department's procedures for accessing records in accordance with the Privacy Act can be found at 28 CFR part 16 Subpart D, "Access to and Amendment of Individual Records Pursuant to the Privacy Act of 1974, and Other Privacy Protections."

CONTESTING RECORD PROCEDURES:

Individuals seeking to contest or amend records maintained in the system should direct their requests to EOIR at the address indicated in the "RECORD ACCESS PROCEDURES" paragraph above. All requests to contest or amend records must be in writing and the envelope, letter, or email subject should be clearly marked "Privacy Act Amendment Request." All requests must state clearly and concisely what record is being contested, the reasons for contesting it, and the proposed amendment to the record. For general information regarding the Department's procedures for amending or contesting records in accordance with the Privacy Act can be found at 28 CFR 16.46, "Privacy Act Requests for Amendment or Correction."

NOTIFICATION PROCEDURES:

Individuals may be notified if a record in this system of records pertaining to them is requested via the procedures identified in the "RECORD ACCESS PROCEDURES" paragraph, above.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

Pursuant to 5 U.S.C. 552a(k)(2), the Attorney General has exempted certain records of this system from subsections 5 U.S.C. 552a(c) and (d) of the Privacy Act. Rules will be promulgated in accordance with the requirements of 5 U.S.C. 553(b), (c), and (e) and will be published and codified in the **Federal Register** at 28 CFR 16.83.

HISTORY:

None.

[FR Doc. 2026-21062 Filed 10-14-26; 8:45 am]

BILLING CODE 4410-30-P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Federal Council on the Arts and the Humanities

Arts and Artifacts Indemnity Panel Advisory Committee

AGENCY: Federal Council on the Arts and the Humanities; National Endowment for the Arts.

ACTION: Notice of meetings.

SUMMARY: Pursuant to the Federal Advisory Committee Act, as amended, notice is hereby given that the two (2) meetings of the Arts and Artifacts Indemnity Advisory Panel to the Federal Council on the Arts and the Humanities will be held by videoconference.

DATES: See the **SUPPLEMENTARY INFORMATION** section for individual meetings times and dates. All meetings are Eastern time and ending times are approximate.

ADDRESSES: The meeting will be held by videoconference originating at the National Endowment for the Arts, Washington, DC 20506.

FOR FURTHER INFORMATION CONTACT: Further information with reference to these meetings can be obtained from Daniel Beattie, Committee Management Officer, 400 7th Street SW, Washington, DC 20506; ogpo@arts.gov or 202-682-5688.

SUPPLEMENTARY INFORMATION: The purpose of the meeting is for panel review, discussion, evaluation, and recommendation on applications for Certificates of Indemnity submitted to the Federal Council on the Arts and the Humanities, for exhibitions beginning on or after July 1, 2027. The meeting will consider proprietary financial and commercial data provided in confidence by indemnity applicants, material that is likely to disclose trade secrets or other privileged or confidential information, and values of objects to be indemnified and the methods of transportation and security measures confidential. In accordance with the determination of the Chair of March 11, 2022, these sessions will be closed to the public pursuant to 5 U.S.C. 10.

The upcoming meetings are:

International Indemnity (review of applications): This meeting will be closed.

Date and time: October 23, 2026; 1:00 p.m. to 4:00 p.m.

Domestic Indemnity (review of applications): This meeting will be closed.

Date and time: November 5, 2026; 1:00 p.m. to 2:00 p.m.

Dated: October 13, 2026.

David Travis,

Specialist, Guidelines & Panel Operations, National Endowment for the Arts.

[FR Doc. 2026-21066 Filed 10-14-26; 8:45 am]

BILLING CODE 7536-01-P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

National Endowment for the Arts

Arts Advisory Panel Meetings

AGENCY: National Endowment for the Arts.

ACTION: Notice of meetings.

SUMMARY: Pursuant to the Federal Advisory Committee Act, as amended, notice is hereby given that 51 meetings of the Arts Advisory Panel to the National Council on the Arts will be held by teleconference or videoconference.

DATES: See the **SUPPLEMENTARY INFORMATION** section for individual meeting times and dates. All meetings are Eastern time and ending times are approximate:

ADDRESSES: National Endowment for the Arts, Constitution Center, 400 7th St. SW, Washington, DC 20506.

FOR FURTHER INFORMATION CONTACT: Further information with reference to these meetings can be obtained from Daniel Beattie, Office of Guidelines & Panel Operations, National Endowment for the Arts, Washington, DC 20506; ogpo@arts.gov or call 202-682-5688.

SUPPLEMENTARY INFORMATION: The closed portions of meetings are for the purpose of Panel review, discussion, evaluation, and recommendations on financial assistance under the National Foundation on the Arts and the Humanities Act of 1965, as amended, including information given in confidence to the agency. In accordance with the determination of the Chair of April 30, 2026, these sessions will be closed to the public pursuant to 5 U.S.C. 10.

The upcoming meetings are:

Presenting and Multidisciplinary Works (review of applications): This meeting will be closed.

Date and time: November 9, 2026; 2:00 p.m. to 4:00 p.m.

Presenting and Multidisciplinary Works (review of applications): This meeting will be closed.

Date and time: November 10, 2026; 2:00 p.m. to 4:00 p.m.

Presenting and Multidisciplinary Works (review of applications): This meeting will be closed.

Date and time: November 12, 2026; 2:00 p.m. to 4:00 p.m.

Presenting and Multidisciplinary Works (review of applications): This meeting will be closed.

Date and time: November 13, 2026; 2:00 p.m. to 4:00 p.m.

Opera (review of applications): This meeting will be closed.

Date and time: November 16, 2026; 12:00 p.m. to 2:00 p.m.

Opera (review of applications): This meeting will be closed.

Date and time: November 16, 2026; 3:00 p.m. to 5:00 p.m.

Literary Arts (review of applications): This meeting will be closed.

Date and time: November 17, 2026; 11:00 a.m. to 1:00 p.m.

Media Arts (review of applications): This meeting will be closed.

Date and time: November 17, 2026; 11:30 a.m. to 1:30 p.m.

Music (review of applications): This meeting will be closed.

Date and time: November 17, 2026; 12:00 p.m. to 2:00 p.m.

Literary Arts (review of applications): This meeting will be closed.

Date and time: November 17, 2026; 2:00 p.m. to 4:00 p.m.

Media Arts (review of applications): This meeting will be closed.

Date and time: November 17, 2026; 2:30 p.m. to 4:30 p.m.

Music (review of applications): This meeting will be closed.

Date and time: November 17, 2026; 3:00 p.m. to 5:00 p.m.

Visual Arts (review of applications): This meeting will be closed.

Date and time: November 18, 2026; 11:30 a.m. to 1:30 p.m.

Music (review of applications): This meeting will be closed.

Date and time: November 18, 2026; 12:00 p.m. to 2:00 p.m.

Dance (review of applications): This meeting will be closed.

Date and time: November 18, 2026; 1:30 p.m. to 3:30 p.m.

Visual Arts (review of applications): This meeting will be closed.

Date and time: November 18, 2026; 2:30 p.m. to 4:30 p.m.

Music (review of applications): This meeting will be closed.

Date and time: November 18, 2026; 3:00 p.m. to 5:00 p.m.

Dance (review of applications): This meeting will be closed.

Date and time: November 19, 2026; 11:00 a.m. to 1:00 p.m.

Visual Arts (review of applications): This meeting will be closed.

Date and time: November 19, 2026; 11:30 a.m. to 1:30 p.m.

Music (review of applications): This meeting will be closed.

Date and time: November 19, 2026; 12:00 p.m. to 2:00 p.m.

Dance (review of applications): This meeting will be closed.

Date and time: November 19, 2026; 1:30 p.m. to 3:30 p.m.

Visual Arts (review of applications): This meeting will be closed.

Date and time: November 19, 2026; 2:30 p.m. to 4:30 p.m.

Music (review of applications): This meeting will be closed.

Date and time: November 19, 2026; 3:00 p.m. to 5:00 p.m.

Media Arts (review of applications): This meeting will be closed.

Date and time: November 20, 2026; 11:30 a.m. to 1:30 p.m.

Music (review of applications): This meeting will be closed.

Date and time: November 20, 2026; 12:00 p.m. to 2:00 p.m.

Dance (review of applications): This meeting will be closed.

Date and time: November 20, 2026; 1:30 p.m. to 3:30 p.m.

Arts Education (review of applications): This meeting will be closed.

Date and time: December 1, 2026; 11:00 a.m. to 1:00 p.m.

Arts Education (review of applications): This meeting will be closed.

Date and time: December 1, 2026; 2:00 p.m. to 4:00 p.m.

Arts Education (review of applications): This meeting will be closed.

Date and time: December 2, 2026; 11:00 a.m. to 1:00 p.m.

Arts Education (review of applications): This meeting will be closed.

Date and time: December 2, 2026; 2:00 p.m. to 4:00 p.m.

Arts Education (review of applications): This meeting will be closed.

Date and time: December 3, 2026; 11:00 a.m. to 1:00 p.m.

Arts Education (review of applications): This meeting will be closed.

Date and time: December 3, 2026; 2:00 p.m. to 4:00 p.m.

Design and Our Town (review of applications): This meeting will be closed.

Date and time: December 4, 2026; 11:00 a.m. to 1:00 p.m.

Design and Our Town (review of applications): This meeting will be closed.

Date and time: December 4, 2026; 2:30 p.m. to 4:30 p.m.

Folk and Traditional Arts (review of applications): This meeting will be closed.

Date and time: December 7, 2026; 1:00 p.m. to 3:00 p.m.

Folk and Traditional Arts (review of applications): This meeting will be closed.

Date and time: December 8, 2026; 1:00 p.m. to 3:00 p.m.

Museums (review of applications): This meeting will be closed.

Date and time: December 9, 2026; 11:30 a.m. to 1:30 p.m.

Folk and Traditional Arts (review of applications): This meeting will be closed.

Date and time: December 9, 2026; 1:00 p.m. to 3:00 p.m.

Museums (review of applications): This meeting will be closed.

Date and time: December 9, 2026; 2:30 p.m. to 4:30 p.m.

Museums (review of applications): This meeting will be closed.

Date and time: December 10, 2026; 11:30 a.m. to 1:30 p.m.

Theater (review of applications): This meeting will be closed.

Date and time: December 10, 2026; 12:00 p.m. to 2:00 p.m.

Museums (review of applications): This meeting will be closed.

Date and time: December 10, 2026; 2:30 p.m. to 4:30 p.m.

Theater (review of applications): This meeting will be closed.

Date and time: December 10, 2026; 3:00 p.m. to 5:00 p.m.

Local Arts Agencies (review of applications): This meeting will be closed.

Date and time: December 15, 2026; 11:00 a.m. to 1:00 p.m.

Theater (review of applications): This meeting will be closed.

Date and time: December 15, 2026; 12:00 p.m. to 2:00 p.m.

Local Arts Agencies (review of applications): This meeting will be closed.

Date and time: December 15, 2026; 2:00 p.m. to 4:00 p.m.

Theater (review of applications): This meeting will be closed.

Date and time: December 15, 2026; 3:00 p.m. to 5:00 p.m.

Theater (review of applications): This meeting will be closed.

Date and time: December 17, 2026; 12:00 p.m. to 2:00 p.m.

Theater (review of applications): This meeting will be closed.

Date and time: December 17, 2026; 3:00 p.m. to 5:00 p.m.

Dated: October 13, 2026.

David Travis,

Specialist, Guidelines & Panel Operations, National Endowment for the Arts.

[FR Doc. 2026–21064 Filed 10–14–26; 8:45 am]

BILLING CODE 7537–01–P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

National Endowment for the Arts

National Council on the Arts 219th Meeting

AGENCY: National Endowment for the Arts, National Foundation on the Arts and Humanities.

ACTION: Notice of meeting.

SUMMARY: Pursuant to section 10 (a) (2) of the Federal Advisory Committee Act, as amended, notice is hereby given that a meeting of the National Council on the Arts will be held open to the public in-person and via videoconference. An additional session will be closed to the public for reasons stated below.

DATES: See the **SUPPLEMENTARY INFORMATION** section for meeting time and date.

ADDRESSES: The National Endowment for the Arts, Constitution Center, 400 Seventh Street SW, Washington, DC 20560. Please see [arts.gov](https://www.arts.gov) for the most up-to-date information.

FOR FURTHER INFORMATION CONTACT: Office of Public Affairs, National Endowment for the Arts, Washington, DC 20506, at PublicAffairs@arts.gov.

SUPPLEMENTARY INFORMATION: The meeting will take place on October 28–29, 2026, and will consist of one closed session and one open session. If, in the course of the open session discussion, it becomes necessary for the Council to discuss non-public commercial or financial information of intrinsic value, the Council will go into closed session pursuant to subsection (c)(4) of the Government in the Sunshine Act, 5 U.S.C. 552b, and in accordance with the April 30, 2026, determination of the Chair. Additionally, discussion concerning purely personal information about individuals, such as personal biographical and salary data or medical information, may be conducted by the Council in closed session in accordance with subsection (c)(6) of 5 U.S.C. 552b.

Detailed Meeting Information

CLOSED SESSION: October 28, 2026; 9:30 a.m. to 11:30 a.m. Location: First Bank of the United States, Philadelphia, PA. This meeting session will be closed to the public for the aforementioned reasons. The Council will discuss nominations submitted for the National Medal of Arts.

OPEN SESSION: October 29, 2026; 11:00 a.m. to 12:30 p.m. Location: Perelman Theatre at the Kimmel Center for the Performing Arts, Philadelphia, PA, and via videoconference. There will be a discussion of general agency

business. Please see arts.gov for the most up-to-date information, including a link to the videoconference.

Dated: October 13, 2026.

David Travis,
Specialist, Office of Guidelines and Panel Operations, National Endowment for the Arts.

[FR Doc. 2026–21065 Filed 10–14–26; 8:45 am]

BILLING CODE 7537–01–P

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50–616 and 50–617; NRC–2026–0265]

SMR, LLC; Palisades SMR, LLC; Pioneer Units 1 and 2; Phased Construction Permit Application—Limited Work Authorization

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; receipt.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is providing public notice each week, for four consecutive weeks, beginning October 1, 2026, of receipt and availability of the first part of a phased construction permit application, including a limited work authorization (LWA) request, from SMR, LLC, on behalf of Palisades SMR, LLC, a wholly-owned subsidiary of Holtec International (collectively, Holtec), for a dual-unit SMR–300 plant located at the Palisades Energy Center (PEC) in Covert, Michigan. The units are individually named Pioneer Unit 1 and Pioneer Unit 2. This is the third of four consecutive weekly notifications.

DATES: October 15, 2026.

ADDRESSES: Please refer to Docket ID NRC–2026–0265 when contacting the NRC about the availability of information regarding this document. You may obtain publicly available information related to this document using any of the following methods:

- *Federal Rulemaking Website:* Go to <https://www.regulations.gov> and search for Docket ID NRC–2026–0265. Address questions about Docket IDs in *Regulations.gov* to Bridget Curran; telephone: 301–415–1003; email: Bridget.Curran@nrc.gov. For technical questions, contact the individual(s) listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.

- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may obtain publicly available documents online in the ADAMS Public Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select "Begin ADAMS Public Search." For

problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to PDR.Resource@nrc.gov. The Pioneer Units 1 and 2 LWA application is available in ADAMS under Package Accession No. ML25365A983.

- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Victoria Huckabay, telephone: 301–415–5183, email: Victoria.Huckabay@nrc.gov and Jason Lising, telephone 301–415–1119; email: Jason.Lising@nrc.gov. Both are staff of the Office of Advanced Reactors at the U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

SUPPLEMENTARY INFORMATION:

I. Discussion

On December 31, 2025, SMR, LLC, on behalf of Palisades SMR, LLC, a wholly-owned subsidiary of Holtec International (collectively, Holtec), filed with the NRC, the first part (Part 1) of a phased construction permit application for a utilization facility pursuant to Section 103 of the Atomic Energy Act and part 50 of title 10 of the *Code of Federal Regulations* (10 CFR), "Domestic Licensing of Production and Utilization Facilities." Part 1 of the application includes a LWA request pursuant to 10 CFR 50.10(d), "Request for limited work authorization"; three exemption requests; and a comprehensive environmental report (ER). In its LWA request, Holtec seeks NRC approval to conduct certain early construction activities of a dual-unit SMR–300 plant at the PEC in Covert, Michigan. Holtec also states that the comprehensive ER addresses the environmental impacts associated with LWA activities (including the requested exemptions), the remainder of construction to complete the plant, and plant operations. Holtec submitted Part 1 of its application as part of a phased application approach for a construction permit for a utilization facility, as described in 10 CFR 2.101(a)(9) and 10 CFR 2.600(d).

On February 27, 2026, the NRC issued a **Federal Register** notice (91 FR 9892) stating that the NRC staff accepted Part 1 of the phased construction permit application for docketing and will

perform a detailed technical review. These weekly notices of receipt and availability of the application are being provided in accordance with the requirements in 10 CFR 50.43(a)(3).

Authority: 42 U.S.C. 2011 *et seq.*

Dated: October 5, 2026.

For the Nuclear Regulatory Commission.

Michelle Hayes,

Chief, Advanced Reactor Licensing Branch 2, Division of Advanced Reactor Licensing, Office of Advanced Reactors.

[FR Doc. 2026–21049 Filed 10–14–26; 8:45 am]

BILLING CODE 7590–01–P

PUBLIC BUILDINGS REFORM BOARD

Notice of Public Meeting by the Public Buildings Reform Board

AGENCY: Public Buildings Reform Board.

ACTION: Notice of public meeting.

SUMMARY: As provided by the Federal Assets Sale and Transfer Act of 2016 (FASTA), the Public Buildings Reform Board (PBRB) is holding its fourteenth public meeting. At this meeting, the Board will discuss the progress of past rounds and well as plans for a future round.

DATES: The meeting is scheduled for Tuesday, December 8, 2026 at 11:00 a.m. Eastern.

ADDRESSES: The meeting will be held at the Arena Stage at the Mead Center for American Theater, 1101 6th Street SW, Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT: Paul Walden, PBRB, at (202) 716–8165, or questions and comments can be forwarded to the PBRB team at fastainfo@pbrb.gov.

SUPPLEMENTARY INFORMATION:

Background: FASTA created the PBRB as an independent Board to identify opportunities for the Federal government to significantly reduce its inventory of civilian real property and thereby reduce costs. The Board, to date, has submitted three rounds of recommendations. The Thomas R. Carper Water Resources Development Act of 2024 (WRDA) extended the Board to December 31, 2026 and allows for the submission of one additional round of recommendations (Round 3).

Format and Registration: The format for the meeting will be panel discussions with appropriate time allowed for a Q&A segment. Participants may also view the meeting virtually. Interested participants must register for the public meeting via this link: <https://PBRBHearing14.eventbrite.com>.

Individuals wishing to attend who require special assistance or

accommodations must contact the PBRB Team at fastainfo@pbrb.gov at least 12 days prior to the event.

Portions of the meeting may be held in executive session if the Board is considering issues involving classified or proprietary information.

A transcript of the public meeting will be uploaded to pbrb.gov shortly after the session.

If you have any additional questions, please email fastainfo@pbrb.gov.

(Authority: Pub. L. 114–287, 130 Stat 1463.)

Paul Walden,

*Executive Director, Federal Register Liaison,
Public Buildings Reform Board.*

[FR Doc. 2026–21071 Filed 10–14–26; 8:45 am]

BILLING CODE P

POSTAL REGULATORY COMMISSION

[Docket Nos. K2026–25; MC2027–8 and K2027–9; MC2027–9 and K2027–10]

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 20, 2026.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <https://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Introduction
- II. Public Proceeding(s)
- III. Summary Proceeding(s)

I. Introduction

Pursuant to 39 CFR 3041.405, the Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to Competitive negotiated service agreement(s). The request(s) may propose the addition of a negotiated service agreement from the Competitive product list or the modification of an

existing product currently appearing on the Competitive product list.

The public portions of the Postal Service's request(s) can be accessed via the Commission's website (<http://www.prc.gov>). Non-public portions of the Postal Service's request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.¹

Section II identifies the docket number(s) associated with each Postal Service request, if any, that will be reviewed in a public proceeding as defined by 39 CFR 3010.101(p), the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. For each such request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 and 39 CFR 3000.114 (Public Representative). The Public Representative does not represent any individual person, entity or particular point of view, and, when Commission attorneys are appointed, no attorney-client relationship is established. Section II also establishes comment deadline(s) pertaining to each such request.

The Commission invites comments on whether the Postal Service's request(s) identified in Section II, if any, are consistent with the policies of title 39. Applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3041. Comment deadline(s) for each such request, if any, appear in Section II.

Section III identifies the docket number(s) associated with each Postal Service request, if any, to add a standardized distinct product to the Competitive product list or to amend a standardized distinct product, the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. Standardized distinct products are negotiated service agreements that are variations of one or more Competitive products, and for which financial models, minimum rates, and classification criteria have undergone advance Commission review. See 39 CFR 3041.110(n); 39 CFR 3041.205(a). Such requests are reviewed in summary proceedings pursuant to 39 CFR 3041.325(c)(2) and 39 CFR 3041.505(f)(1). Pursuant to 39 CFR 3041.405(c)–(d), the Commission does

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).

not appoint a Public Representative or request public comment in proceedings to review such requests.

II. Public Proceeding(s)

1. *Docket No(s):* K2026–25; *Filing Title:* Request of the United States Postal Service Concerning Modification One to Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 96, Which Includes an Extension of That Agreement; *Filing Acceptance Date:* October 9, 2026; *Filing Authority:* 39 CFR 3041.505, and 3041.515; *Public Representative:* Maxine Bradley; *Comments Due:* October 20, 2026.

2. *Docket No(s):* MC2027–8 and K2027–9; *Filing Title:* USPS Request to Add Priority Mail & USPS Ground Advantage Contract 1110 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* October 9, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Jennaca Upperman; *Comments Due:* October 20, 2026.

3. *Docket No(s):* MC2027–9 and K2027–10; *Filing Title:* USPS Request to Add USPS Ground Advantage Contract 16 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* October 9, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Christopher Mohr; *Comments Due:* October 20, 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. 2026–21068 Filed 10–14–26; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL SERVICE

Product Change—Priority Mail, and USPS Ground Advantage Negotiated Service Agreements; 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:* October 15, 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 No.	MC Docket No.	K Docket No.
10/01/26	PM-GA 1104	MC2026–401	K2026–390.
10/05/26	PM-GA 1105	MC2027–1	K2027–1.
10/06/26	PM-GA 1106	MC2027–2	K2027–2.
10/06/26	PM-GA 1107	MC2027–3	K2027–3.
10/07/26	GA 15	MC2027–5	K2027–5.
10/07/26	PM-GA 1108	MC2027–6	K2027–6.
10/08/26	PM-GA 1109	MC2027–7	K2027–7.
10/09/26	PM-GA 1110	MC2027–8	K2027–9.
10/09/26	GA 16	MC2027–9	K2027–10.

Documents are available at
www.prc.gov.

Sean C. Robinson,
Attorney, Corporate and Postal Business Law.
[FR Doc. 2026–21033 Filed 10–14–26; 8:45 am]
BILLING CODE 7710–12–P

POSTAL SERVICE

International Product Change—Priority Mail Express International, Priority Mail International & First-Class Package International Service Agreement

AGENCY: Postal Service.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a Priority Mail Express International, Priority Mail International & First-Class Package International Service contract to the list of Negotiated Service Agreements in the Competitive Product List in the Mail Classification Schedule.

DATES: *Date of notice:* October 15, 2026.

FOR FURTHER INFORMATION CONTACT: Christopher C. Meyerson, (202) 268–7820.

SUPPLEMENTARY INFORMATION: The United States Postal Service hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on October 8, 2026, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 128 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2027–4 and K2027–4.

Kevin Rayburn,
Attorney, Ethics and Legal Compliance.
[FR Doc. 2026–21081 Filed 10–14–26; 8:45 am]
BILLING CODE 7710–12–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 36359; File No. 812–16070]

Clearlake Private Markets Fund, et al.

October 9, 2026.

AGENCY: Securities and Exchange Commission (“Commission” or “SEC”).

ACTION: Notice.

Notice of application for an order under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the “Act”) and rule 17d–1 under the Act to permit certain joint transactions otherwise prohibited by sections 17(d) and 57(a)(4) of the Act and rule 17d–1 under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain business development companies (“BDCs”) and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment entities.

APPLICANTS: Clearlake Private Markets Fund, Clearlake Capital RIC Management, LLC, Pathway Capital Management, L.P., and certain of their affiliated entities as described in Schedule A to the application.

FILING DATES: The application was filed on August 10, 2026 and amended on August 13, 2026.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC’s Secretary at Secretaries-Office@sec.gov and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. The email should

include the file number referenced above. Hearing requests should be received by the Commission by 5:30 p.m., Eastern time, on November 3, 2026, and should be accompanied by proof of service on the Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission’s Secretary at Secretaries-Office@sec.gov.

ADDRESSES: The Commission: Secretaries-Office@sec.gov. Applicants: Fred Ebrahemi, Clearlake Capital RIC Management, LLC, 233 Wilshire Blvd., Suite 800, Santa Monica, California 90401, febrahemi@clearlake.com; John Cannon, Clearlake Capital RIC Management, LLC, 233 Wilshire Blvd., Suite 800, Santa Monica, California 90401, jcannon@clearlake.com, and copies to: Rajib Chanda, Simpson Thacher & Bartlett LLP, 900 G Street NW, Washington, DC 20001, Nathan Briggs, Simpson Thacher & Bartlett LLP, 900 G Street NW, Washington, DC 20001, Jonathan Gaines, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Stephen Forster, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017.

FOR FURTHER INFORMATION CONTACT: Rachel Loko, Senior Special Counsel at (202) 551–6720 or IMOCC@sec.gov (Division of Investment Management, Chief Counsel’s Office).

SUPPLEMENTARY INFORMATION: For Applicants’ representations, legal analysis, and conditions, please refer to Applicants’ amended application, dated August 13, 2026, which may be obtained via the Commission’s website

by searching for the file number at the top of this document, or for an Applicant using the Company name search field, on the SEC's EDGAR system. The SEC's EDGAR system may be searched at <https://www.sec.gov/search-filings>. You may also call the SEC's Office of Investor Education and Assistance at (202) 551-8090.

For the Commission, by the Division of Investment Management, under delegated authority.

Vanessa A. Countryman,
Secretary.

[FR Doc. 2026-21029 Filed 10-14-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0186]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Form N-8B-2

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (SEC or "Commission") is submitting to the Office of Management and Budget (OMB) this request for extension of the proposed collection of information described below.

Unit investment trusts ("UITs") are required to register with the Securities and Exchange Commission ("Commission") as investment companies under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) (the "Investment Company Act"). Section 8(b) of the Investment Company Act (15 U.S.C. 80a-8(b)) provides that each registered investment company must file a registration statement with the Commission that includes certain information about the company and recites the company's policies on certain significant matters. UITs other than separate accounts that are currently issuing securities, including UITs that are issuers of periodic payment plan certificates, UITs of which a management investment company is the sponsor or depositor, and UIT ETFs,¹ satisfy this requirement by filing on Form N-8B-2. Among other items, this Form requires disclosure

about the organization of a UIT, its securities, the personnel and affiliated persons of the depositor, distribution and redemption of securities, the trustee or custodian, and financial statements.

For UITs that are required to file on Form N-8B-2 to register under the Investment Company Act, the Commission has yet to adopt an integrated registration form satisfying the requirements of the Securities Act and the Investment Company Act. Absent an integrated disclosure system, filings on Form N-8B-2 serve as the only means by which such UITs can satisfy the filing and disclosure requirements imposed by section 8(b) of the Investment Company Act.

The purpose of Form N-8B-2 is to satisfy the filing and disclosure requirements of the Investment Company Act. The information required to be filed with the Commission assures the public availability and dissemination of the information and permits verification of compliance with Investment Company Act requirements. Each UIT subject to the Form N-8B-2 filing requirement is required to file Form N-8B-2 only once and does not file post-effective amendments to Form N-8B-2.² Compliance with the disclosure requirements of Form N-8B-2 is mandatory. Responses to the disclosure requirements will not be kept confidential.

We estimate that approximately 1 UIT files Form N-8B-2 annually at 40 hours per response, for a total annual time burden of 40 hours. We estimate the total annual external cost burden is \$11,610, based on 15 hours of outside legal services at a wage rate of \$774 per hour for an attorney in the securities industry.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

The public may view and comment on this information collection request at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202608-3235-003 or email comment to MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov within 30 days of the day after publication of this notice, by November 16, 2026.

Dated: October 13, 2026.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-21082 Filed 10-14-26; 8:45 am]

BILLING CODE 8011-01-P

² See *Exchange-Traded Funds*, Investment Company Act Release No. 33140 (June 28, 2018) [83 FR 37332 (July 31, 2018)] at note 7 and accompanying text.

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21963 and #21964; WISCONSIN Disaster Number WI-20013]

Presidential Declaration of a Major Disaster for Public Assistance Only for the State of Wisconsin

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of the Presidential declaration of a major disaster for Public Assistance Only for the state of WISCONSIN (FEMA-4949-DR), dated October 7, 2026.

Incident: Severe Storms and Tornadoes.

DATES: Issued on October 7, 2026.

Incident Period: July 27, 2026.

Physical Loan Application Deadline Date: December 7, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: July 7, 2027.

ADDRESSES: Visit the MySBA Loan Portal at <https://lending.sba.gov> to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Robert Camacho, 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 President's major disaster declaration on October 7, 2026, Private Non-Profit organizations providing essential services of a governmental nature may file disaster loan applications 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: Vilas, Winnebago.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Private Non-Profit Organizations with Credit Available Elsewhere	3.625
Private Non-Profit Organizations without Credit Available Elsewhere	3.625
<i>For Economic Injury:</i>	

¹ See *Exchange-Traded Funds*, Investment Company Act Release No. 33646 (Sept. 25, 2019) [84 FR 57162 (Oct. 24, 2019)].

	Percent
Private Non-Profit Organizations without Credit Available Elsewhere	3.625

The number assigned to this disaster for physical damage is 21963B and for economic injury is 219640.

(Catalog of Federal Domestic Assistance Number 59008)

(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator, Office of Disaster Recovery.

[FR Doc. 2026-21101 Filed 10-14-26; 8:45 am]

BILLING CODE 8026-09-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21961 and #21962; NEW MEXICO Disaster Number NM-20030]

Presidential Declaration of a Major Disaster for Public Assistance Only for the PUEBLO OF ZUNI

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of the Presidential declaration of a major disaster for Public Assistance Only for the Pueblo of Zuni (FEMA-4954-DR), dated October 7, 2026.

Incident: Severe Storms and Flooding.

DATES: Issued on October 7, 2026.

Incident Period: July 16, 2026 through July 21, 2026.

Physical Loan Application Deadline Date: December 7, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: July 7, 2027.

ADDRESSES: Visit the MySBA Loan Portal at <https://lending.sba.gov> to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Sharon Henderson, Office of Disaster Recovery, 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 President's major disaster declaration on October 7, 2026, Private Non-Profit organizations providing essential services of a governmental nature may file disaster loan applications 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 area has been determined to be adversely affected by the disaster:

Native Nation: Pueblo of Zuni.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Private Non-Profit Organizations with Credit Available Elsewhere	3.625
Private Non-Profit Organizations without Credit Available Elsewhere	3.625
<i>For Economic Injury:</i>	
Private Non-Profit Organizations without Credit Available Elsewhere	3.625

The number assigned to this disaster for physical damage is 219616 and for economic injury is 219620.

(Catalog of Federal Domestic Assistance Number 59008)

(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator, Office of Disaster Recovery.

[FR Doc. 2026-21102 Filed 10-14-26; 8:45 am]

BILLING CODE 8026-09-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21959 and #21960; INDIANA Disaster Number IN-20024]

Administrative Declaration of a Disaster for the State of Indiana

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of an Administrative declaration of a disaster for the state of Indiana dated October 9, 2026. Incident: Severe Storms, Tornadoes, Straight-line Winds, and Flash Flooding.

DATES: Issued on October 9, 2026.

Incident Period: June 6, 2026 through June 26, 2026.

Physical Loan Application Deadline Date: December 8, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: July 9, 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: Elkhart, Gibson, Harrison, Jefferson, Lake, Warrick.

Contiguous Counties:

Indiana: Clark, Crawford, Dubois, Floyd, Jasper, Jennings, Knox, Kosciusko, Lagrange, Marshall, Newton, Noble, Pike, Porter, Posey, Ripley, Scott, Spencer, St. Joseph, Switzerland, Vanderburgh, Washington.

Illinois: Cook, Kankakee, Wabash, White, Will.

Kentucky: Carroll, Daviess, Hardin, Henderson, Jefferson, Meade, Trimble.

Michigan: Cass, St. Joseph.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Homeowners with Credit Available Elsewhere	5.750
Homeowners without Credit Available Elsewhere	2.875
Businesses with Credit Available Elsewhere	8.000
Businesses without Credit Available Elsewhere	4.000
Private Non-Profit Organizations with Credit Available Elsewhere	3.625
Private Non-Profit Organizations without Credit Available Elsewhere	3.625
<i>For Economic Injury:</i>	
Business and Small Agricultural Cooperatives without Credit Available Elsewhere	4.000
Private Non-Profit Organizations without Credit Available Elsewhere	3.625

The number assigned to this disaster for physical damage is 21959B and for economic injury is 219600.

(Catalog of Federal Domestic Assistance Number 59008)

(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator, Office of Disaster Recovery.

[FR Doc. 2026–21103 Filed 10–14–26; 8:45 am]

BILLING CODE 8026–09–P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36958]

Wilkes-Barre Terminal Railway Company—Acquisition and Operation Exemption—Luzerne County Redevelopment Authority and Luzerne County Rail Corporation

Wilkes-Barre Terminal Railway Company (WBT), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire approximately 59.65 miles of rail line (the Line) from the Luzerne County Redevelopment Authority (LCRA) and the operating rights from LCRA's non-operating subsidiary Luzerne County Rail Corporation (LCRC), in Luzerne County, Pa. The Line consists of the following in-service segments: (1) the Dunmore Secondary Track, between milepost 6.5, at Avoca, Pa., and milepost 10+/- North side Montage Road Crossing, a distance of 4.5 miles;¹ (2) the Avoca Industrial Track, between milepost 1.8, at Number 7 Junction, and milepost 6.5, at Avoca, a distance of 4.7 miles;² including the connection with the track of Reading Blue Mountain & Northern Railroad Company (RBMN) between LB Junction and the switch of the Dunmore Secondary Track, a distance of 0.123 miles, and the Langcliff Connecting Track, between milepost 0.0, at Duryea, Pa., and the connection with Norfolk Southern Railway in the middle of York Avenue, at milepost 0.867, a distance of 0.867 miles; (3) the Suscon Industrial Track, between milepost 154.5, at Suscon, Pa., and milepost 158.7, at Hillside, Pa., a distance of 4.2 miles; (4) the Wilkes-Barre Secondary, between milepost 169.2, at Ashley, Pa., and milepost 185.5, at Pittston, Pa., a distance of 16.3 miles; (5) the GWBP Industrial Track, between milepost 0.0, at Ashley, and milepost 0.5, at Hanover Industrial Track, a distance of 0.5 miles; (6) the Brownsville Industrial Track, between milepost 0.0, at Hillside, and milepost 1.0, at Brownsville, Pa., a

distance of 1.0 miles; (7) the Wilkes-Barre Industrial Track, between milepost 59.9, at Ferry Street, and milepost 62.9, at Wilkes-Barre, Pa., a distance of 3.0 miles; (8) the Kingston Industrial Track, between milepost 142.7, at Pittston Junction, and Railroad Station 8594+58, a distance of 8.1 miles; and (9) the D&H Wilkes-Barre Connector, from milepost A–208.08, Hudson Yard, to Conyngham Avenue, City of Wilkes-Barre, Pa., a distance of 2.5 miles; and (10) the APC line, between milepost 0.0 and 0.6 in Wilkes-Barre, a distance of 0.6 miles.

The Line consists of the following out-of-service segments: (1) the West Pittston Running Track, between milepost 0.0, at West Pittston, Pa., and milepost 3.0, at Harding, Pa., a distance of 3.0 miles, and between milepost 186.4, at West Pittston, and milepost 190.2, at Wyoming, Pa., a distance of 3.8 miles, and between milepost 194.2, at Wyoming, and milepost 194.4, in Kingston, Pa., a distance of 0.2 miles; (2) the Nanticoke Industrial Track, between milepost 0.0, at Ashley, and milepost 2.6 at Central Scrap, a distance of 2.6 miles; (3) the Harry E. Breaker Spur, between milepost 0.1, at Maltby Junction, and milepost 0.5, a distance of 0.4 miles; (4) the Miner's Mills Industrial Track, between milepost 173.6, at North Wilkes-Barre, and milepost 176.1, at Hudson, Pa., a distance of 2.5 miles; and (5) the Pettibone Branch, between milepost 0.0 and milepost 0.759, at Dorranceton, Pa., a distance of 0.759 miles.³

According to the verified notice, WBT will enter into an agreement with LCRA and LCRC for the acquisition of the Line and operating rights to ensure continued rail service to customers. According to the verified notice, WBT will grant local trackage rights to RBMN to provide immediate rail service to customers on the Line following the expiration of the incumbent operator's lease.

This transaction is related to a concurrently filed verified notice of exemption in *Reading Blue Mountain & Northern Railroad—Trackage Rights Exemption—Wilkes-Barre Terminal Railway*, Docket No. FD 36959, in which RBMN seeks authority to acquire local trackage rights over the in-service segments of the Line.⁴

³ According to the verified notice, the out-of-service segments are included as part of the proposed transaction because WBT has found no regulatory history to suggest that these segments have been abandoned. WBT states that, although these segments are unlikely to be placed back into active service, WBT recognizes that it will have a common carrier obligation over the out-of-service segments.

⁴ Upon consummation of its acquisition authority in this docket, WBT will become a Class III rail

carrier. According to WBT, the proposed transaction does not contain an interchange commitment. WBT certifies that its projected annual revenues resulting from the transaction will not exceed \$5 million and will not result in WBT's becoming a Class I or Class II rail carrier.

The earliest this transaction may be consummated is October 29, 2026, the effective date of the exemption (30 days after the verified notice was filed).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than October 22, 2026 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36958, must be filed with the Surface Transportation Board either via e-filing on the Board's website or in writing addressed to 395 E Street SW, Washington, DC 20423–0001. In addition, a copy of each pleading must be served on WBT's representative, Justin J. Marks, Clark Hill PLC, 601 13th Street NW, Suite 600, Washington, DC 20005.

According to WBT, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: October 9, 2026.

By the Board, Anika S. Cooper, Chief Counsel, Office of Chief Counsel

Kenyatta Clay,

Clearance Clerk.

[FR Doc. 2026–21035 Filed 10–14–26; 8:45 am]

BILLING CODE 4915–01–P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36959]

Reading Blue Mountain & Northern Railroad Company—Trackage Rights Exemption—Wilkes-Barre Terminal Railway Company

Reading Blue Mountain & Northern Railroad Company (RBMN), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1180.2(d)(7) to acquire approximately 41.79 miles of local trackage rights on a rail line of

carrier. The trackage rights authority in Docket No. FD 36959 cannot be consummated until WBT has exercised its acquisition authority.

¹ The portion of the Dunmore Secondary Track, between milepost 8.6, at Rocky Glen, Pa., and milepost 10+/- north side Montage Road crossing, a distance of 1.4 miles, is out-of-service.

² The portion of the Avoca Industrial Track, between milepost 1.8, at Number 7 Junction, and milepost 4, at Rock Street, a distance of 2.2 miles, is out-of-service.

Wilkes-Barre Terminal Railway Company (WBT), in Luzerne County, Pa. (the Line). The Line consists of the following segments: (1) the Dunmore Secondary Track, between milepost 6.5, at Avoca, Pa., and milepost 8.6, at Rocky Glen, Pa., a distance of 2.1 miles; (2) the Avoca Industrial Track, between milepost 4, at Rock Street, and milepost 6.5, at Avoca, a distance of 2.5 miles, including the connection with the track of RBMN between LB Junction and the switch of the Dunmore Secondary Track, a distance of 0.123 miles, and the Langcliff Connecting Track, between milepost 0.0, at Duryea, Pa., and the connection with Norfolk Southern Railway in the middle of York Avenue, at milepost 0.867, a distance of 0.867 miles; (3) the Suscon Industrial Track, between milepost 154.5, at Suscon, Pa., and milepost 158.7, at Hillside, Pa., a distance of 4.2 miles; (4) the Wilkes-Barre Secondary, between milepost 169.2, at Ashley, Pa., and milepost 185.5, at Pittston, Pa., a distance of 16.3 miles; (5) the GWBP Industrial Track, between milepost 0.0, at Ashley, and milepost 0.5 at Hanover Industrial Track, a distance of 0.5 miles; (6) the Brownsville Industrial Track, between milepost 0.0, at Hillside, and milepost 1.0, at Brownsville, Pa., a distance of 1.0 miles; (7) the Wilkes-Barre Industrial Track, between milepost 59.9, at Ferry Street, and milepost 62.9, at Wilkes-Barre, Pa., a distance of 3.0 miles; (8) the Kingston Industrial Track, between milepost 142.7, at Pittston Junction, and Railroad Station 8594+58, a distance of 8.1 miles; (9) the D&H Wilkes-Barre Connector, from milepost A-208.08, Hudson Yard, to Conyngham Avenue, City of Wilkes-Barre, Pa., a distance of 2.5 miles; and (10) the APC line, between milepost 0.0 and 0.6 in Wilkes-Barre, a distance of 0.6 miles.

According to the verified notice, WBT has agreed to grant trackage rights to RBMN pursuant to a trackage rights agreement (Agreement) for RBMN to operate local service.¹ This transaction is related to a concurrently filed verified notice of exemption in *Wilkes-Barre Terminal Railway—Acquisition & Operation Exemption—Luzerne County Redevelopment Authority & Luzerne County Rail Corp.*, Docket No. FD 36958, in which WBT seeks acquisition and operation authority over approximately 59.65 miles of rail line, including the Line here, in Luzerne County, Pa.²

The transaction may be consummated on or after October 29, 2026, the effective date of the exemption (30 days after the verified notice was filed).

As a condition to this exemption, any employees affected by the acquisition of the trackage rights will be protected by the conditions imposed in *Norfolk & Western Railway—Trackage Rights—Burlington Northern, Inc.*, 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Railway—Lease & Operate—California Western Railroad*, 360 I.C.C. 653 (1980).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed by October 22, 2026 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36959, must be filed with the Surface Transportation Board either via e-filing on the Board's website or in writing addressed to 395 E Street SW, Washington, DC 20423-0001. In addition, a copy of each pleading must be served on RBMN's representative, Justin J. Marks, Clark Hill PLC, 601 13th Street NW, Suite 600, Washington, DC 20005.

According to RBMN, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: October 9, 2026.

By the Board, Anika S. Cooper, Chief Counsel, Office of Chief Counsel.

Kenyatta Clay,

Clearance Clerk.

[FR Doc. 2026-21034 Filed 10-14-26; 8:45 am]

BILLING CODE 4915-01-P

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

[Docket No. NHTSA-2025-0787]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Request for Comment; Intelligent Speed Assistance (ISA) User Acceptance and Effectiveness Testing Using Simulator and/or Closed Track Methods

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Notice and request for comments on a request for approval of a new collection of information.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 (PRA), this notice announces that the Information Collection Request (ICR) summarized below will be submitted to the Office of Management and Budget (OMB) for review and approval. The ICR describes the nature of the information collection and its expected burden. This document describes a collection of information for which NHTSA intends to seek OMB approval to evaluate driver's acceptance and use of intelligent speed assistance systems. A **Federal Register** Notice with a 60-day comment period soliciting comments on the following information collection was published on June 25, 2026. Five comments were received during the comment period. NHTSA has addressed these comments, and there are no resulting changes to this collection based on the comments. However, due to rounding adjustments, the total estimated burden hours were reduced from 311 to 308 hours.

DATES: Comments must be submitted on or before November 16, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection, including suggestions for reducing burden, should be submitted to the Office of Management and Budget at www.reginfo.gov/public/do/PRAMain. To find this particular information collection, select "Currently under Review—Open for Public Comment" or use the search function.

FOR FURTHER INFORMATION CONTACT: For additional information or access to background documents, contact Emily Shull, Office of Vehicle Safety Research, Intelligent Technologies Research Division NSR-320, West Building, U.S. Department of Transportation, 1200

¹ A draft copy of the Agreement was included as Exhibit B to RBMN's verified notice of exemption.

² Upon consummation of its acquisition authority in Docket No. FD 36958, WBT will become a Class III rail carrier. The trackage rights authority in this

docket cannot be consummated until WBT has exercised its acquisition authority.

New Jersey Avenue SE, Washington, DC 20590; emily.shull@dot.gov, 202–366–7409. Please identify the relevant collection of information by referring to its OMB Control Number.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501 *et seq.*), a Federal agency must receive approval from OMB before it collects certain information from the public and a person is not required to respond to a collection of information by a Federal agency unless the collection displays a valid OMB control number. In compliance with these requirements, this notice announces that the following information collection request will be submitted OMB.

Title: Intelligent Speed Assistance User Acceptance and Effectiveness Testing using Simulator and/or Closed Track Methods.

OMB Control Number: New.

Form Number(s): There are multiple forms for this new information collection including

- NHTSA Form 2179: Eligibility Questionnaire
- NHTSA Form 2180: Informed Consent Document 1
- NHTSA Form 2181: Informed Consent Document 2
- NHTSA Form 2267: Intake & Eligibility Confirmation
- NHTSA Form 2182: Wellness Questionnaire
- NHTSA Form 2183: Questionnaire 1
- NHTSA Form 2184: Driving Behavior Assessment [Study 1] and Questionnaire 2
- NHTSA Form 2185: Questionnaire 3
- NHTSA Form 2186: Driving Behavior Assessment [Study 2 and 3] and Questionnaire 4

Type of Request: New.

Type of Review Requested: Regular.

Length of Approval Requested: Three years from date of approval.

Summary of the Collection of Information: The National Highway Traffic Safety Administration (NHTSA) will collect information from the public as part of a multi-year research effort to learn about drivers' acceptance and effectiveness of ISA technology.

The overall objective of this research is to advance the state of knowledge regarding the interplay between driver acceptance and effectiveness of different ISA systems and is not immediately intended to inform regulations or policy. All study procedures are approved by the University of Iowa Institutional Review Board. The research will be conducted in three parts, referred to as Study 1, Study 2, and Study 3.

For Study 1, participants will complete an intake and eligibility

procedure, a training presentation, a familiarization drive, wellness questionnaires to assess susceptibility to simulator sickness, five study drives accompanied by a questionnaire after each drive to assess their acceptance and attitudes of ISA, and a questionnaire at the end of the study to measure their driving and speed behaviors.

For Study 2 and Study 3, participants will complete an intake and eligibility procedure, a training presentation, a pre-drive questionnaire to assess their acceptance and attitudes of ISA, a familiarization drive, wellness questionnaires to assess susceptibility to simulator sickness, two study drives, and a post-drive questionnaire to assess their acceptance and attitudes of ISA and their driving and speed behaviors. The NADS–1 simulator will collect vehicle data (e.g., brake inputs, steering wheel angle) and data about the surrounding environment (e.g., distance to surrounding vehicles and lane markings).

Description of the Need for the Information and Proposed Use of the Information: NHTSA's mission is to save lives, prevent injuries, and reduce the economic costs of road traffic crashes through education, research, safety standards, and enforcement activity. As vehicle technologies advance, they have the potential to dramatically reduce the loss of life each day in roadway crashes. Alternatively, the system may not reach this potential if drivers do not accept and do not use the systems. This new information collection supports the department's strategic goal of safety. Speeding contributes to a significant number of fatal motor vehicle crashes each year. ISA technology has the potential to mitigate and prevent speeding-related crashes by alerting the driver of their speed. To evaluate the effectiveness of ISA systems, research is needed to understand to what extent ISA system characteristics influence drivers' speeding behavior, attitudes, and perceptions of the technology.

The following components will be used to obtain the necessary information to achieve this purpose.

(1) **Eligibility Questionnaire (NHTSA Form 2179):** This questionnaire is necessary for determining respondent suitability for the study based on driving experience and history, ability to adhere to study requirements, general health, sleeping behavior, and ability to safely drive the NADS–1 without concerns.

(2) **Informed Consent Document 1 (NHTSA Form 2180):** This form is necessary for obtaining documented

informed consent from the participant to participate in Study 1. The form describes all study procedures, data storage and use, and potential risks from the study.

(3) **Informed Consent Document 2 (NHTSA Form 2181):** This form is necessary for obtaining documented informed consent from the participant to participate in Study 2 or 3. The form describes all study procedures, data storage and use, and potential risks from the study.

(4) **Intake & Eligibility Confirmation (NHTSA Form 2267):** This process includes completion of the research participant substitute W–9 for payment, review of the driver's license to confirm it is valid by checking the expiration date and confirming age (for eligibility) and sex (for balancing sample) as listed on the license. These procedures are necessary to pay the participant and ensure they meet eligibility requirements before continuing with the experiment.

(5) **Wellness Questionnaire (NHTSA Form 2182):** This form is necessary to measure signs and symptoms of simulator sickness. If sickness scores increase during the drive, participants will be asked to take a break or end the experiment.

(6) **Questionnaire 1 (NHTSA Form 2183):** This form is necessary for Study 1 to assess participants' acceptance and attitudes of ISA. Collecting these data after each of the five study drives in Study 1 will let us measure how exposure to ISA impacts acceptance and attitudes of ISA. It will be administered during the driving behavior assessment.

(7) **Driving Behavior Assessment for Study 1 and Questionnaire 2 (NHTSA Form 2184):** This procedure for Study 1 is necessary to measure the impact of ISA system characteristics on speeding behavior and acceptance of ISA. The participant will drive for 80 minutes in the driving simulator, ample time to briefly experience different ISA systems and form an opinion of different system characteristics. Questionnaire 2 is necessary for Study 1 to measure participants' self-reported driving and speeding behaviors. These data will be used as covariates in the statistical analyses. It will be administered after the driving behavior assessment.

(8) **Questionnaire 3 (NHTSA Form 2185):** This form is necessary for Study 2 and 3 to assess participants' acceptance and attitudes of ISA. It will be administered before the driving behavior assessment.

(9) **Driving Behavior Assessment for Study 2 and 3 and Questionnaire 4 (NHTSA Form 2186):** This procedure is necessary for Study 2 and 3 to measure

the impact of ISA system characteristics on speeding behavior and acceptance of ISA. The participant will drive for 110 minutes in the driving simulator, ample time for prolonged exposure to two different ISA systems. Questionnaire 4 is necessary for Study 2 and 3 to assess participants' acceptance and attitudes of ISA and their driving and speeding behaviors. It will be administered after the driving behavior assessment.

(10) *Driving Behavior Assessment for Study 1:* This procedure for Study 1 is necessary to measure the impact of ISA system characteristics on speeding behavior and acceptance of ISA. The participant will drive for 80 minutes in the driving simulator, ample time to briefly experience different ISA systems and form an opinion of different system characteristics.

(11) *Driving Behavior Assessment for Study 2 and 3:* This procedure is necessary for Study 2 and 3 to measure the impact of ISA system characteristics on speeding behavior and acceptance of ISA. The participant will drive for 110 minutes in the driving simulator, ample time for prolonged exposure to two different ISA systems.

60-Day Notice: A Federal Register notice with a 60-day comment period soliciting public comments on the following information collection was published on June 25, 2026 (91 FR 38469). Five comments were received in response to that notice.

One of the comments was outside the scope of the Paperwork Reduction Act and this collection of information. Therefore, the comment will not be expanded on.

The second comment was submitted by the National Transportation Safety Board (NTSB). NTSB expressed concern that a simulator-based study "will not address the real-world environment that may affect ISA user acceptance," noting that although assessing ISA user acceptance and effectiveness is important and much research has already been conducted in this area, real-world environmental and social factors are not captured in a simulator setting.

NHTSA appreciates this comment and agrees that a simulator-based study, by design, cannot fully capture the real-world environmental and social factors that influence sustained driver acceptance. This limitation will be documented in the resulting technical report.

NTSB further noted that NHTSA's own 2024 Traffic Safety Facts report on speeding found that "young male drivers were the most likely to be speeding at the time of fatal crashes," and expressed concern that the study's

Eastern Iowa volunteer pool may over-select younger drivers who could be the least accepting of technologies that limit their speed, reducing the applicability of the study's findings.

NHTSA appreciates NTSB's continued engagement in ISA research and its long-standing safety recommendations in this area. NHTSA agrees that a volunteer sample recruited from a single geographic area cannot, on its own, represent the full range of ages, driving experience, and speeding propensity found in the general driving population. NHTSA will document the demographic composition of the enrolled sample in the resulting technical report so that readers can appropriately weigh the generalizability of the findings, and efforts will be made to recruit a broad range of ages and driving experience within the constraints of the study's geographic recruitment area.

Finally, NTSB encouraged NHTSA to assess the limitations of the proposed study to ensure that NHTSA continues moving expeditiously toward requiring as standard equipment in all new vehicles ISA systems that, at a minimum, warn the driver when the vehicle exceeds the speed limit.

NHTSA appreciates NTSB's recommendations over the years. As stated previously, NHTSA will assess the limitations of the study and reduce them where possible. NHTSA notes, however, that this research is intended to advance the state of knowledge regarding driver acceptance and effectiveness of ISA system characteristics and is not immediately intended to inform rulemaking.

The third comment was submitted by the Alliance for Automotive Innovation (Auto Innovators).

Auto Innovators encouraged NHTSA "to distinguish clearly among different ISA system designs and feedback modalities, including warning-based, haptic, and speed-control approaches," noting that driver acceptance may vary significantly depending on how a system communicates with or assists the driver.

NHTSA appreciates this comment and concurs. The driving behavior assessment in Study 1 exposes participants to multiple ISA systems within a single session, and Studies 2 and 3 provide prolonged exposure to two ISA systems per participant. Participants in Study 1 also rank their preference across the visual, auditory, haptic, and speed-limiting ISA variants they experience. The specific systems and feedback modalities evaluated will be described in the resulting technical report. These systems reflect a mix of

designs and feedback modalities—warning-based, haptic, and speed-control approaches—consistent with Auto Innovators' recommendation. NHTSA's research team also intends to draw on accuracy metrics from the earlier ISA project conducted with Exponent ("Intelligent Speed Assistance (ISA) Assessment of Enabling Technologies and Implementation Approaches") when designing the driving scenarios for this study.

Auto Innovators recommended that NHTSA evaluate ISA acceptance using "measures that go beyond general favorability or perceived usefulness," including driver trust in the accuracy and reliability of speed limit information, nuisance or annoyance associated with alerts, understanding of system limitations, willingness to use the system over time, and the likelihood that drivers could override, disable, or otherwise adapt their behavior in response to the system.

NHTSA appreciates this recommendation and agrees that driver acceptance is a multi-dimensional construct. The study's driver acceptance and attitude questionnaires will assess several of these dimensions: a nine-item semantic differential scale captures both perceived usefulness and the nuisance or annoyance associated with each ISA system, and separate items ask whether participants would use the system regularly and whether they would frequently override it. NHTSA acknowledges that the current instruments do not include an item that isolates driver trust in the accuracy and reliability of speed-limit information specifically, or driver understanding of situations in which an ISA system may fail to perform as expected; these dimensions are currently captured only indirectly, through more general items on system dependability and familiarity. NHTSA will consider adding targeted items addressing these two constructs as the study instruments are finalized.

Auto Innovators also recommended that NHTSA evaluate "drivers' acceptance of the system's default settings, including whether those settings influence drivers' willingness to use ISA over time or their likelihood of overriding or disabling it."

NHTSA appreciates this comment. The study's questionnaires will include an item asking whether participants would find it acceptable for the ISA system to be active by default at the start of every trip, directly addressing this recommendation. The experimental design supports the comparison of within-subject experiences with different ISA systems. This foundational work will provide insights for potential

future longitudinal studies where willingness to use ISA can be assessed over time.

In addition, Auto Innovators recommended that the research “include realistic scenarios that reflect the complexity of speed limit identification in real-world driving, including temporary speed limits, work zones, school zones, variable speed limits, obscured or missing signs, ramps, adjacent roads with different posted limits, and situations where map-based and sign-based information may conflict.”

NHTSA appreciates this comment. All three studies ask participants to rate expected ISA effectiveness separately by road type, including school zones and construction zones. The questionnaire items align with what they will experience in the driving simulator scenarios. The acceptance and effectiveness of ISA systems will be assessed using output from the questionnaire and driving simulator. NHTSA will consider incorporating additional scenario elements identified by Auto Innovators, such as temporary or variable speed limits and obscured signage, into the simulator scenario design as the studies are finalized.

Auto Innovators cautioned that “simulator studies cannot fully replicate the motivations, contextual cues, perceived risk, and repeated-use dynamics that influence driver behavior outside the research setting,” and recommended that any simulator-based findings “be treated as complementary to, rather than a substitute for, real-world or naturalistic data on sustained driver acceptance, adaptation, and ISA use.” Auto Innovators further recommended that NHTSA study additional factors affecting real-world ISA use, including false positive and false negative alerts, alert timing and frequency, and the potential for habituation or alert fatigue over time.

NHTSA appreciates this comment and agrees. The ISA systems used in the simulator-based study drives are not modeled as 100% accurate; participants will encounter instances of imperfect system performance during the study drives, allowing NHTSA to collect acceptance and effectiveness data under conditions that reflect the error-prone performance of ISA systems currently deployed on public roads rather than an idealized system. NHTSA agrees that simulator-based findings should be treated as complementary to, rather than a substitute for, real-world and naturalistic data, and will characterize this limitation in the technical report.

Auto Innovators encouraged NHTSA “to draw from Europe’s experience with

ISA while recognizing important differences between the European and U.S. regulatory and operating environments,” noting that ISA has been mandatory in the EU since 2022 for new vehicle types and since July 2024 for all new vehicles, but that publicly available post-mandate data on real-world user acceptance and disablement rates remains limited.

NHTSA appreciates this comment and will consider available European research and post-mandate data, where relevant, in the design and interpretation of this study.

Finally, Auto Innovators encouraged NHTSA “to continue exploring speeding solutions that go beyond vehicle-based technology, consistent with the Safe System approach.”

NHTSA appreciates this comment and notes that ISA is one of several speeding countermeasures NHTSA is pursuing as part of a broader Safe System approach to reducing speeding-related crashes.

The fourth comment was submitted anonymously. The commenter argued that measuring driver acceptance in a simulator creates a “false acceptance” bias because participants do not experience the real-world social or physical consequences of maintaining a lower speed, such as pressure from surrounding traffic to exceed the posted limit. The commenter recommended that NHTSA inject operational stressors, such as aggressive tailgating and tight merge maneuvers, into the simulator scenarios to measure driver behavior under more realistic conditions.

NHTSA appreciates this comment and acknowledges that a simulator environment cannot fully replicate the social and physical pressures of real-world driving. This limitation will be documented in the resulting technical report. NHTSA will consider the commenter’s recommendation regarding surrounding traffic behavior as the simulator scenarios are finalized.

The anonymous commenter also argued that real-world ISA systems, which rely on camera-based sign recognition and GPS map data, are subject to error, citing June 2026 real-world testing published by Thatcham Research finding that event-based accuracy at speed-limit transitions can be substantially lower than overall distance-based accuracy. Similar to the Auto Innovators, the commenter expressed concern that a simulator study using error-free, pristine ISA performance would measure driver acceptance of a theoretical, flawless technology rather than the error-prone systems currently deployed on public roads, and recommended that NHTSA

adopt event-based rather than distance-based accuracy metrics.

NHTSA appreciates this comment and agrees that ISA performance should not be modeled as error-free. The ISA systems used in the simulator-based study drives will not be modeled as 100% accurate; participants will encounter instances of imperfect system performance during the study drives, providing data on driver responses under conditions that reflect the error-prone performance of ISA systems currently deployed on public roads. NHTSA will consider the commenter’s recommendation regarding event-based accuracy metrics in the design of the study’s performance measures. NHTSA also notes that accuracy metrics from the earlier ISA project conducted with Exponent, referenced in an earlier response, may help inform this effort.

This anonymous commenter also raised concerns regarding the susceptibility of camera-based sign-recognition systems to physical adversarial attacks, such as altered or perturbed signage, and recommended that NHTSA test ISA responses to degraded or adversarially altered signs.

NHTSA appreciates this comment and agrees this is an important consideration for the underlying technology. However, this driver acceptance and effectiveness study is focused on driver response to ISA system behavior rather than the robustness of any particular manufacturer’s computer-vision algorithm. Therefore, this study will not include the evaluation of camera-based sign-recognition systems exposed to adversarial attacks.

Finally, the anonymous commenter argued that recruiting participants from the DSRI volunteer registry in Eastern Iowa risks oversampling younger, more technology-familiar drivers, and noted that the study as described does not evaluate the unique risks faced by older drivers who are less familiar with driver-assistance technologies or by drivers who use adaptive driving controls, such as hand-operated accelerator and brake controls. The commenter recommended that NHTSA broaden recruitment beyond the university-affiliated volunteer pool to include dedicated cohorts of older and less technology-familiar drivers, and evaluate compatibility with adaptive driving controls.

NHTSA appreciates this comment and acknowledges that a volunteer sample recruited from a single geographic area will not fully represent the national driving population. NHTSA will document the demographic composition of the final sample, including age, in the resulting technical report. Stratification

will be used to balance the sample by age. The database that will be used to recruit participants for this study includes individuals across the lifespan, most of whom are not enrolled as students.

NHTSA agrees that the needs of drivers who use adaptive driving controls and other special populations are important considerations for ISA research and will consider these populations in the design of future studies; potential participants are screened for health factors and simulator safety limitations, most of which are contraindications for participating in the motion-based driving simulator used in these studies.

The fifth comment was submitted by the Insurance Institute for Highway Safety (IIHS). IIHS expressed support for NHTSA's planned study and recommended that the research include analysis of driver eye-glance behavior, de-emphasize measures of ISA effectiveness on speeding, and focus on addressing knowledge gaps about ISA acceptance.

IIHS also recommended that NHTSA include analysis of driver eye-glance behavior, referencing their recent report detailing a simulator study (Reagan et al., 2026). Reagan and colleagues (2026) found that ISA warnings were associated with more frequent but shorter glances to the instrument cluster compared with similar instances of speeding without ISA, a pattern that held for both visual-only and visual-plus-audible warnings. IIHS noted that drivers' visual reaction to cautionary displays like ISA is understudied.

NHTSA appreciates this comment and has reviewed the accompanying report. The simulator that will be used for this data collection can record driver eye-glance behavior. NHTSA will consider incorporating eye-glance metrics into the driving behavior assessments as the study protocol is finalized.

IIHS noted that though its own study found decreases in speeding behavior associated with ISA, it placed little value on these findings because simulators poorly replicate the motivational factors that compel drivers to speed in the real world, which severely limits the external validity of speeding outcomes. IIHS encouraged NHTSA to adopt a similar perspective and to rely on field data to the extent the relationship between advisory ISA and speeding behavior is of equal or greater importance than the relationship between advisory ISA and acceptance.

NHTSA appreciates this comment and agrees that simulator-based speeding outcomes should be interpreted with caution given the limits on external

validity that IIHS describes. The IIHS report indicates that speeding metrics were reduced in each ISA condition compared with not driving with ISA. This suggests that although performed in a simulator, the within-subject comparisons provide support for the effectiveness of ISA systems. Consistent with NHTSA's responses to other comments in this notice, NHTSA will characterize simulator-based findings, including any observed changes in speeding behavior, as complementary to rather than a substitute for real-world and naturalistic data, and will prioritize the study's driver acceptance measures accordingly.

IIHS reported that in a representative survey of U.S. drivers, only about a third agreed that an ISA system with audible and visual warnings at 1–2 mph over the speed limit would be acceptable, while 79 percent would accept a system intervening at 10 mph over the limit. IIHS recommended that NHTSA validate this self-reported finding using the simulator study, and noted that many other parameters likely influencing acceptance, such as warning timing, have received little research attention.

NHTSA appreciates this comment. The study's questionnaires will include items asking whether participants would find ISA intervention acceptable at 1–2 mph, 5 mph, and 10 mph over the posted speed limit, which will allow NHTSA to compare simulator-based acceptance ratings at each threshold against IIHS's survey findings. In Study 1, drivers will experience different speed limit thresholds, allowing us to better understand drivers' acceptance after experiencing these systems. NHTSA agrees that other parameters affecting acceptance, such as warning timing, warrant further study and will consider them as the study protocol is finalized.

IIHS also reported that in its own study, visual-only ISA warnings ranked higher in acceptance than warnings paired with audible cues, and suggested this effect may be magnified by the false alert rate, since conditions with false alerts would better reflect the accuracy levels of current ISA implementations. IIHS recommended that NHTSA examine the influence of speed limit detection accuracy on acceptance, noting that real-world ISA performance is imperfect and that no study has systematically manipulated the false alert rate of speed warnings while measuring acceptance.

NHTSA appreciates this comment and agrees that the interaction between alert accuracy and display modality is an important research gap. As noted in

NHTSA's response to other comments in this notice, the ISA systems used in the simulator-based study drives are not modeled as 100% accurate; participants will encounter instances of imperfect system performance across the ISA systems and modalities evaluated, which will allow NHTSA to examine how alert accuracy interacts with acceptance of different display types.

IIHS commented that in its study, early exposure to audible cues led participants to glance at the instrument cluster and reduce speed before the onset of the audible alert, suggesting behavioral adaptation to avoid the alert, and cited other literature describing similar longer-term adaptations, such as drivers maintaining speed just below alert thresholds to avoid repeated warnings. IIHS recommended deeper exploration of these learning effects.

NHTSA appreciates this comment. NHTSA agrees that behavioral adaptation to repeated ISA alerts is an important consideration. Studies 2 and 3 involve prolonged, within-subject exposure to two ISA systems, which may surface some early adaptation effects; however, a single-visit study cannot capture the longer-term learning effects IIHS describes. NHTSA will consider this a priority area for potential future longitudinal ISA research.

Furthermore, IIHS recommended that NHTSA examine relative differences in acceptance among visual-only, visual-auditory, and visual-haptic ISA displays, noting that a reliable acceptance advantage for haptic over auditory warnings has been observed in other crash-avoidance contexts, such as lane departure warning, but has not been studied for ISA. IIHS noted that this research gap may partly reflect European law's prohibition on haptic ISA warnings unless delivered through the accelerator pedal, a restriction that would not apply to U.S. vehicles.

NHTSA appreciates this comment. The ISA systems evaluated in Study 1 include a haptic variant alongside visual and auditory systems, allowing NHTSA to compare acceptance across modalities, including the visual-haptic comparison IIHS highlights. NHTSA will ensure this comparison is addressed in the resulting technical report.

Affected Public: Individuals 18 and older from Eastern Iowa and the surrounding areas who have volunteered to take part in driving studies or who have opted to receive research-related emails from the University of Iowa mass email system. Respondents must meet specific eligibility criteria to be included in this information collection. Businesses are

ineligible for the sample and will not be contacted.

Estimated Number of Respondents: We estimate 700 respondents will initiate the eligibility questionnaire. We anticipate 475 respondents will complete the eligibility questionnaire. To account for dropout or missing data, we anticipate enrolling up to 300 respondents to reach our target sample of 240 drivers.

Frequency: This study will be conducted once during the three-year period for which NHTSA is requesting approval.

Estimated Number of Responses: We estimate 3,000 total responses. The estimated number of responses reflects the number of respondents anticipated at each component of this information collection request.

Estimated Total Annual Burden Hours: The total estimated burden for this information collection is 931 hours. The annual burden is 308 hours.

The individual form and procedure burden contributions are outlined in the below text and tables (Table 1).

- **Eligibility Questionnaire (NHTSA Form 2179):** We estimate 700 respondents will initiate a response to the online eligibility questionnaire one time, with 475 respondents completing the questionnaire. Respondents that

initiate but do not complete the questionnaire (four minutes) and respondents that complete the entire questionnaire (15 minutes), this results in an average of approximately 12 minutes for 700 respondents, with a single response each.

- **Informed Consent Document (NHTSA Form 2180):** We expect 50 participants to complete this form prior to their participation. Participants will take approximately 15 minutes to complete the form one time.

- **Informed Consent Document (NHTSA Form 2181):** We expect 250 participants to complete this form prior to their participation. Participants will take approximately 15 minutes to complete the form one time.

- **Intake & Eligibility Confirmation (NHTSA Form 2267):** We expect 300 participants to complete this block of procedures one time with a duration of five minutes.

- **Wellness Questionnaire (NHTSA Form 2182):** We expect 300 participants to take approximately two minutes to complete this form three times for a total burden of six minutes.

- **Questionnaire 1 (NHTSA Form 2183):** We expect it will take six minutes for completion. 50 respondents will complete this form five times.

- **Driving Behavior Assessment [Study 1] and Questionnaire 2 (NHTSA Form 2184):** We expect 50 participants to complete the behavior assessment and Questionnaire 2 once. Participants will take 85 minutes to complete the block of procedures. The procedures include a pre-drive PowerPoint training and simulator orientation of approximately five minutes, a familiarization drive of approximately 15 minutes, five study drives of approximately 12 minutes each, and a post-drive questionnaire of approximately five minutes.

- **Questionnaire 3 (NHTSA Form 2185):** We expect it will take 10 minutes for completion. 250 respondents will complete this form once.

- **Driving Behavior Assessment [Study 2 and 3] and Questionnaire 4 (NHTSA Form 2186):** We expect 250 participants to complete the driving behavior assessment and Questionnaire 4 once. Participants will take 125 minutes to complete the block of procedures. The procedures include a pre-drive PowerPoint training and simulator orientation of approximately five minutes, a familiarization drive of approximately 15 minutes, two study drives of approximately 45 minutes each, and a post-drive questionnaire of approximately 15 minutes.

TABLE 1—BURDEN ESTIMATES

NHTSA Form No.	Information collection	Number of respondents	Frequency of response	Time per response (minutes)	Burden hours
2179	Eligibility Questionnaire	700	1	12	140
2180	Informed Consent Document 1	50	1	15	13
2181	Informed Consent Document 2	250	1	15	63
2267	Intake & Eligibility Confirmation	300	1	5	25
2182	Wellness Questionnaire	300	3	2	30
2183	Questionnaire 1	50	5	6	25
2184	Driving Behavior Assessment [Study 1] and Questionnaire 2	50	1	85	71
2185	Questionnaire 3	250	1	10	42
2186	Driving Behavior Assessment [Study 2 and 3] and Questionnaire 4	250	1	125	522
Total .....	.....	.....	.....	.....	931

Estimated Total Annual Burden Cost: \$0.

Respondents will not incur any reporting or recordkeeping costs from the information collection. The only cost respondents will incur is a one-time cost for local travel to and from DSRI. The costs are minimal and are expected to be offset by the monetary compensation that will be provided to all participants who enroll.

Public Comments Invited: You are asked to comment on any aspects of this information collection, including (a) whether the proposed collection of

information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including 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.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. Chapter 35, as amended; 49 CFR 1.49; and DOT Order 1351.29A.

Cem Hatipoglu,

Associate Administrator, Vehicle Safety Research.

[FR Doc. 2026–21054 Filed 10–14–26; 8:45 am]

BILLING CODE 4910–59–P

DEPARTMENT OF THE TREASURY**Office of Foreign Assets Control****Notice of OFAC Sanctions Actions**

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing the names of one or more persons who have been removed from the Specially Designated Nationals and Blocked Persons List (SDN List).

DATES: See **SUPPLEMENTARY INFORMATION** for relevant dates.

FOR FURTHER INFORMATION CONTACT: OFAC: Associate Director for Global Targeting, 202-622-2420; Assistant Director for Licensing, 202-622-2480; Assistant Director for Sanctions Compliance, 202-622-2490 or <https://ofac.treasury.gov/contact-ofac>.

SUPPLEMENTARY INFORMATION:**Electronic Availability**

The SDN List and additional information concerning OFAC sanctions programs are available on OFAC's website: <https://ofac.treasury.gov>.

Notice of OFAC Action

On October 9, 2026, OFAC determined that the property and interests in property subject to U.S. jurisdiction of the following person are unblocked and they have been removed from the SDN List.

1. HTET, Theint Win, Burma; DOB 21 May 1999; nationality Burma; Gender Female; National ID No. 12/LAMANAN155055 (Burma) (individual) [BURMA-EO14014] (Linked To: ZAW, Thein Win).

(Authority: 31 CFR chapter V.)

Bradley T. Smith,

Director, Office of Foreign Assets Control.
[FR Doc. 2026-21085 Filed 10-14-26; 8:45 am]

BILLING CODE 4810-AL-P

DEPARTMENT OF THE TREASURY**Internal Revenue Service****Agency Information Collection Activities; Comment Request on Guidance Under Section 529A: Qualified ABLE Programs.**

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of information collection; request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, the IRS is inviting comments on the information collection request outlined in this notice.

DATES: Written comments should be received on or before December 14, 2026 to be assured of consideration.

ADDRESSES: Direct all written comments to Andres Garcia, Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW, Washington, DC 20224, or by email to pra.comments@irs.gov. Include "OMB Control No. 1545-2293" in the subject line of the message.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of this collection should be directed to Jason Schoonmaker, (801) 620-6008.

SUPPLEMENTARY INFORMATION: The IRS, in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)), provides the general public and Federal agencies with an opportunity to comment on proposed, revised, and continuing collections of information. This helps the IRS assess the impact and minimize the burden of its information collection requirements. Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record, and viewable on relevant websites. For this reason, please do not include in your comments information of a confidential nature, such as sensitive personal information. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the

agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of 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.

Title: Guidance Under Section 529A: Qualified ABLE Programs.

OMB Control Number: 1545-2293.

Regulatory Number: TD 9923.

Abstract: The Stephen Beck, Jr., Achieving a Better Life Experience (ABLE) Act of 2014, as part of The Tax Increase Prevention Act of 2014 (Pub. L. 113-295), added Internal Revenue Code (IRC) section 529A. IRC section 529A provides rules under which States or State agencies or instrumentalities may establish and maintain a new type of tax-favored savings program through which contributions may be made to the account of an eligible disabled individual to meet qualified disability expenses. These accounts also receive favorable treatment for purposes of certain means-tested Federal programs.

Treasury Regulations section 1.529A-2 provides guidance about the requirements applicable to qualified ABLE programs and individuals seeking to establish ABLE accounts under such programs.

Current Actions: There is no change to the previously approved information collection.

Type of Review: Extension of a currently approved collection.

Affected Public: Individuals or households, and States.

Estimated Number of Responses: 28,987.

Estimated Time per Response: 22 minutes.

Estimated Total Annual Burden Hours: 10,729.

Dated: October 13, 2026.

Jason M. Schoonmaker,
Tax Analyst.

[FR Doc. 2026-21097 Filed 10-14-26; 8:45 am]

BILLING CODE 4831-GV-P



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Part II

Securities and Exchange Commission

17 CFR Parts 270 and 274

Investment Company Cross Trading; Proposed Rule

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 270 and 274

[Release No. IC–36358; File No. S7–2026–36]

RIN 3235–AN45

Investment Company Cross Trading

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission (the “Commission”) is proposing to amend the rule under the Investment Company Act of 1940 (the “Investment Company Act”) that permits securities transactions between a registered investment company and certain affiliates (referred to as “cross trades”), subject to conditions. The proposed amendments are designed to expand the scope of securities that are eligible for cross trading, modernize the rule’s conditions, and enhance investor protection. The Commission also proposes to require aggregated reporting of trading activity and cross trades in Form N–PORT and Form N–MFP.

DATES: This proposal was published in the **Federal Register** on October 15, 2026. Comments should be received on or before December 14, 2026.

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

Electronic Comments

- Use the Commission’s internet comment form (<https://www.sec.gov/comments/s7-2026-36/investment-company-cross-trading>); or
- Send an email to rule-comments@sec.gov. Please include File Number S7–2026–36 on the subject line.

Paper Comments

- Send paper comments to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number S7–2026–36. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all comments on the Commission’s website (<https://www.sec.gov/rules-regulations/public-comments/s7-2026-36>). Do not include personally identifiable information in submissions; you should submit only information that you wish to make publicly available. We may redact in

part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on the Commission’s website. To ensure direct electronic receipt of such notifications, sign up through the “Stay Connected” option at www.sec.gov to receive notifications by email.

A summary of the proposal of not more than 100 words is posted on the Commission’s website (<https://www.sec.gov/rules-regulations/2026/10/s7-2026-36>).

FOR FURTHER INFORMATION CONTACT:

Alexis Hassell, Senior Counsel; Angela Mokodean, Senior Special Counsel; or Brian M. Johnson, Assistant Director at (202) 551–6792, Investment Company Regulation Office, Division of Investment Management, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–8549.

SUPPLEMENTARY INFORMATION: The Commission is proposing for public comment amendments to 17 CFR 270.17a–7 (“rule 17a–7”), Form N–PORT (referenced in 17 CFR 274.150), and Form N–MFP (referenced in 17 CFR 274.201) under the Investment Company Act.

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I. Introduction

A. Overview

Section 17 of the Investment Company Act prohibits certain transactions with a registered investment company (a “registered fund”) by its “affiliated persons” and their “affiliated persons.”¹ Under

¹ See 15 U.S.C. 80a–17. Under section 2(a)(3) of the Investment Company Act, an “affiliated person” of a registered fund is generally defined to include: (1) directors, officers, employees, and the investment adviser; (2) any person owning 5% or more of the registered fund’s voting securities; (3) any person in which the registered fund owns 5% or more of the voting securities; and (4) any person directly or indirectly controlling, controlled by, or under common control with the registered fund. See 15 U.S.C. 80a–2(a)(3).

section 17(a), an affiliated person of a registered fund, or an affiliated person of such a person, is generally prohibited from knowingly selling any security or other property to, or purchasing any security or other property from, the registered fund when acting as a principal. This prohibition protects registered funds and their investors against overreaching or self-dealing by the registered fund's adviser, directors, and other affiliated persons by prohibiting affiliated transactions where one of the parties has both the ability and the pecuniary incentive to influence the actions of the investment company.²

These provisions, among other things, prohibit cross trades, that is, where a registered fund sells a portfolio investment to, or purchases a portfolio investment from, another fund or other person that is an affiliated person of the registered fund (or an affiliated person of such affiliated person).

In cases where there is no overreach, however, cross trades may benefit registered funds in several ways. For example, cross trades allow affiliated registered funds to avoid some of the costs associated with open market trades, such as brokerage commissions, bid-ask spreads, and other transaction expenses, when buying and selling securities with affiliated parties. Thus, section 17(b) of the Investment Company Act provides that the Commission shall issue exemptive orders to permit principal transactions with affiliates, including cross trades, when evidence establishes that certain criteria are satisfied. These criteria are:

(1) The terms of the transaction, including the consideration paid and received, are reasonable and fair and do not involve overreaching;

(2) The transaction is consistent with each concerned registered fund's disclosed policies; and

(3) The transaction is consistent with the general purposes of the Investment Company Act.³

To eliminate the need to file and process exemptive applications in situations where it appears likely that these statutory protections would be satisfied, the Commission adopted rule 17a-7 to permit cross trades of certain securities, subject to protective conditions that are based upon the requirements of section 17(b).⁴

Rule 17a-7 allows cross trades between a registered fund and certain of its affiliates (including affiliated registered funds and others who share a common investment adviser) ("eligible affiliates"), subject to the following conditions:⁵

- The security that is cross traded has readily available market quotations;
- There is no brokerage commission, fee (except customary transfer fees), or other remuneration paid in connection with the cross trade, and no consideration involved other than cash payment against prompt delivery of the security; and
- The cross trade is consistent with the policy of each registered fund participating in the trade.

Further, the rule places certain responsibilities upon a registered fund's board of directors (a "board") to adopt cross-trading procedures, oversee the registered fund's cross trades, and monitor potential conflicts. Specifically, the registered fund's board (including a majority of directors who are not interested persons of the registered fund) must adopt procedures reasonably designed to ensure that cross trades comply with rule 17a-7 and must approve changes to those procedures as the board deems necessary. The registered fund's board must also determine, no less frequently than quarterly, that all cross trades made during the preceding quarter complied with the procedures. The rule also requires the board to satisfy certain registered fund governance standards.⁶ Additionally, each participating registered fund must maintain certain records relating to its cross-trading procedures and transactions.

Separate from section 17(a) of the Investment Company Act, cross trading also involves considerations under the Investment Advisers Act of 1940 (the "Advisers Act"). Investment advisers have fiduciary duties to their clients, including registered funds, under the Advisers Act to serve the best interests of their clients and to seek best execution of a client's transactions.⁷ In addition, section 206(3) of the Advisers

Act prohibits an investment adviser, directly or indirectly, from knowingly selling any security to or purchasing any security from a client without disclosing to the client the capacity in which the adviser is acting and obtaining the client's consent to the transaction.⁸ Rule 17a-7 currently does not provide exemptive relief from any provisions of the Advisers Act, and the proposed amendments likewise would not provide exemptive relief from these provisions. Compliance with rule 17a-7 also does not relieve a party engaging in a cross trade involving an Employee Retirement Income Security Act ("ERISA") plan from complying with applicable ERISA provisions.

Business development companies ("BDCs") are also subject to restrictions on affiliated transactions under section 57 of the Investment Company Act. Section 57 differs in some respects from the provisions for registered funds under section 17.⁹ Pursuant to section 57(i) of the Investment Company Act, until the Commission adopts rules for BDCs under section 57, BDCs are permitted to rely on rule 17a-7 to the extent that rule 17a-7 would permit a cross trade that section 57 would otherwise restrict. This release primarily focuses on the restrictions of section 17 of the Investment Company Act and therefore refers to registered funds throughout, but BDCs may rely on rule 17a-7 unless the Commission adopts BDC-specific rules under section 57 of the Investment Company Act in the future. The discussion in this release applies equally to BDCs.

B. Evolution of Funds' Cross-Trading Activities and Developments Underlying the Commission's Consideration of the Proposed Amendments

In 1966, when the Commission first adopted rule 17a-7, trades in equity securities were subject to substantial brokerage charges. The rule served the interests of investors by permitting affiliated funds to transact with each other, and thus avoid the payment of these brokerage charges, in situations where the Commission was likely to grant an exemption under section 17(b).¹⁰ As a result, Rule 17a-7 initially was limited to cross trades of equity securities that were traded on a national

² See, e.g., Investment Trusts and Investment Companies: Hearings on S. 3580 Before a Subcomm. of the Senate Comm. on Banking and Currency, 76th Cong., 3d Sess., at 256-59 (1940).

³ See 15 U.S.C. 80a-17(b).

⁴ See Exemption of Certain Purchase or Sale Transactions Between Affiliated Registered Investment Companies, Investment Company Act Release No. 4697 (Sept. 8, 1966) [31 FR 12092 (Sept. 16, 1966)] ("1966 Adopting Release").

⁵ Eligible affiliates include an affiliated person of the registered fund, or an affiliated person of an affiliated person of the fund, that is: (1) another registered fund (including separate series); (2) another series of the same registered fund; or (3) another person whose affiliation is solely by reason of having a common investment adviser (or affiliated investment advisers), common directors, and/or common officers.

⁶ See 17 CFR 270.0-1(a)(7).

⁷ See, e.g., Commission Interpretation Regarding Standard of Conduct for Investment Advisers, Advisers Act Release No. 5248 (June 5, 2019) [84 FR 33669 (July 12, 2019)] ("Standard of Conduct Release").

⁸ 15 U.S.C. 80b-6(3).

⁹ For example, section 57 creates different categories of affiliated transactions and permits certain types of affiliated transactions if approved by both a majority of a BDC's directors or general partners who have no financial interest in the transaction and a majority of directors or general partners who are not interested persons of the BDC. 15 U.S.C. 80a-56.

¹⁰ See 1966 Adopting Release, *supra* note 4.

securities exchange and for which objective pricing information was available on the exchange.¹¹

In the early 1980s, recognizing that funds at that time increasingly invested in securities that traded over the counter but had an active trading market that generated independent pricing information, the Commission expanded the scope of rule 17a-7 to apply to trades involving any security for which market quotations are readily available.¹² The Commission did not define the term “readily available market quotations” at that time. Because the rule was no longer limited to equity securities, over time, registered funds came to rely on rule 17a-7 to cross trade fixed-income securities as well.

When expanding rule 17a-7 to permit cross trades of over-the-counter securities, the Commission also amended the rule’s pricing provisions to require that these trades be priced at the average of the highest current independent bid and lowest current independent offer determined on the basis of reasonable inquiry. Historically, to meet this “reasonable inquiry” standard, registered funds obtained multiple bids and offers from broker-dealers for an over-the-counter security. In 1981, when the reasonable inquiry standard was adopted, quotes for fixed-income securities were generally obtained by calling individual broker-dealers on the phone.

Since that time, markets have undergone significant technological and structural changes, leading to pricing that is more verifiable, accessible, and transparent. For instance, fixed-income markets have seen developments in transparency, with Trade Reporting and Compliance Engine (TRACE) and Real-Time Transaction Reporting System (RTRS) reporting for many segments of the markets.¹³ In addition, there have been improvements in price discovery with the rise of electronic trading

platforms, which can provide enhanced pre- and post-trade transparency. This includes, for example, systems that electronically display continuous trading interest (or “stream axes”) in a security or type of security on the system and “request for quote” (or “RFQ”) systems that are designed to allow market participants to obtain quotes for a particular security by sending messages to one or multiple potential respondents on the system simultaneously. Fixed-income exchange-traded funds (“ETFs”), which trade throughout the day and reflect what the market believes to be the price of their underlying portfolios, also can serve as meaningful price discovery vehicles.¹⁴ Moreover, many registered funds engage third-party pricing services to provide pricing information.¹⁵ In the context of cross trading municipal securities, certain letters from the Division of Investment Management staff (“staff”) have addressed a fund’s use in cross trades of the price provided by an independent pricing service that values the fund’s municipal securities for purposes of determining the fund’s net asset value (“NAV”).¹⁶

The evolution of the registered fund industry in part drove increased demand to cross trade fixed-income securities. In the last twenty years, registered funds that invest primarily in fixed-income instruments have expanded from around \$1.5 trillion in assets to approximately \$7.9 trillion.¹⁷ Further, according to an industry survey, registered funds engaged in more than \$200 billion in cross trades of fixed-income securities in 2020 alone, resulting in estimated savings for those

registered funds and their shareholders of over \$300 million.¹⁸

In December 2020, the Commission adopted 17 CFR 270.2a-5 (“rule 2a-5”) under the Investment Company Act, which addresses fund valuation practices and the board’s role with respect to the fair value of a fund’s investments.¹⁹ Among other things, rule 2a-5 defines the term “readily available market quotations” because the requirement to determine a security or other asset’s fair value under the Investment Company Act and rule 2a-5 applies to securities and assets for which there are no readily available market quotations.

Rule 2a-5 provides that market quotations are readily available with respect to a security only when that “quotation is a quoted price (unadjusted) in active markets for identical investments that the fund can access at the measurement date, provided that a quotation will not be readily available if it is not reliable.”²⁰ This definition is consistent with the definition of a level 1 input in the fair value hierarchy outlined in U.S. generally accepted accounting principles (“GAAP”).²¹ However, this definition practically excludes most fixed-income securities from meeting the readily available market quotation standard because fixed-income securities trade infrequently and thus usually do not have active markets that provide the direct observable pricing inputs necessary to meet the standard.²² Because a security must have readily available market quotations to be eligible to be cross traded under current rule 17a-7, fixed-income securities that previously were cross traded under the rule prior to the adoption of rule 2a-5 generally have not been eligible for

¹¹ The Commission later amended the rule to include securities transactions entered into on a national inter-dealer quotation system that met certain conditions. See *Exemption for Securities Traded in Over-the-Counter Market and Change in Annual Report Form N-1R*, Investment Company Act Release No. 8494 (Sept. 13, 1974) [39 FR 36002 (Oct. 7, 1974)].

¹² See *Exemption of Certain Purchase or Sale Transactions Between a Registered Investment Company and Certain Affiliated Persons Thereof*, Investment Company Act Release No. 11676 (Mar. 10, 1981) [46 FR 17011 (Mar. 17, 1981)] (“1981 Adopting Release”).

¹³ FINRA’s TRACE (introduced in 2002) is an over-the-counter real-time price dissemination service for eligible fixed-income securities, and MSRB’s RTRS has provided real-time information about transactions in municipal securities since 2005. See https://www.finra.org/sites/default/files/TRACE_Overview.pdf and <https://www.msrb.org/Market-Transparency-Programs>.

¹⁴ See, e.g., M. Tucker & S. Laipply, *Bond Market Price Discovery: Clarity Through the Lens of an Exchange*, 39 J. of Portfolio Mgmt. 49 (2013).

¹⁵ See, e.g., *Good Faith Determinations of Fair Value*, Investment Company Act Release No. 34128 (Dec. 3, 2020) [86 FR 748 (Jan. 2, 2021)] (“Valuation Rule Adopting Release”), at section II.A.4.

¹⁶ See, e.g., *United Municipal Bond Fund*, SEC Staff No-Action Letter (Jan. 27, 1995) (“United No-Action Letter”); *Federated Municipal Funds*, SEC Staff No-Action Letter (Nov. 20, 2006) (“Federated No-Action Letter”). The statements in these letters and any other staff statements or guidance referenced in this release represent the views of Commission staff. Any such staff statements are not a rule, regulation, or statement of the Commission. Further, the Commission has neither approved nor disapproved their content. These statements, like all staff statements, have no legal force or effect, do not alter or amend applicable law, and create no new or additional obligations for any person.

¹⁷ See 2005 Investment Company Institute Fact Book, available at https://www.ici.org/doc-server/pdf%3A2005_factbook.pdf; 2026 Investment Company Factbook, available at <https://www.icifactbook.org/pdf/2026-factbook.pdf>.

¹⁸ See Letter of the Investment Company Institute (Apr. 9, 2021) (“ICI Letter”). The survey authors estimated that fixed income cross trading represents approximately 3.7% of the registered funds’ total fixed income trading activity. This letter was provided in response to a 2021 Commission staff statement on investment company cross trading. See *infra* note 24. We discuss this survey and other information about the amount of registered funds’ cross-trading activities in different markets in more detail in section III.B.3.

¹⁹ See *Valuation Rule Adopting Release*, *supra* note 15.

²⁰ See rule 2a-5(c); *Valuation Rule Adopting Release*, *supra* note 15.

²¹ See Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 820-10-20. ASC Topic 820 categorizes inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted, observable inputs (level 1) and the lowest priority to unobservable inputs (level 3).

²² We understand that most fixed-income securities are not level 1 securities for U.S. GAAP purposes but rather are typically classified as level 2 securities.

cross trading since September 8, 2022, the compliance date of rule 2a–5.²³ The Commission acknowledged in adopting rule 2a–5 that certain securities might become ineligible for cross trading under the new rule. The Commission also noted that consideration of amendments to rule 17a–7 was on its rulemaking agenda and welcomed input from the public as it considered potential revisions to the rule.

In March 2021, the staff issued a statement on investment company cross trading (the “Staff Statement”).²⁴ The Staff Statement noted that staff was assessing whether amendments to rule 17a–7 were warranted in light of the developments arising from the adoption of rule 2a–5 and the evolution of registered funds’ cross-trading practices over the last several decades, and solicited feedback on a number of relevant issues.²⁵ Response letters generally favored amending rule 17a–7 to allow cross trading of fixed-income securities subject to protective conditions, while expressing differing views about the specifics of such conditions.

Members of the public have suggested other ways to improve cross trading of fixed-income securities beyond issues relating to the adoption of rule 2a–5. For example, some response letters suggested that rule 17a–7’s pricing conditions, which for fixed-income securities require obtaining multiple bids and offers from broker-dealers who will not execute the transaction, should

not be the sole permissible method of pricing such cross trades and presented challenges at times.²⁶ Similarly, the Fixed Income Market Structure Advisory Committee (“FIMSAC”) issued recommendations in 2020 related to investment company cross trading.²⁷ FIMSAC’s recommendations (which discussed cross trading prior to the changes brought about by rule 2a–5’s adoption) suggested expanding rule 17a–7’s pricing conditions for cross trades of fixed-income securities meeting the definition of a level 1 or level 2 security under GAAP to allow, for example, the use of independent pricing sources like those used to determine a registered fund’s NAV.²⁸

Respondents also suggested that rule 17a–7’s requirements regarding conflict oversight, and the role that registered fund boards play in that oversight, deserve renewed attention.²⁹ For example, the rule’s requirement that a registered fund’s board review the fund’s cross trades on a quarterly basis predates the enhancements to registered fund compliance programs mandated by 17 CFR 270.38a–1 (“rule 38a–1”) which, among other things, placed responsibilities for administering a registered fund’s compliance policies and procedures upon the fund’s chief compliance officer (“CCO”). Consistent with rule 38a–1, in 2018, the staff stated that it would not recommend enforcement action to the Commission if a registered fund’s board receives a written representation from the fund’s CCO that transactions effected in reliance on rule 17a–7 complied with the procedures adopted by the board, instead of the board itself determining such compliance.³⁰ A number of respondents suggested that the Commission amend rule 17a–7 to

formally relieve boards of the responsibility for reviewing transaction-specific cross-trading information and instead require procedures whereby boards periodically review and analyze reports from registered fund CCOs.³¹ Some also suggested that, if the Commission expands the scope of securities and pricing methods for cross trades, it could also consider requirements related to policies and procedures, post-trade forensic testing, and board or CCO oversight as sufficiently protective measures.³²

Some respondents and FIMSAC also suggested expressly allowing registered funds to pay certain fees in connection with effecting cross trades, such as custodial fees related to transferring securities or fees charged by an electronic trading platform for effecting a cross trade.³³ In addition, market participants have expressed different views related to the transparency and reporting of cross-trading activity.³⁴

C. Current Cross Trading Considerations

While markets have changed significantly since the Commission first adopted rule 17a–7 in 1966, response letters to the Staff Statement identify benefits that cross trades continue to offer to registered funds and their investors. For example, cross trading can help a registered fund avoid transaction costs that it would otherwise incur in open market transactions and counterparty risks.³⁵ Cross trading also can help a registered fund avoid market impacts, including price movement and price uncertainty, if the registered fund seeks to increase or reduce a position that is large enough to move the price of that security, and can provide greater execution speed and certainty relative to open market transactions.

Apart from potential benefits in transaction costs and pricing, cross trades can provide registered funds access to difficult to obtain securities that an advisory client might otherwise sell into the market due to redemption

²³ See Valuation Rule Adopting Release, *supra* note 15, at n.359 and accompanying text (“[t]he definition of readily available market quotations that we are adopting will apply in all contexts under the Investment Company Act and the rules thereunder, including rule 17a–7”). However, certain earlier letters by our staff address, among other things, the application of rule 17a–7 in the context of certain municipal securities transactions where there were no readily available market quotations. See, e.g., United No-Action Letter; Federated No-Action Letter. These letters were not withdrawn in connection with the adoption of rule 2a–5.

²⁴ See Division of Investment Management Staff Statement on Investment Company Cross Trading (Mar. 11, 2021), available at <https://www.sec.gov/newsroom/speeches-statements/investment-management-statement-investment-company-cross-trading-031121>. Unless otherwise indicated, letters cited in this release are the public responses to the Staff Statement, which are available at <https://www.sec.gov/investment/engaging-investment-company-cross-trading>. In this release, we generally refer to these public responses as “letters” or “response letters,” and we generally refer to the members of the public submitting the letters as “respondents.”

²⁵ Specifically, the Staff Statement sought feedback on: (1) registered funds’ current cross-trading practices; (2) pricing and liquidity requirements relating to determining the eligibility of securities to cross trade under rule 17a–7; (3) controls by registered funds and advisers relating to cross trading; and (4) issues relating to market transparency of cross trading.

²⁶ See, e.g., Letter of MarketAxess (Apr. 9, 2021) (“MarketAxess Letter”); Letter of the Securities Industry Financial Markets Association Asset Management Group (Apr. 12, 2021) (“SIFMA AMG Letter”) (stating that obtaining bids and offers for certain fixed-income securities had become difficult, if not impossible, for funds due to a reduced willingness on the part of dealers to provide such market pricing information); Letter of T. Rowe Price (Apr. 14, 2021) (“T. Rowe Letter”).

²⁷ See FIMSAC Recommendation Regarding Modernizing Rule 17a–7 under the 1940 Act (June 1, 2020) (“FIMSAC Recommendations”), available at <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-recommendation-internal-fund-cross.pdf>.

²⁸ See FIMSAC Recommendations. FIMSAC also advocated for the use of electronic trading platforms to determine pricing, subject to certain protective conditions.

²⁹ See, e.g., Letter of the Investment Adviser Association (Apr. 11, 2021) (“IAA Letter”).

³⁰ See Independent Directors Council, SEC Staff No-Action Letter (Oct. 12, 2018) (“IDC No-Action Letter”). This no-action position also applied to similar requirements in 17 CFR 270.10f–3 and 17 CFR 270.17e–1.

³¹ See, e.g., ICI Letter; T. Rowe Letter.

³² See, e.g., FIMSAC Recommendations; ICI Letter; SIFMA AMG Letter.

³³ See, e.g., SIFMA AMG Letter; Letter of Wellington Management Company LLP (Apr. 12, 2021) (“Wellington Letter”); FIMSAC Recommendations.

³⁴ See, e.g., SIFMA AMG Letter; FIMSAC Recommendations; Letter of Dimensional Fund Advisors LP (Apr. 21, 2021) (“Dimensional Letter”).

³⁵ See, e.g., ICI Letter; Wellington Letter; SIFMA AMG Letter. For example, if a bond is trading on the open market with a bid of \$100.00 and an ask of \$100.50, then a selling fund would receive \$100.00 for the bond in the open market, while a buying fund would pay \$100.50 for the bond. If the funds instead cross traded the bond, they could transact at the midpoint price of \$100.25 and each realize a benefit of \$0.25.

activity or other portfolio management considerations. Cross trading also can provide an alternative source of liquidity for a selling registered fund where an affiliated fund or other account would benefit from purchasing the security in the cross trade, which can be an important benefit if few broker-dealers maintain an inventory of the security. Because of these benefits, it continues to be an appropriate use of our authority under sections 6(c) and 17(b) of the Investment Company Act to exempt cross-trading activity, subject to appropriate controls to prevent abuse or overreach.³⁶

While cross trades can provide significant benefits, cross trades also can implicate conflicts of interest in that an adviser may have the incentive, and ability, to favor one client over another to achieve higher advisory fees or other benefits for the adviser. These conflicts can lead to a registered fund being disadvantaged by its adviser in favor of higher-fee paying clients or other accounts, particularly when a security or other instrument is thinly traded. Examples of possible cross-trading abuses include:

- “Parking,” where an adviser may pre-arrange a cross trade with the intent to purchase the securities back at prices that disadvantage clients and evade regulatory oversight.³⁷
- “Cherry-picking,” where more desirable investments are cross traded to a favored or more profitable client.³⁸
- “Dumping” where less desirable investments are cross traded to a less favored client.³⁹

³⁶ Under section 6(c) of the Investment Company Act, the Commission may by rule, regulation, or order exempt any person or transaction or any class of persons or transactions from any provision of the Act if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with protection of investors and the purposes fairly intended by the policy and provisions of the Act. See 15 U.S.C. 80a–6(c).

³⁷ See, e.g., In the Matter of Morgan Stanley Investment Management Inc. and Sheila Huang, Investment Company Act Release No. 31947 (Dec. 22, 2015) (settled enforcement action alleging that a portfolio manager prearranged trades between affiliates at prices that favored certain clients over others and effected such trades through a broker-dealer to evade the firm’s internal cross-trade procedures); In the Matter of Western Asset Management Co., Investment Company Act Release No. 30893 (Jan. 27, 2014) (settled enforcement action alleging engagement in dealer-interposed cross trades at prices that favored one side over another).

³⁸ See, e.g., In the Matter of SeaCrest Wealth Management, LLC, Advisers Act Release No. 6788 (Dec. 12, 2024) (settled enforcement action alleging that block trades were allocated among client accounts in a manner that favored some accounts over others).

³⁹ See, e.g., In the Matter of Macquarie Investment Management Business Trust, Investment Company Act Release No. 35325 (Sept. 19, 2024) (settled enforcement action alleging internal and dealer-

As a result, cross trading must be subject to appropriate conditions, and registered funds must have effective and robust oversight mechanisms to guard against these potential conflicts.

Cross trading also has the potential to negatively affect price discovery and market integrity if large volumes of trades occur between affiliated parties. Unlike open market transactions, information about individual cross trades, such as the price, size, and instrument involved in the trade, generally is not publicly reported. The lack of transparency about the prices at which cross trades are effected may negatively affect the market’s price discovery processes. Similarly, the lack of information about the volume of cross trades may distort perceptions of the liquidity of a particular asset class or market. The lack of cross-trade information may reduce the broader market’s ability to accurately assess the value of certain securities or asset classes. As a result, some degree of transparency about funds’ cross-trading activities is necessary.

D. Overview of Proposal

We propose to modernize and expand rule 17a–7 to better allow cross trades that are beneficial to registered funds and their shareholders, while also updating the rule’s conditions to ensure effective investor protection.⁴⁰

- *Expand securities eligible to be cross traded.* We propose to expand the types of securities eligible for trading under the rule to include securities that the registered fund values based on inputs that are observable, either directly or indirectly. This change would permit cross trading of most fixed-income securities under the proposed rule because observable inputs are available for most fixed-income securities. The proposed change would limit the universe of securities eligible for trading under the rule to securities that have an independent basis for pricing, including those with readily available market quotations and observable inputs, to reduce the risk of subjectivity, bias, or error in determining the price of the cross trade.

- *Updated pricing conditions.* Recognizing the current pricing conditions may not be well suited to

interposed cross trades that were executed at prices that deviated from current market prices, causing certain purchasing accounts (primarily registered funds) to absorb trading losses that otherwise would have been borne by the selling unregistered pooled investment vehicles).

⁴⁰ The exemptions proposed would be necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Investment Company Act.

modern markets, we propose to update the pricing conditions of the rule to require the cross trade be effected using one of two pricing methods, which would be considered the independent current market price for purposes of the rule. The first pricing method would use the value of the security determined in the registered fund’s next computation of NAV. Under the second method, the cross trade would be effected at a price that the registered fund’s investment adviser determines reasonably represents the current market price for the security using one or more unaffiliated pricing sources. If the registered fund uses the second method, the fund’s investment adviser would be required to periodically review the reasonableness of these prices.

- *Conflict oversight and recordkeeping.* In lieu of the rule’s current board oversight requirements, the proposal would make a number of changes to the current rule designed to enhance investor protection and allocate oversight responsibility in an effective manner. In the first instance, the registered fund’s adviser would be required to determine prior to effecting a transaction that the proposed cross trade is in the best interest of the fund. Additionally, the registered fund’s CCO would be required to perform quarterly reviews of cross trades to determine compliance with the rule and report the results to the fund’s board. The CCO would also be required to conduct at least annual back testing of cross trades, which must include analyses of the ultimate prices realized when any security purchased by a fund through a cross trade is ultimately sold, to look for patterns suggesting disadvantages to the fund relative to affiliates and report the results to the board. Funds would be required to maintain and preserve records of each cross trade, the information and material used by the CCO to make the required determinations (including the information and material used to determine at least quarterly whether the conditions of the rule were satisfied for each cross trade and for the at least annual disposition-based and other back-testing to identify potential abuses), and reports provided to the board.

- *Reporting.* Registered funds do not currently report information about their cross trades in a structured way. Additional reporting about a fund’s cross-trading activity in the context of its overall trading activity would help investors, the Commission, and other market participants better understand the scope and breadth of cross-trading activities and how these activities relate

to, and affect, other reported market information. The proposal would add requirements for registered funds that engage in cross-trading activities to report—on Form N-PORT and Form N-MFP—aggregate information, by asset class, about the value of securities a registered fund traded during the preceding month and corresponding information about cross-trading activity by asset class.

- *Other modernizations.* The proposed rule 17a-7 amendments would also expressly permit *de minimis* payments to unaffiliated parties for services such as clearing, settlement, and custody. In addition, the proposed amendments would provide that a cross trade must be consistent with the registered fund's policies and investment strategies. For clarity, we also propose to add defined terms to the rule related to the registered funds that may rely on the rule and the eligible affiliates with which they may cross trade. The proposed defined terms would not modify these aspects of the current rule.

II. Discussion

A. Eligible Securities Expansion

We propose to amend rule 17a-7 to expand the scope of securities that are eligible to be cross traded under the rule. The proposed amendments would permit cross trading of securities that would be valued by a registered fund based on inputs that are observable, either directly or indirectly, in addition to those with readily available market quotations.⁴¹ By expanding the eligible securities for funds to cross trade to include those with observable inputs, the proposal is designed to expand the benefits of cross trading to more transactions while protecting investors by ensuring that there is an independent basis for determining the price of the security.

Rule 17a-7 currently restricts the scope of securities that are eligible to be cross traded to securities for which market quotations are readily available.⁴² In 1981, when the Commission amended the rule to include this condition, the Commission stated that reliance on readily available market quotations provides an independent basis for determining that the terms of the transaction are fair and reasonable to each participating registered fund and do not involve overreaching.⁴³ The Commission further stated that this condition would limit cross trading to securities that trade in

active secondary markets, making the securities more likely to have independent pricing information available.⁴⁴

Rule 2a-5 under the Investment Company Act, which the Commission adopted in 2020, defines readily available market quotations to mean that there is a quoted price (unadjusted) in active markets for identical investments that the fund can access at the measurement date, provided that a quotation will not be readily available if it is not reliable.⁴⁵ This definition is consistent with the definition of a “level 1” input in the fair value hierarchy outlined in U.S. GAAP.⁴⁶ A security is considered to have readily available market quotations if its value is determined solely by reference to level 1 inputs.⁴⁷ Under the proposed rule 17a-7 amendments, funds would continue to be allowed to cross trade securities that have readily available market quotations as defined in rule 2a-5 (*i.e.*, level 1 securities).

We understand that most fixed-income securities that registered funds seek to trade do not have readily available market quotations because, among other reasons, they are not frequently traded in the secondary market and therefore are not valued solely by reference to level 1 inputs. As discussed above, such securities generally have not been eligible to cross trade since the compliance date for rule 2a-5.⁴⁸ The Commission also understands that cross trading fixed-income securities could provide benefits to registered funds and registered fund shareholders, including, for example, lower transaction costs and access to difficult to obtain securities.⁴⁹

To recognize those benefits while still protecting investors, we propose to expand the scope of securities that are eligible to be cross traded under the rule to include securities that are valued by registered funds based on inputs that are observable, either directly or indirectly (“level 2 securities”). This proposed change—that a security valued based on

direct or indirect observable inputs would be eligible—is designed to be consistent with the current definition of a level 2 input in the fair value hierarchy outlined in U.S. GAAP.⁵⁰ Level 2 inputs include, for example, quoted prices for similar securities in active markets, quoted prices for identical or similar securities in non-active markets, and inputs other than quoted prices that are observable for the security, such as credit spreads or interest rates and yield curves that are observable at commonly quoted intervals.⁵¹ For purposes of the proposed rule, we would consider a security to be valued based on inputs that are observable, either directly or indirectly, only to the extent that level 2 inputs are the lowest level of inputs that are significant to the entire measurement.⁵²

Although level 2 securities do not have readily available market quotations like level 1 securities, they do have other observable inputs, such as quoted prices or prices for similar assets, that can be independently verified and often have multiple pricing sources available. Requiring observable pricing inputs for cross trading eligibility reduces the potential for overreaching of the registered fund by the adviser, and would increase the likelihood that the terms of a cross trade are fair and reasonable to each participating registered fund consistent with the provisions for exemptive relief under section 17(b) of the Investment Company Act. Therefore, we propose to expand the scope of securities that are eligible to be cross traded to include securities that would be valued by the registered fund based on inputs that are observable, either directly or indirectly, which we understand would include many fixed-income securities.⁵³

Securities valued based on unobservable inputs that are significant

⁵⁰ See ASC 820-10-20; ASC 820-10-35-47 (providing that level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly). Observable inputs are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the security. See ASC 820-10-20 (defining “observable inputs”).

⁵¹ See ASC 820-10-35-48.

⁵² See ASC 820-10-35-37A (providing that where the inputs used to measure the fair value of an asset or liability are categorized within different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement).

⁵³ According to an industry survey, 99.6% of the fixed-income securities that funds that responded to the survey cross traded in 2020 were classified as level 2 securities. See ICI Letter.

⁴⁴ *Id.*

⁴⁵ See rule 2a-5(c).

⁴⁶ See Valuation Rule Adopting Release, *supra* note 15, at section II.D; ASC Topic 820-10-20.

⁴⁷ See *id.*, at paragraph accompanying n.336.

⁴⁸ See current rule 17a-7(a); *supra* note 23 and accompanying text.

⁴⁹ See, e.g., Lina Han et. al., *Cross Trading in the Corporate Bond Market*, SMU Cox Sch. of Bus., Research Paper No. 25-15 (2025) (stating that registered funds may benefit from cross trading due to, among other things, the funds avoiding transaction costs and obtaining difficult to obtain bonds); ICI Letter (stating that amending rule 17a-7 to permit registered funds to cross trade fixed-income securities, subject to certain conditions, would benefit funds and investors by lowering transaction costs).

⁴¹ See proposed rule 17a-7(b)(1).

⁴² See current rule 17a-7(a).

⁴³ See 1981 Adopting Release, *supra* note 12.

to the entire measurement (*i.e.*, “level 3” inputs under U.S. GAAP) or that are non-leveled under U.S. GAAP (*i.e.*, investments that are not categorized within the fair value hierarchy, certain private fund-issued securities that are valued using those private fund shares’ NAV as a practical expedient) would *not* be eligible for cross trading under the proposal.⁵⁴ Given the conflicts of interest implicated by cross trades and the importance of the transaction price to ensure that a cross trade is fair and reasonable to each participating registered fund and does not involve overreaching, we propose to permit cross trading under rule 17a-7 only of securities corresponding to assets whose fair value measurement is categorized as level 1 or level 2 within the current U.S. GAAP fair value hierarchy.⁵⁵ The proposed approach is designed to focus on securities that have an independent basis for pricing, including those with readily available market quotations and observable inputs, thus reducing the risk of subjectivity, bias, or error in determining the price of the cross trade.

These proposed amendments are designed to allow cross trading of securities that have an independent basis for pricing the trade as they are less likely to raise the same concerns regarding overreaching that rule 17a-7 was designed to address. This, in combination with the proposal’s other conditions, are designed to expand the benefits of cross trading to more funds and shareholders while protecting investors from the conflicts of interest implicated by cross trades.

We request comment on the proposed eligible securities requirements.

1. Instead of expanding the rule to include level 2 securities, should we further broaden or narrow the scope of securities that are eligible for cross trading? If so, which securities should be eligible for cross trading, why, and under what circumstances? Do those

securities have an independent basis for valuation and low risk of subjectivity, bias, or error in determining the price of a cross trade, thus making it more likely that the terms of the cross trade would be fair and reasonable to each participating fund?

2. If we allow funds to cross trade a broader scope of securities than proposed (*e.g.*, all or certain types of level 3 securities), should we include other conditions beyond those that we propose? Should those conditions apply to cross trades of all permitted securities, or only to certain types of securities? How would those conditions address the potential for overreaching or conflicts of interest when securities may lack an independent, observable basis for valuation? For example, should we require prior trade-by-trade board or board committee approval, including by a majority of directors who are not interested persons of the fund, for cross trades of securities that are not level 1 or level 2 securities, or additional pricing, documentation, escalation, and post-trade review processes to verify pricing fairness for cross trades of such securities (*e.g.*, the cross-trade price must be aligned with the valuation determined for purposes of the fund’s NAV, portfolio managers must obtain advance written approval from the fund’s board or CCO to cross trade these securities, the fund must report details of these cross trades to the Commission or the public, or cross trades of these securities must be reviewed by the CCO and reported to the board more frequently than the quarterly reviews the proposal would require)?

3. Are there any types of securities that registered funds currently cross trade under rule 17a-7 that would no longer be eligible to cross trade under the proposed amendments to rule 17a-7?

4. Are there securities that would be included within the scope of the proposed eligibility conditions that commenters believe should not be eligible for cross trading? If so, which securities and why?

5. The proposed approach tracks concepts in current U.S. GAAP related to valuation. Should we use these concepts for defining the scope of eligible securities that registered funds can cross trade? Are there potential unintended consequences that could arise from linking the rule to concepts in current U.S. GAAP? Should we use a different approach to define the scope of eligible securities and, if so, what approach should we use for this purpose? For example, should the scope of eligible securities be based on asset class?

6. Rather than limit the scope of securities that registered funds can cross trade, should we permit funds to cross trade any security provided that other conditions of the rule are met? If funds should be permitted to cross trade any security, please explain why other conditions in the rule would be sufficient to address overreaching and conflicts of interest or whether there are additional conditions that should apply to such cross trades.

B. Pricing of Cross Trades

We propose to amend rule 17a-7 to provide two alternative methods for pricing cross trades. Under the proposal, a cross trade would be effected at the independent current market price, which for purposes of rule 17a-7 would be either:

(1) The value of the security determined in the registered fund’s next net asset value computation on the business day of the cross trade (“NAV pricing”); or

(2) A price that reasonably represents the current market price, as determined by the registered fund’s adviser using one or more unaffiliated pricing sources (“current market pricing”), provided that the adviser periodically reviews the reasonableness of such prices.⁵⁶

The proposed pricing provisions are designed to recognize developments since the Commission last amended this aspect of the rule, including the availability of more verifiable, accessible, and transparent pricing information, and the adoption of rule 2a-5, which led to enhancements to the regulatory framework for fund valuations. The proposal is designed to help address conflicts of interest that could incentivize cross trading at a price that is more favorable to an eligible affiliate than to the registered fund.

Rule 17a-7 currently prescribes different methods for determining the price of a cross trade, depending principally on whether the security is exchange listed or traded over the counter. For example, for most listed equity securities other than options, the price of the cross trade is the last sale price with respect to the security reported in the consolidated transaction reporting system or, if there are no reported transactions that day, the average of the highest current independent bid and lowest current independent offer for such security. For fixed-income securities and other securities traded over the counter, in contrast, the price of the cross trade is the average of the highest current independent bid and lowest current

⁵⁴ See, *e.g.*, ASC 820-10-35-51 (“An adjustment to a Level 2 input that is significant to the entire measurement might result in a fair value measurement categorized within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs”); ASC 820-10-15-4 through 15-5; ASC 820-10-35-59 through 35-62 (permitting a security that does not have a readily determinable fair value to be valued based on the issuer’s net asset value per share (or its equivalent) as a practical expedient under certain circumstances).

⁵⁵ Overall, registered funds’ holdings of level 3 investments are small in comparison to level 1 and level 2 investments. For example, based on a review of Form N-PORT filings as of February 2026, less than 1% of the total value of all reporting funds’ investments were in level 3 investments. Of the investments that funds reported as level 3, it was more common for investments in the loan, equity preferred, and real estate asset classes to be reported as level 3 than investments in other asset classes.

⁵⁶ See proposed rule 17a-7(b)(2).

independent offer determined on the basis of reasonable inquiry.⁵⁷ As discussed above, prior to the adoption of rule 2a–5, registered funds cross traded some fixed-income securities. We understand that registered funds cross trading such securities generally satisfied the rule’s pricing requirements by gathering multiple bids and offers from broker-dealers.⁵⁸

Several letters in response to the Staff Statement and other staff outreach addressed the rule’s current pricing requirements, including feedback that the pricing provisions should be broader and more flexible. For example, some suggested that funds should be able to price cross trades using multiple inputs and sources of data, including independent evaluated prices and broker-dealer quotes.⁵⁹ Some supported use of independent pricing sources providing evaluated prices that are used for valuation purposes under rule 2a–5.⁶⁰ In light of this feedback, the improvements in transparency and price discovery methods available, as well as the significant diversity in how different types of investments are priced, the pricing requirements of the proposed rule are designed to provide funds with the ability to price a cross trade flexibly and efficiently while maintaining investor protections. We also recognize that price discovery methods are likely to continue to evolve, and the proposed approach is intended to be dynamic rather than identifying particular pricing sources that funds must or may use.

In addition to proposing to expand the scope of securities eligible for cross trading by registered funds beyond those with readily available market quotations (level 1 securities) to also include securities valued based on directly or indirectly observable inputs (level 2 securities), we propose that each cross trade would be effected at the independent current market price determined using one of two pricing methodologies, either NAV pricing or current market pricing. A registered fund may switch between the two pricing methodologies for different cross trades. Pricing under the proposal would be subject to controls and oversight. If a fund uses NAV pricing for cross trades, the price of a cross trade would be subject to existing valuation processes and oversight procedures compliant with rule 2a–5 designed to

ensure those prices are reasonable. If a fund uses current market pricing for cross trades, it would need to develop processes and oversight procedures to support the determination that the price reasonably represents the current market price and to comply with the proposed requirement for the adviser to periodically review the reasonableness of these prices. This approach is intended to address concerns respondents raised about the existing pricing provisions while promoting reasonable and fair pricing of cross trades. These pricing-specific conditions are designed to work with other proposed controls and oversight to promote investor protection, such as the investment adviser’s best interest determination.

1. NAV Pricing

We propose to amend rule 17a–7 to provide that a cross trade could be effected at the price determined by using NAV pricing. The transaction would be effected at the value the registered fund ascribes to the security in its next computation of the registered fund’s current net asset value under section 2(a)(41) of the Investment Company Act and 17 CFR 270.2a–4 (“rule 2a–4”) and rule 2a–5 on the business day on which the transaction occurs. By leveraging existing valuation processes that are already subject to robust controls and oversight, the NAV pricing approach is designed to be a cost-effective method of pricing cross trades that would limit the potential for abuses.

Under this proposed approach, the cross-trade price would be determined by the registered fund’s next computation of its NAV on the business day of the cross trade. Many registered funds make NAV determinations at the close of business each day, and some funds—such as some money market funds and ETFs—make NAV determinations intra-day. Under the proposal, the registered fund would use the value determined in the next NAV computation on that day, whether it is at close of business or intra-day. Registered funds, such as some closed-end funds, that do not compute their NAVs on a daily basis would be permitted to use the NAV pricing approach only on days that their NAVs are computed. If a cross trade involves two registered funds, the registered funds must share the same valuation processes so that they would arrive at the same price using the NAV pricing approach. For registered funds that have valuation processes, such as the pricing sources used, that could result in different valuation outcomes under the

NAV pricing approach, the cross-trade price could only be determined under the current market pricing approach.

The NAV pricing approach would establish a standard that is consistent with the registered fund’s valuation policies and procedures and that would apply to all types of securities that funds may cross trade, while allowing for differences in how various types of securities are priced. Specifically, when using NAV pricing, the cross-trade price would be either the current market value (in the case of securities with readily available market quotations) or the fair value (in the case of other securities and assets) based on observable inputs determined in the registered fund’s next NAV computation.⁶¹

The proposed rule would not, however, permit use of the amortized cost value of a security that some money market funds are permitted to use for purposes of computing their NAVs under 17 CFR 270.2a–7 (“rule 2a–7”). An amortized cost method of valuation values portfolio securities at their acquisition cost as adjusted for amortization of premium or accretion of discount, rather than valuing securities based on current market factors. Current rule 17a–7 requires cross trades to be effected at the “current market price,” and our proposed amendments similarly focus on market-based pricing. Money market funds that use the amortized cost method of valuation are separately required to calculate their NAVs using available market quotations (or an appropriate substitute that reflects current market conditions) at least daily, and they could use those NAV prices under the proposed NAV pricing approach.⁶²

Registered funds relying on this approach would use the same pricing methodologies to determine the cross-trade price as they use for fund valuations. A fund would not be required to determine the cross-trade price separately, which should result in an efficient and cost-effective pricing process. This approach is designed to allow many cross trades to leverage existing processes.

We propose the NAV pricing approach because it utilizes an existing methodology with robust processes, subject to rule 2a–5, to determine the price for the cross trade. These processes and controls would decrease the likelihood of inappropriate values for cross trading purposes and help address conflicts of interest while

⁵⁷ See current rule 17a–7(b).

⁵⁸ See, e.g., United Municipal Bond Fund, SEC Staff No-Action Letter (July 30, 1992).

⁵⁹ See, e.g., ICI Letter; IAA Letter; Letter of Capital Group (May 6, 2021) (“Capital Group Letter”).

⁶⁰ See, e.g., ICI Letter; Capital Group Letter; DFA Letter.

⁶¹ See section 2(a)(41) under the Investment Company Act; 17 CFR 270.2a–4; 17 CFR 270.2a–5.

⁶² See 17 CFR 270.2a–7(g)(1).

preserving the benefits of cross trading, such as reduced execution costs. Further, because NAV pricing is derived from a fund's own valuation processes, which are themselves already subject to significant board oversight and scrutiny, this pricing method benefits from the same rigor and independence that governs the fund's broader valuation framework.⁶³ This is expected to provide an additional layer of protection against conflicts of interest that can incentivize pricing a cross trade to the disadvantage of the registered fund and its shareholders relative to the eligible affiliate. In addition, because NAV pricing relies on the fund's valuation processes, we would expect any improvements to valuation techniques to apply to NAV pricing, which would improve cross trade pricing over time.

2. Current Market Pricing

Additionally, we propose to amend rule 17a-7 to provide that a cross trade could be effected at a price determined by the registered fund's investment adviser to reasonably represent current market price for the security using one or more unaffiliated pricing sources, provided that the adviser periodically reviews the reasonableness of such prices.⁶⁴ Similar to the valuation process underlying NAV pricing, current market pricing may take into account multiple inputs and sources of data. Additionally, current market pricing may be used at any time, including intra-day, unlike NAV pricing, which would be determined by the registered fund's next computation of its NAV on the business day of the cross trade. The adviser, in using any unaffiliated pricing source, first would need to determine that the price reasonably represents the current market price for the security and also would need to periodically review the reasonableness of the prices used under this provision.

We understand that it is not always practical or possible for registered funds to use NAV pricing to price cross trades. For example, a registered fund may wish to effect a cross trade intra-day, before the fund's next NAV computation, which is often at the close of business. Additionally, to analyze compliance with the rule's conditions, an adviser may find it more efficient to have all information about the potential cross trade, including pricing information, available at the time of the trade decision, instead of waiting for an

end of day valuation process to be completed. As another example, for registered funds that do not compute their NAVs on a daily basis (e.g., some closed-end funds), a registered fund may wish to effect a cross trade on a day on which the fund will not compute its NAV. Using the current market pricing approach, the adviser might reasonably determine that using the same valuation methodology for the security as the fund would use if it were computing its NAV on that day would reasonably represent the current market price for the security.⁶⁵ In these and other situations, allowing a registered fund's investment adviser to determine a cross-trade price that reasonably represents the current market price for the security using unaffiliated pricing sources would further promote the cost-saving benefits of cross trading while helping address conflicts of interest.

Determination That a Price Reasonably Represents the Current Market Price

Using the proposed current market pricing approach, the registered fund's investment adviser would be required to determine the price that reasonably represents the current market price for the security being cross traded using one or more unaffiliated pricing sources. Consistent with funds' valuation methodologies and the current pricing provisions in rule 17a-7, the adviser's analysis of current market price and sources for unaffiliated pricing information would generally vary by asset type. A security with readily available market quotations must have quoted prices in active markets that the registered fund can access and that are reliable.⁶⁶ For these securities, the adviser should look to the prices at which a particular security is being traded and quoted in active markets to determine a price that reasonably represents the current market price. For example, for cross trades of listed equity securities, it generally would be appropriate to use either the last reported sale price or, if there are no reported transactions on that day, the average of the highest current independent bid and the lowest current independent offer. This would be consistent with the current rule's asset-specific pricing requirements. Although we propose to remove these asset-specific pricing requirements in favor of standards that can be applied across permissible asset types, we do not

intend for the proposed amendments to change how funds price cross trades of listed equity securities with readily available market quotations and continue to view the current rule's requirements as an appropriate way to comply with the proposal.

For securities that do not have readily available market quotations, a registered fund's investment adviser would use observable inputs from one or more unaffiliated pricing sources to determine a price that reasonably represents the current market price for the security. Registered funds already use various unaffiliated pricing sources, such as pricing services that provide evaluated prices by using matrix or model-based pricing methodologies, to support their NAV determinations. Broker-dealer quotes may continue to provide valuable pricing inputs. In addition, newer and developing sources, such as electronic trading platforms, may provide observable inputs to help determine price for some asset types, and we also understand that some pricing services are offering intra-day evaluated prices. These available unaffiliated pricing sources may be used by a registered fund's investment adviser to determine a price that reasonably represents the current market price for a cross trade. The proposal would also allow developing technologies and new unaffiliated pricing sources to be used.

Under the proposal, the pricing sources an investment adviser uses would need to be unaffiliated. The proposed rule would define "unaffiliated" to be a person other than an affiliated person or promoter of, or principal underwriter for, a fund (e.g., a first-tier affiliate) or an affiliated person of such entities (e.g., a second tier affiliate), consistent with the coverage of section 17(a).⁶⁷ Requiring the pricing sources to be unaffiliated reduces the potential for conflicts of interest between the registered fund and the adviser and is designed to increase the likelihood that the terms of a cross trade are fair and reasonable to each participant and do not involve overreaching, consistent with section 17(b) of the Investment Company Act. The current rule similarly provides that cross trades must be effected at the independent current market price.⁶⁸

Regardless of the type of security or the unaffiliated pricing source used, the proposal would require the adviser to make a determination that the price of the cross trade reasonably represents the current market price for the security.

⁶³ See, e.g., Valuation Rule Adopting Release, *supra* note 15, at nn.191–220 and accompanying text (outlining guidance on board oversight of the valuation process).

⁶⁴ Proposed rule 17a-7(b)(2)(iii).

⁶⁵ The registered fund, however, would not be required to value each of the securities in the registered fund or determine NAV for the registered fund in order to determine the price for the particular security being cross traded.

⁶⁶ See rule 2a-5(c).

⁶⁷ See proposed rule 17a-7(d).

⁶⁸ See current rule 17a-7(b).

There are different ways an adviser might make this determination before executing a cross trade, and the approach may vary based on the type of security or the unaffiliated pricing source used. For example, an investment adviser considering the use of broker-dealer quotes as an unaffiliated pricing source generally should confirm with more than one broker-dealer that the quotes reflect current market conditions, are timely, are binding, and are verifiable (based on real transactions or other similar available quotes). These and any other appropriate factors would help inform an adviser's consideration of whether an average price based on the highest bid and lowest offer from the broker-dealers reasonably represents the current market price for the security. "Indications of interest" or "accommodation quotes" (*i.e.*, non-firm expressions of interest to trade at a given price) would not reasonably represent the current market price of a security for purposes of cross trades under proposed rule 17a-7.⁶⁹

Similarly, an investment adviser considering the use of prices from a pricing service as an unaffiliated pricing source, including for intra-day evaluated prices for securities that do not have readily available market quotations, should conduct due diligence on the service and its methodologies to determine whether prices provided by the service can be reasonably determined to represent current market value for the security. In this due diligence, an adviser could consider factors such as:

- The qualifications, experience, and history of the pricing service, particularly in providing intra-day pricing;
- The pricing methods or techniques, inputs, and assumptions the pricing service uses for different classes of holdings, how they are affected (if at all) as market conditions change, and, if the same pricing service is used for both NAV computation and current market pricing, how these methods or techniques may differ;
- The quality of the pricing information the service provides and the timing of the service's determination of pricing information relative to the timing of the cross trade;
- The pricing service's process for considering pricing challenges,

including how the pricing service incorporates information received from pricing challenges into its pricing information;

- The pricing service's actual and potential conflicts of interest (*e.g.*, potential conflicts associated with maintaining continuing business relationships and the potential incentive to provide higher or more aggressive prices to retain business) and the steps the pricing service takes to mitigate such conflicts; and
- The testing processes the pricing service uses, especially for newer technologies such as intra-day pricing information.⁷⁰

Allowing registered funds' investment advisers to determine cross-trade prices that reasonably represent current market prices using unaffiliated pricing sources such as pricing services and broker-dealer quotes is consistent with allowing registered funds to use these sources as part of a registered fund's NAV computation. In addition, improvements to the pricing process as a result of the adviser's evaluation of current market price could improve the NAV computation process.⁷¹ Similar to registered funds' valuation considerations, a registered fund relying on the current market pricing approach should select and apply in a consistent manner the methodologies the adviser uses to determine a price that reasonably represents the current market price.⁷² To the extent a fund uses the same pricing source for both NAV computation and current market pricing, it may combine the due diligence on the same vendor for both purposes and would not need to conduct a separate due diligence process.

Reviewing the Reasonableness of Prices

Under the proposed current market pricing approach, the registered fund's

investment adviser would be required to periodically review the reasonableness of the prices. This review requirement is designed to ensure that prices determined under the current market pricing approach are reasonable and subject to appropriate oversight through periodic reviews.

We are not proposing to require a particular method of reviewing cross-trade prices determined using the current market pricing approach or the frequency at which these reviews must occur. The investment adviser's review of the prices determined under the current market pricing approach for reasonableness would be established by the investment adviser and should be specific to the circumstances of the registered fund's cross trading, the type of security being cross traded, and the frequency and volume of cross-trading activity.

When structuring the method and frequency of reviewing cross-trade prices under the current market pricing approach, it would be reasonable to consider the methods for reviewing a fund's valuations for purposes of NAV computations and whether applying such methods (or similar methods) would be appropriate for these purposes. For example, under rule 2a-5, funds must periodically review the appropriateness and accuracy of the fair value methodologies selected and make any necessary changes or adjustments to them, test the appropriateness and accuracy of fair value methodologies, and evaluate pricing services if used.⁷³ These types of reviews could potentially be leveraged to review the reasonableness of prices used under the current market pricing approach. For example, if a specific approach to determining cross-trade prices consistently over- or under-prices securities as compared to observed market transactions or valuations used for NAV purposes, the adviser should investigate the reason for the difference and consider whether use of that approach for pricing cross trades continues to be reasonable.

Under the proposed rule, the registered fund's adviser would be responsible for conducting the periodic review of the reasonableness of prices used under the current market pricing approach. This review requirement would be separate from CCO review requirements in the proposal, which are more focused on reviewing cross trades for compliance with the rule, although the periodic reviews would be within the scope of the CCO's overall compliance assessments as well. We

⁶⁹ This is consistent with prior Commission statements related to current rule 17a-7. See Investment Company Liquidity Risk Management Programs, Investment Company Act Release No. 32315 (Oct. 13, 2016) [81 FR 82142 (Nov. 18, 2016)] ("Liquidity Rule Adopting Release") at nn.800-801 and accompanying text.

⁷⁰ See Valuation Rule Adopting Release, *supra* note 15, at paragraph accompanying n.117 (discussing similar factors for consideration when using pricing information provided by a pricing service in determining the fair values of the fund's investments).

⁷¹ The current market price may also be used as an input to a fair value measurement if the fund has evidence that the transaction was entered into at market terms. See Financial Accounting Standards Board (FASB), Master Glossary: Market Participant, at <https://asc.fasb.org/MasterGlossary>.

⁷² See rule 2a-5(a)(2) (requiring that, for purposes of fair value determinations, a registered fund select and apply in a consistent manner an appropriate methodology or methodologies for determining (and calculating) the fair value of fund investments, provided that a selected methodology may be changed if a different methodology is equally or more representative of the fair value of fund investments, including specifying the key inputs and assumptions specific to each asset class or portfolio holding).

⁷³ See rule 2a-5(a)(2)(ii), (3), and (4).

propose to require the adviser to conduct this pricing review because the adviser overall is better situated to review the reasonableness of cross-trade prices than fund CCOs, as these reviews would involve considerations about available market data, and the choice of and reliability of different pricing sources. In addition, the adviser may be able to react more accurately and quickly to correct pricing issues than the CCO. This review is similar to the reviews that advisers may conduct for purposes of fund valuations.

As discussed below, the proposed rule would require the retention of the information or materials upon which the CCO makes certain compliance-related determinations. This recordkeeping requirement would include information or materials used to determine that the pricing conditions of the proposed rule are satisfied.⁷⁴ These records are designed so that a CCO would have the necessary information to review whether and how the investment adviser determined that the price reasonably represents the current market price, as well as the periodic review of the reasonableness of prices.

We request comment on the proposed pricing requirements for cross trades.

7. Are the proposed methodologies for pricing cross trades workable in practice?

8. Would registered funds participating in cross trades receive a fair and reasonable independent current market price for the securities involved under the proposed pricing methodologies?

9. Should we permit registered funds to use either the NAV pricing approach or the current market pricing approach for a cross trade, as proposed? Should a registered fund be permitted to switch between one pricing methodology and another for different cross trades, as proposed? Are the proposed approaches sufficiently evergreen? Would these approaches have any issues in an extended trading hours environment? Are there other ongoing or reasonably anticipated market developments that may raise issues with the proposed approach?

10. Should we alternatively require cross trades to be priced under a single standard, or different standard(s) than those proposed? If so, would NAV pricing, current market pricing, or some other standard be most appropriate for a uniform approach? Should we permit more than two approaches to pricing? How would we ensure that investors are

protected using those methods given the conflict of interest implicated by cross trading? What are the advantages and disadvantages to each method?

11. Do the NAV pricing approach and the current market pricing approach work for all assets that registered funds would be permitted to cross trade under rule 17a-7? Should we have more specific pricing provisions based on, for example: how a security is traded, like the current rule; asset type (e.g., such as equities or fixed income, or level 1 or level 2 securities, to recognize differences in pricing sources); type of fund (e.g., such as closed-end or open-end); or some other method? Commission staff no-action letters have addressed pricing cross trades for certain types of securities, including municipal securities and variable rate demand notes ("VRDNs").⁷⁵ Are the proposed pricing provisions workable for these types of securities, or would registered funds need different conditions or guidance to facilitate pricing cross trades for these securities?

12. Are there circumstances in which either NAV pricing or current market pricing should not be permitted? For example, we understand that some registered funds value portfolio investments at the bid price, rather than the mid price, when computing their NAVs.⁷⁶ Rule 17a-7 currently requires that cross trades be executed at mid prices. Should registered funds that price at bid be permitted to cross trade at the bid price under NAV pricing when doing so aligns with the valuation of the security or should they use current market pricing? Is using NAV pricing at bid fair and reasonable for the

seller in the cross trade, even though it is receiving a lower price than it would if mid prices were used? What would be the advantages and disadvantages of allowing cross trades to occur at bid prices under the NAV pricing approach? For example, the seller would not avoid spread costs under these circumstances but might avoid other costs associated with open market transactions (e.g., market impact) and experience reduced risks (e.g., counterparty or liquidity risk).

13. Under the proposed NAV pricing approach, the execution price for a cross trade would not be known until the registered fund's next NAV computation on that business day, which may be at the end of the day or during the day for funds that make multiple NAV computations during a business day. Would this create operational or practical impediments to using the NAV pricing approach? If so, would these impediments occur in specific scenarios (e.g., with particular types of cross-trade counterparties) or for particular types of registered funds, or would the impediments be broader based for registered funds? How would registered funds weigh any such impediments against the efficiencies that the NAV pricing approach may present?

14. How should funds that compute their NAVs less frequently or more frequently than daily price cross trades? Should the funds that compute their NAV less frequently than daily be able to use NAV pricing only on the days that they perform NAV computations, as proposed? Should these funds be allowed to use NAV pricing by following their NAV pricing procedures to price cross trades on days the funds do not compute their NAVs? Are there any impediments to using the next NAV computation for funds that make more than one NAV computation daily?

15. How should money market funds that use the amortized cost method of valuation under rule 2a-7 implement NAV pricing to price a cross trade? Should these funds be required to use their market-based NAV prices, as proposed, or should they be able to use the amortized cost value of a security for cross trades?

16. Rule 2a-4 under the Investment Company Act permits funds to reflect changes in holdings of portfolio securities in fund NAVs on the next business day. As a result, registered funds currently may not value newly acquired securities on the day of acquisition. How would this affect the use of NAV pricing for cross trades?

17. Under the current market pricing approach, should we permit the registered fund's adviser to determine a

⁷⁵ See, e.g., Federated No-Action Letter (providing that the staff would not recommend enforcement action if cross trades of municipal securities that lack readily available market quotations are conducted at a price provided by an independent pricing service that values the fund's municipal securities for purposes of determining the fund's net asset value); Benham California Tax Free Trust and Benham National Tax-Free Trust, SEC Staff No-Action Letter (Aug. 6, 1986) (providing that the staff would not recommend enforcement action if cross trades of VRDNs are priced at par plus accrued interest).

⁷⁶ See ASC 820-10-35-36C. GAAP provides that if an asset measured at fair value has a bid price and an ask price (for example, an input from a dealer market), the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value, and that the use of bid prices for asset positions is permitted but not required for these purposes. *Id.*; see also ASC 820-10-35-36D (stating that use of mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread is not precluded). Mid-market pricing values a security at the average of its bid and ask prices. Since a seller generally asks for a higher price for a security than a buyer bids for that security, the mid-market price is higher than the bid price for a security, but lower than its ask price.

⁷⁴ See proposed rule 17a-7(c)(2); see also *infra* section II.G (discussing the proposed recordkeeping requirements).

price that reasonably represents the current market price using one or more unaffiliated pricing sources, as proposed? Do advisers need additional requirements or guidance on how to make these determinations? Please provide specific information on what requirements or guidance would be helpful and how. For example, are there circumstances when listed equity securities would not be priced using the last reported sale price or, if there are no reported transactions on that day, the average of the highest current independent bid and the lowest current independent offer? If so, what are they, and how would the adviser determine a price?

18. What unaffiliated pricing sources would an investment adviser use to determine the price that reasonably represents the current market price for a security under the proposed methodology? Should the rule or Commission guidance address the use of particular pricing sources, for example, electronic trading platforms? If so, how? How are unaffiliated pricing sources offering intra-day information (for example, for which asset classes, at what frequency, and using what delivery method)?

19. Should a pricing source be required to be unaffiliated, as proposed? Should we, as proposed, define “unaffiliated” as persons other than first- or second-tier affiliates? Should a fund be permitted to use a pricing source that is affiliated with the registered fund or investment adviser to determine the current market price under certain circumstances (e.g., if the pricing source is widely recognized and used by non-affiliated parties, or if certain information barriers are in place designed to prevent personnel involved in cross-trading decisions from influencing the price provided by the pricing source)? Should a fund be permitted to use quotes from a broker-dealer that is affiliated with the registered fund or investment adviser under certain circumstances? How have registered funds applied the current rule’s provision about effecting cross trades at the “independent current market price”? Would our proposal lead to different results regarding the independence of the cross-trade price?

20. Instead of requiring an unaffiliated pricing source, should we require that pricing sources be subject to oversight so that there is a reasonable basis to use the pricing information as an input for cross trades, similar to the oversight requirement in rule 2a–5? If yes, should the adviser, CCO, board, or some other party be placed in charge of pricing source oversight?

21. As proposed, should we require the adviser to periodically review the reasonableness of prices used under the current market pricing approach? Is the adviser better situated to conduct this review or should other parties, such as an unaffiliated third-party, the fund’s CCO, or board, be involved? Should the rule prevent a fund’s portfolio manager or other personnel from being involved in, or responsible for, the periodic review to address potential conflicts? Should the rule specify a frequency for these reviews (e.g., annual, quarterly, monthly)? Separate from the compliance oversight provisions discussed below, should we require that another party, such as an unaffiliated third party, validate the results of the adviser’s review?

22. How similar or different should these reasonableness reviews be to the review and testing of funds’ fair value methodologies and oversight of pricing service providers conducted under rule 2a–5? Should we more directly link these processes in rule 17a–7 or in Commission guidance?

23. How would the use of the proposed current market pricing approach affect registered funds’ valuation processes? Would cross-trade prices using the proposed current market pricing approach help improve valuation processes, and if so, how?

24. If a registered fund and its eligible affiliate cannot agree on a price for the cross trade, the trade will not occur. Are there circumstances in which a registered fund and its eligible affiliate would arrive at different prices for a cross trade they want to engage in under the proposed rule and, if so, what are those circumstances and how likely are they to occur? Relative to the current rule, would the proposed rule increase, decrease, or have no significant effect on the likelihood that a registered fund and its eligible affiliate cannot agree on a price for a cross trade? Are there changes we should make to facilitate agreement on price? For example, if a registered fund and its eligible affiliate ascribe different values to the same security in a cross trade, should we require or permit use of the average price in these circumstances? Should this be permitted or required only when the parties to a cross trade are both registered funds and/or only when NAV pricing is used? Are we correct in assuming that the differences in value, when they do occur, would be minimal? Should we instead require or permit some other solution, such as using the trade price at the value that the buying or selling registered fund would ascribe to the security?

C. Transaction Fees

We propose to condition the exemption on no consideration, other than cash payment against prompt delivery of a security, and no remuneration being paid in connection with the transaction, other than *de minimis* payments to unaffiliated parties for services provided for clearing, settlement, custody, recording, or reporting of the transaction.⁷⁷ As discussed further below, this condition retains the current rule’s focus on limiting costs associated with the transaction to reduce the potential for conflicts and promote the cost-saving benefits of cross trading while permitting the payment of administrative fees where necessary to effect the transaction.

Current rule 17a–7 has similar conditions. One condition in the rule prohibits the payment of consideration other than cash payment against the prompt payment of a security, and another provides that no brokerage commission, fee (except for customary transfer fees), or other remuneration may be paid in connection with the transaction.⁷⁸ The limit on remuneration allows cross trades only in those instances where the registered fund would avoid paying traditional transaction expenses, a key purpose of the rule. In response to the Staff Statement, however, some suggested that the current provision lacks clarity regarding what constitutes a customary transfer fee, including, for example, payments related to clearing and settlement, transfer fees to a custodian, or recordation fees to an administrative agent.⁷⁹ To address these issues, some recommended eliminating this condition, allowing registered funds to pay any fee that is appropriate to the services offered.⁸⁰ Others suggested clarifying the scope of fees that are permissible in connection with cross trades.⁸¹

Restrictions on the payments of fees in connection with cross trades continue to be necessary and appropriate. A major benefit of cross trades is lowered transaction costs to registered funds that accrue to the

⁷⁷ See proposed rule 17a–7(b)(3).

⁷⁸ See current rule 17a–7(a) and (d).

⁷⁹ See, e.g., Letter from Invesco Ltd. (Apr. 12, 2021) (“Invesco Letter”); MarketAxess Letter; Letter from Jack W. Murphy (May 6, 2021) (“Murphy Letter”).

⁸⁰ SIFMA AMG Letter; MarketAxess Letter; FIMSAC Recommendations (“the Committee recommends that the SEC make it clear that custodial fees and the fees of electronic trading platforms or dealers can be paid in connection with effecting cross trades involving [registered] funds”).

⁸¹ Invesco Letter; Murphy Letter; ICI Letter.

benefit of registered fund shareholders, as many observed in response to the Staff Statement.⁸² A general restriction on remuneration for cross trades provides appropriate safeguards so that registered fund shareholders benefit from lower transaction costs associated with cross trading. We are, however, proposing to modify this condition to modernize the rule and address interpretive questions raised by members of the public.

The proposed condition continues to include a general restriction on the payment of remuneration in connection with the transaction for the reasons discussed above. We also are proposing to amend the rule's current prohibition on the payment of any fee (except for customary transfer fees) or other remuneration to provide an exception for certain *de minimis* payments to unaffiliated service providers. Permitting only *de minimis* payments to unaffiliated service providers is designed to: (1) limit the potential for conflicts, consistent with the underlying purpose of section 17 and (2) safeguard against transactions being effected for the benefit of other affiliates.⁸³ The language allowing certain payments to unaffiliated service providers would replace the current rule's language about customary transfer fees.

The proposed condition would permit *de minimis* payments relating to the clearing, settlement, custody, recording, or reporting of cross trades.⁸⁴ Providing a specific list of administrative services for which payment is permitted is designed to provide greater assurance as to which fees are permissible under the rule than the current provision's exception for "customary" transfer fees. For example, we understand that a custodian, broker-dealer, or trading platform may help settle a cross trade and charge a service or administrative fee for these purposes.⁸⁵ In addition, we

understand that in some non-U.S. markets registered funds are required to make certain payments to broker-dealers or trading platforms in order to effect cross trades, such as stamp duties, transaction taxes, asset-based transaction fees, custodial fees, settlement fees, or other similar fees.⁸⁶ These payments are customary in the relevant market and are unavoidable when effecting a cross trade in certain jurisdictions. Because these payments relate to the clearing, settlement, custody, recording, or reporting of the cross trade, the proposal would expressly permit these payments despite the general prohibition on payment of remuneration.

A *de minimis* amount for these purposes would depend on the facts and circumstances of the registered fund and the overall context of the fee being paid. In general, the amounts would be small relative to the size of the transaction—and below what a fund would pay in brokerage commissions, bid-ask spreads, mark-ups and mark-downs or otherwise if the fund were to purchase or sell the security in the market. In order to satisfy its obligations under rule 38a–1 to have policies and procedures reasonably designed to prevent violations of the Federal securities laws, a registered fund's cross-trading policies and procedures should address how the fund will determine whether a given fee is *de minimis* and whether it is being incurred for a permissible purpose.⁸⁷

Also consistent with the current rule, the proposed condition would include a requirement that the transaction involve no consideration, other than cash payment against prompt delivery of a security. This helps to ensure that cross trades are simple, transparent, and not complicated by non-cash considerations like in-kind exchanges or other forms of payment. It also provides for prompt settlement of cross trades to avoid intervening market risk.

We request comment on all aspects of proposed restrictions on payment of fees in connection with cross trades, including the following items:

25. Do commenters agree that the cross-trading rule should continue to include a condition restricting the types of permissible payments in connection with the transaction? Have there been any changes in market practice or other reasons to change from the rule's

current general prohibition on the payment of remuneration in connection with cross trades? Are there circumstances in which remuneration to a broker-dealer, electronic platform provider, or other party beyond the administrative services proposed in the rule would be appropriate? As an alternative, should we omit the proposed condition and explicitly require advisers to include a consideration of remuneration paid in their determination that a transaction is in the best interest of the registered fund? If so, should we describe what factors advisers must or should include in their consideration of remuneration paid? Are there other methods of safeguarding against the potential for payments that are indirect compensation for other services the third party provides?

26. Are there instances when an affiliated party might need to be compensated for administrative services in connection with a cross trade? What conditions would permit appropriate payments while safeguarding against the potential for overreaching or self-dealing? Conversely, should the adviser bear any costs for administrative services provided by affiliated service providers (or should these fees be waived by the service provider) to protect the registered fund from the possibility of overreach or self-dealing?

27. Should we, as proposed, define "unaffiliated" as persons other than first- or second-tier affiliates?

28. Does the proposed provision for "clearing, settlement, custody, recording, or reporting of the transaction" include the full scope of administrative services provided by third party providers that may be necessary to effect a cross trade? Are there any services we need to further clarify? Are there any types of fees that third parties may charge in connection with facilitating a cross trade that the rule should more clearly address? To what extent would advisers anticipate needing to pay for data, such as data from a pricing service, to price a cross trade where the fund is not already obtaining that data to determine the fund's net asset value or for another purpose? Should we modify the rule to permit this form of remuneration to be paid in connection with a cross trade?

29. In non-U.S. jurisdictions, are there fees that are customary fees in the relevant market and are unavoidable when effecting a cross trade in that jurisdiction but do not relate to the clearing, settlement, custody, recording, or reporting of a cross trade? If so, please describe such fees and whether

⁸² See, e.g., ICI Letter; SIFMA AMG Letter; Letter from Pacific Investment Management Company LLC (Apr. 9, 2021) ("PIMCO Letter").

⁸³ The proposed rule would define "unaffiliated" to be a person other than an affiliated person or promoter of, or principal underwriter for, a fund (e.g., a first-tier affiliate) or an affiliated person of such entities (e.g., a second-tier affiliate), consistent with the coverage of section 17(a).

⁸⁴ See ICI Letter; Invesco Letter. Such *de minimis* payments include the equivalent payments on a blockchain or other distributed ledger. For example, gas fees on the Ethereum blockchain are required for processing transactions and are used to maintain and secure the blockchain. We would consider these payments to relate to the clearing, settlement, custody, recording, or reporting of cross trades under the proposal.

⁸⁵ See, e.g., FIMSAC Recommendation (discussing the treatment of custodial fees related to the transfer of a security from one client account to another client account or a fee charged by an electronic trading platform for a dealer to effect a

cross trade for an asset manager client under current rule 17a–7).

⁸⁶ See, e.g., SIFMA AMG Letter (discussing requirements in India and Brazil, where cross trades must cross the market and involve a broker or in Malaysia, where cross trades are subject to a minimum brokerage commission).

⁸⁷ See *infra* section II.E.

the rule should more clearly permit these fees.

30. Do commenters agree that the provision, in combination with the proposed oversight and best interest requirements, sufficiently limits excessive payments? Is there any alternative condition we should include to ensure that the amount of payment for administrative services is appropriate? Should the CCO or adviser be required to document the basis for concluding that any administrative fee paid in connection with the transaction is for a necessary administrative service and is *de minimis*?

31. Should we specify what specific amounts should be considered *de minimis* for purposes of this provision or provide a safe harbor amount (e.g., as a percentage of the transaction price)? How would we establish such amount in a way that is flexible enough to not permit excessive payments by all sizes of registered funds? Should this specify that *de minimis* means an amount less than what a fund would pay in transaction costs to purchase or sell the security in the market?

32. Should we make any changes to the current rule's requirement that cross trades involve no consideration other than cash payment against prompt delivery of the security? Is there any reason to permit in-kind cross trades? If so, what limitations would be needed to prevent overreach or self-dealing?

D. Best Interest Determination and Consistency With Fund Policies and Strategies

The proposed amendments would require a registered fund's investment adviser to determine prior to the cross trade that the cross trade is in the best interest of *each* registered fund involved in a transaction (which determination, for the sake of clarity, is not dependent on any benefits enjoyed by another fund to the cross trade).⁸⁸ The proposed amendments would also require that a cross trade be consistent with the registered fund's policies and investment strategies.⁸⁹

⁸⁸ See Federated No-Action Letter; Liquidity Rule Adopting Release, *supra* note 69, at text accompanying n.799 (noting "that cross trading also implicates a fund's adviser's duty to seek best execution for each fund or other advisory client, as well as its duty of loyalty to each fund or other advisory client"); proposed rule 17a-7(b)(5). Although the proposed amendments to rule 17a-7 would not require an investment adviser to make a best interest determination as to a non-registered fund client involved in a cross trade, the adviser still owes that client a fiduciary duty and remains subject to the antifraud provisions of the Advisers Act and other Federal securities laws with respect to its advice to that client. See *supra* notes 7-8 and accompanying text.

⁸⁹ See proposed rule 17a-7(b)(4).

The best interest determination requirement is consistent with the adviser's fiduciary duty, or its obligation to act in the best interest of each client. We are proposing to require a best interest determination for each cross trade to help ensure that an investment adviser puts the interests of each fund and its shareholders above its own and does not favor one client over another, and to address the investment adviser's responsibilities as they relate specifically to cross trades.⁹⁰ Cross trades implicate heightened conflicts of interest, which require careful consideration as to whether a particular cross trade is in the best interest of each registered fund involved in the transaction. If an adviser can obtain a more favorable outcome for a fund by trading in the open market (including if more favorable pricing is available in the open market), buying or selling a different security, or not transacting at all, the cross trade is not in the fund's best interest.

Appropriate factors for an adviser to consider when determining if a cross trade is in the fund's best interest could include, for example:

- The investment rationale (*i.e.*, the investment-related justifications) for the cross trade and the expected effect of the cross trade on the fund's performance (e.g., is the cross trade expected to improve, harm, or have no effect on the fund's performance);
- The characteristics of the cross-traded security, including its liquidity;
- The method of pricing the cross trade, whether more favorable pricing appears to be available in the open market, and any cost savings associated with conducting a cross trade;
- The execution method, quality, and speed, and any associated costs;
- The timing and urgency of the transaction;
- The size of the trade and the expected effect on the price of the security if that volume of securities were purchased or sold on the open market;
- The characteristics of the eligible affiliate, including its expense and fee structure; and
- Current market conditions, especially if the markets are stressed.

The proposed best interest determination is distinct from the other

⁹⁰ See Standard of Conduct Release, *supra* note 7, at n.23 and accompanying text (describing an adviser's fiduciary duty, including the duty of loyalty and duty of care) and n.54 (noting that the duty of loyalty requirement prohibiting an adviser from putting its own interests above its client's also would prohibit the adviser from favoring certain client accounts that pay higher fee rates to the adviser over other client accounts).

proposed conditions in rule 17a-7(b) and must be considered separately. An adviser could not determine that a cross trade is in the best interest of a registered fund simply because the other conditions of the rule, including the pricing conditions, are met. Although the best interest determination is a separate condition, other conditions of the rule relate to topics that are relevant and may inform the adviser in the best interest determination, such as pricing and transaction fees. For example, with respect to pricing, an adviser should consider how the approach to pricing the cross trade under the rule affects best interest considerations (e.g., if current market pricing is used, the quality of the unaffiliated pricing source(s) used for the transaction). Further, if a trade would be in such volume as to move the market price, conducting the trade as a cross trade may require a heightened level of review of price before the investment adviser determines that it is in the best interest of the fund because such cross-trade price would not incorporate the market moving price effects. As another example, while the proposal would permit the payment of certain *de minimis* transaction fees in connection with cross trades, an adviser should consider whether paying such fees in a cross trade affects the best interest determination.

While the process and factors for making the best interest determination should be tailored based on the registered fund and the specific circumstances of the cross trade, the proposal would not preclude an adviser from using standardized internal forms in its process that are automatically populated with, or include dropdown menus of, preapproved reasons that the adviser has pre-selected based on its experience and expertise so long as this approach would facilitate accurate documentation of the best interest determination for purposes of the rule's CCO review and recordkeeping requirements. In order to satisfy its obligations under rule 38a-1 to have policies and procedures reasonably designed to prevent violations of the Federal securities laws, a registered fund's cross-trading policies and procedures should address how a registered fund's investment adviser would determine whether a cross trade is in the best interest of the fund, including the process and factors that lead to the determination.⁹¹

The proposal would require the investment adviser to make the best interest determination, but it does not

⁹¹ See *infra* section II.E.

specify particular investment adviser personnel who should make these determinations. In determining which personnel would be appropriate for making the determination, one consideration for an adviser would be the person's role in making the investment or trading decision to cross trade a security. For example, relying upon personnel that have a direct role in making investment decisions for a fund involved in the transaction, such as a portfolio manager, may prove beneficial in that they would have the most direct knowledge of the suitability of the trade for a fund. However, while a portfolio manager may have an incentive to obtain positive results for each fund involved, it is also possible that such portfolio manager would have an incentive to favor the performance of one party to a trade over the other because, for example, one party pays higher fees, including performance fees.⁹² In determining which personnel are appropriate for making the best interest determinations, the adviser should carefully consider potential conflicts of interest between potential personnel and each of the funds involved in the transaction. Personnel who provide oversight, monitoring, or review may also be useful in assisting in the best interest determination, but it is possible that they are not best placed solely to make the determination. If the cross trade is between two registered funds, a best interest determination must be made by personnel representing each registered fund. Those personnel might be the same; however, they must make separate determinations, considering the facts and circumstances of each registered fund.

Separate from the best interest requirement, the proposed rule would require that a cross trade be consistent with the registered fund's policies and investment strategies, as recited in its registration statement and reports filed under the Investment Company Act.⁹³

⁹² The Commission has brought enforcement actions against advisers that allegedly favored one party to a cross trade over another party. *See, e.g.*, Putnam Investment Mgmt., LLC and Zachary Harrison, Investment Company Act Release No. 33257 (Sept. 27, 2018) (portfolio manager prearranged contemporaneous purchases and sales between registered funds in a manner that allegedly favored purchasing funds and disadvantaged selling funds); Macquarie Investment Management Business Trust, Investment Company Act Release No. 35325 (Sept. 19, 2024) (adviser arranged contemporaneous purchases and sales between affiliated selling accounts and registered funds in a manner that allegedly favored the selling accounts and disadvantaged the purchasing funds).

⁹³ Currently, one of the conditions of rule 17a-7 is that "[t]he transaction is consistent with the policy of each registered investment company and separate series of a registered investment company

The investment adviser may determine whether the cross trade is consistent with the registered fund's policies and investment strategies in conjunction with its best interest determination or separately.

We request comments on the proposed best interest determination:

33. Is the proposed best interest determination condition appropriate or necessary?

34. Who should make the best interest determination? Is the investment adviser the appropriate party? If so, are there any concerns of a conflict of interest and could those concerns be mitigated? If not, who should make the determination? Should we provide more detail or guidance on which personnel are best placed to make the best interest determination? If so, which personnel would be most qualified?

35. Should we provide more detail in the rule or guidance on how an adviser should make a best interest determination and what it should consider? For example, should the rule require that an adviser must always consider certain factors in making its best interest determination (*e.g.*, the expected effect of the cross trade on the registered fund's performance; the characteristics of the cross-traded security, including its liquidity; and the cost savings of the cross trade)? Please provide specific information on what detail or guidance would be helpful.

36. Should the rule, as proposed, specifically provide that the investment adviser should make the best interest determination prior to the cross trade? Why or why not? Are there circumstances in which it would be reasonable for an adviser to make a best interest determination after executing a cross trade and, if so, what are those circumstances? Should we require the best interest determination to be made on a transaction-by-transaction basis or are there circumstances in which an adviser could reasonably make a best interest determination in advance for certain categories of cross trades? If so, how far in advance and for what categories?

37. Should the proposed rule require any particular form of documentation to

participating in the transaction, as recited in its registration statement and reports filed under the [Investment Company] Act." The proposal would revise the language to more clearly refer to the registered fund's investment strategies as well as policies. The current condition, which the Commission included in the original rule adopted in 1966, was designed to address the risk of overreaching in cross trades. *See* 1966 Adopting Release, *supra* note 4. Including an express reference in the rule to the fund's investment strategies would be consistent with this purpose.

be maintained under this new condition?

38. Do investment advisers have concerns that it will be difficult to make these determinations? Could this place an undue burden on smaller investment advisers or funds or on specific types of funds, such as internally managed funds? Are there special concerns for advisers and funds with automated or algorithmic trading, because, for example, such trading is generally designed to have minimal human involvement and the best interest determination would require at least some human involvement or because such systems pose the risk that programming problems could cause it to fail to prohibit affiliated trades? Are there instances where the best interest determinations would be automated or done according to an algorithm with no human oversight other than CCO and board review? What benefits and risks would be associated with such an approach, and should this approach be permitted under rule 17a-7?

E. Oversight

We propose to require the registered fund's CCO, instead of its board, to review cross trades, while still requiring oversight by the fund's board. Specifically, the CCO would be responsible for reviewing all cross trades at least quarterly to determine their compliance with the proposed rule ("quarterly review") and at least annually to determine if they may have disadvantaged the registered fund relative to the eligible affiliate ("annual review").⁹⁴ As part of the annual review, the CCO would also review other transactions by the fund or information necessary to evaluate cross trades (including the timing and price of any subsequent sale of a security purchased in a cross trade). The CCO would be required to report the results of these reviews to the registered fund's board.⁹⁵ These reviews would replace the current rule's requirement that the board determine at least quarterly that the cross trades were done in compliance with the registered fund's rule 17a-7 procedures.⁹⁶ The proposal would also eliminate the current requirement that the board adopt, and make and approve changes to, the cross-trade procedures.⁹⁷ The proposed amendments are designed to better align oversight requirements to business responsibilities, reduce the burden on

⁹⁴ *See* proposed rule 17a-7(b)(7)(i) and (ii).

⁹⁵ *See* proposed rule 17a-7(b)(7)(iii).

⁹⁶ *See* current rule 17a-7(e)(3).

⁹⁷ *See* current rule 17a-7(e)(1)-(2).

boards associated with rule 17a-7, and remove duplication with rule 38a-1.

1. Responsible Parties

Currently, the rule requires that the board adopt, and make and approve changes to, the fund's cross-trade procedures, and review cross trades quarterly. The proposal would remove the quarterly review requirement from the board's responsibilities and place it on the CCO, who is already responsible for administering the registered fund's compliance policies and procedures, including those pertaining to cross trades, while maintaining board oversight through reports of the CCO's review of cross trades.⁹⁸ Accordingly, the proposed rule would provide layers of protection for investors against conflicts of interest implicated by cross trading and better align oversight requirements to business responsibilities.

Under the proposal, the CCO would be responsible for reviewing cross trades at least quarterly to determine whether they are compliant with the rule and at least annually to determine whether a cross trade or set of cross trades may have disadvantaged a registered fund relative to its eligible affiliate. Finally, the board would receive quarterly and annual reports from the CCO on the results of the quarterly review and annual review, respectively.⁹⁹ This requirement is designed to facilitate the board's oversight of the fund's cross-trading activities and would remove the need for the board to determine quarterly that cross trades were made in compliance with the procedures as is required under the current rule.¹⁰⁰ The proposed amendments would allow boards to focus on larger issues, including conflict of interest concerns, arising out of the CCO's reports, rather than a more granular focus on whether each cross trade complied with the fund's cross-trading policies and procedures as currently required under rule 17a-7. Although the proposed amendments would modify the oversight framework, boards should continue to engage actively in overseeing and asking questions about cross-trading activity, particularly given the conflict of interest considerations it raises. By better aligning the responsibilities of oversight to the business responsibilities of the CCO and the board, the proposal is designed to

increase efficiencies while providing multiple layers of protection for investors.

2. Quarterly and Annual Reviews and Reports

Currently, the board must determine no less frequently than quarterly that all cross trades made during the preceding quarter were effected in compliance with the cross-trade procedures.¹⁰¹ The proposal would remove this requirement and replace it with the requirement of the CCO's quarterly and annual reviews and reports to the board, which would provide the CCO and board multiple opportunities for review or oversight of cross trades. At a minimum, quarterly reviews would comprise of a technical compliance check of whether individual trades met the conditions of the rule, similar to the current rule's requirement that the board determine quarterly that cross trades complied with the fund's procedures. In comparison, annual reviews would be an opportunity for the CCO to perform a holistic review over a longer period to determine whether the registered fund was disadvantaged, for example, by identifying indicators of parking, dumping, or cherry-picking. The annual and quarterly reviews and reports are designed to work together, providing snapshots of a fund's cross-trading activity at different points in time, providing the CCO and board with the information necessary to monitor and oversee the investment adviser's cross-trading activities, identify any problems, and help limit overreaching.

Quarterly reviews by the CCO would help provide opportunities to monitor the procedures, identify any aspects of the procedures that are not working as intended and that need adjustment, and detect any cross trades that did not comply with the proposed rule. A quarterly review would encompass all cross trades effected during the period and would be required to include information to determine whether trades complied with the conditions under the proposed rule, such as whether:

- Each cross trade occurred with an eligible affiliate;
- Each security was eligible to be cross traded;
- The price was determined in compliance with the rule;
- Any fees paid in connection with a cross trade were consistent with the rule;
- Each cross trade was consistent with the registered fund's policies and investment strategies; and

- The investment adviser determined that each cross trade was in the best interest of the registered fund.

The quarterly review cadence would be consistent with the current rule's requirement for the board to determine compliance with the cross-trade procedures. The proposal would require the CCO to provide a quarterly report to the board on the results of the quarterly review. These quarterly reports would facilitate the board's oversight by providing timely information about the fund's cross trades and the efficacy of the fund's cross-trading policies and procedures.

The proposed amendments also would require that the CCO review annually cross trades as well as other transactions or information necessary to evaluate the cross trades to help the CCO determine if the cross trade, or a pattern of cross trades, may have disadvantaged the registered fund relative to the eligible affiliate. As part of the annual review, the CCO would be required to review the timing and price of subsequent sales by the registered fund of securities it purchased in a cross trade. This requirement is designed so that the CCO reviews not only a cross trade itself, but also any other transactions or information necessary, to analyze whether the fund may have been disadvantaged by the cross trade or by the cross-trading arrangements more broadly. The CCO may conduct the annual review in a variety of ways, including, for example, by testing a sample of cross trades, automated monitoring and scanning of cross trades, or forensic testing to better identify patterns and trends that may show a fund being disadvantaged by a cross trade.

The annual review would cover more cross trades over a longer period, which would provide better information to the CCO, especially in identifying a pattern of transactions that may disadvantage a fund relative to the eligible affiliate. For example, an analysis of larger or longer datasets may help identify a pattern of favoring an eligible affiliate that charges a higher management fee such as a performance-based fee. These or other patterns may be more difficult for the CCO to detect when reviewing, on an idiosyncratic basis, at or near the time of the cross trade. An annual review is designed to balance the time that might be needed to detect these patterns with the disadvantages that the fund and its shareholders may suffer. The reviews also have different, but complementary, primary focuses: the quarterly review would focus on whether each cross trade effected during the quarter complied with the rule's conditions,

⁹⁸ See rule 38a-1(a)(4).

⁹⁹ Consistent with the current rule, the proposed rule would require that the registered fund's board of directors satisfy the fund governance standards defined in rule 0-1(a)(7). See proposed rule 17a-7(b)(6).

¹⁰⁰ See current rule 17a-7(e)(3).

¹⁰¹ See *id.*

while the annual review would utilize data across the entire life cycle of a given investment holding to more holistically assess whether the fund was disadvantaged by any given cross trade or pattern of cross trades.

The proposal would specifically require that the CCO, as part of the annual review, review the timing and price of subsequent sales of securities purchased in cross trades (a “disposition price”) to determine if the fund was disadvantaged by cross trades. The CCO may conduct this review using any testing method, including sampling a selection of cross trades to analyze and compare their disposition price to the cross-trade price. While funds would be required to conduct this analysis regardless of the timing of the disposition, this type of testing may be particularly helpful when the cross-traded security is disposed of close-in-time to the cross trade as many considerations may factor into a disposition price.

The proposed rule would also require the retention of the information or materials upon which the CCO’s determinations are made, which would include information or materials related to other transactions or information reviewed as part of this annual review.¹⁰² These records are designed so that a CCO would have the necessary information to review the disposition price of any security as compared to the price of the cross trade to identify a pattern of cross trades that may disadvantage a fund. The CCO would not need to review any such cross trades before the adoption of the proposed amendments for subsequent sales.

In connection with the annual review, the CCO generally should also consider other appropriate factors as relevant, including for example:

- The appropriateness of cross-trade prices;
- The performance of cross-traded securities;
- The cost savings of cross trades;
- The volume, frequency, and timing of cross trades;
- The characteristics of the cross-traded securities, including the liquidity profile;
- The characteristics of eligible affiliates, including their expense and fee structure;
- The quality of unaffiliated pricing sources;
- The execution quality of the cross trade; and

- The market conditions at the time the trades occurred, especially if the markets were stressed.

The CCO may evaluate these factors using any appropriate testing method. For example, to determine whether the cross-trade price is appropriate, the CCO may review the investment adviser’s determination or process for determining that the cross-trade price reasonably represented the current market price for the security using unaffiliated pricing sources. The CCO may also back test or validate the price, as appropriate, against: (1) NAV pricing, if the cross-trade price is determined using current market pricing, (2) pre-trade quotes or prices, or (3) other observed transactions or market information. If the investment adviser’s approach to determining cross-trade prices consistently over- or under-prices securities as compared to observed market transactions or valuations used for NAV purposes, the CCO should investigate the reason for the difference and consider whether use of that approach for pricing cross trades continues to be reasonable. Other testing methods include, for example: comparing the performance of the cross-traded securities against the fund as a whole; comparing the estimated cost savings of a cross trade against the costs of a similar arms-length transaction; monitoring relative volume and frequency of cross trades for a fund against previous periods; determining if the cross trades are consistent with the fund’s investment policies and strategies; examining the characteristics of the cross-traded securities, such as if they are newly issued or their availability in the market; analyzing execution of the cross trade, including speed, market impact, execution quality; and monitoring the timing of a cross trade, for example, if a cross trade is done in stressed market conditions. These types of testing can often reveal important information about the continuing appropriateness of the registered fund’s cross-trade policies or practices. Testing methodologies may develop, improve, and change over time. We would expect the CCO to be empowered to ask for any appropriate information in the course of the quarterly or annual reviews and reports.¹⁰³

A cross-trade review may also be combined with other compliance reviews. The cross trade annual review may be completed simultaneously with

the annual review required by rule 38a–1 of the adequacy of the policies and procedures of the fund and the effectiveness of their implementation. Combining reviews may increase efficiencies and improve the quality of the review by allowing the CCO a more comprehensive view of the fund’s policies and procedures, including those involving cross trades. As another example, a fund may experience cost savings and efficiencies if it combines its review and due diligence of the same vendor that is used both as an unaffiliated pricing source under rule 17a–7 and as a pricing service provider under rule 2a–5.

The timing and format of the CCO’s quarterly and annual reports would depend on the facts and circumstances. The CCO and board may determine that summaries are sufficient for the reports.¹⁰⁴ While reviews and reports are required quarterly and annually, they could be performed on an as needed or more frequent basis as well. For example, a registered fund that has higher volumes of cross-trading activities may warrant more frequent review. Fund or investment adviser personnel other than the CCO may contribute to the report, as cross trades may touch multiple business functions, including portfolio management and trading. The information or materials considered as part of the CCO’s reviews and the reports to the board are required to be documented, and should be documented in a manner that best suits the fund’s cross-trading policies and internal practices.¹⁰⁵ The CCO’s annual review and report to the board may include an analysis of such matters as: whether the cross-trading policies and procedures are working as intended; whether the content, structure, and timing of the review and report are appropriate; and whether any changes are needed to the fund’s cross-trading policies and procedures. The annual report may also include a discussion of any actions taken if a cross trade is found to disadvantage a fund. As with other policies and procedures, the board would be able to request and review any other related materials.¹⁰⁶

¹⁰⁴ This is similar to how directors may satisfy their obligations under rule 38a–1 by reviewing summaries of compliance programs. *See id.*, at text accompanying n.33.

¹⁰⁵ *See* proposed rule 17a–7(c)(2) through (4); *see also infra* section II.G (discussing the proposed recordkeeping requirements).

¹⁰⁶ *See, e.g.,* Compliance Programs Release, *supra* note 103, at n.65 and accompanying text (stating, for example, that the fund’s governance related policies and procedures should be designed to guard against the failure of the board to request and consider information required by the Investment

¹⁰² *See* proposed rule 17a–7(c)(3); *see also infra* section II.G (discussing the proposed recordkeeping requirements).

¹⁰³ *See also* Compliance Programs of Investment Companies and Investment Advisers, Advisers Act Release No. 2204 (Dec. 17, 2003) [68 FR 74714 (Dec. 24, 2003)] (“Compliance Programs Release”), at n.75 and accompanying paragraph.

3. Policies and Procedures

Currently under rule 38a–1, the board is responsible for approving registered fund written compliance policies and procedures, reviewing their adequacy and effectiveness of implementation, and determining that they are reasonably designed to prevent violation of the Federal securities laws.¹⁰⁷ In many respects, this is duplicative of the current requirement under rule 17a–7 for the board to adopt, make, and approve changes to the registered fund's cross-trade procedures, and we propose to remove this requirement from rule 17a–7.¹⁰⁸ Instead, the board would approve policies and procedures under rule 38a–1 that are reasonably designed to prevent violations of section 17(a) by, among other things, conducting cross trades that would comply with proposed rule 17a–7. At a minimum, the policies and procedures should address how the fund and adviser will effect cross trades to satisfy the conditions of the proposed rule. The policies and procedures generally should describe how the CCO would conduct the quarterly review to determine compliance with the requirements of the proposed rule, for example, by examining any portfolio manager input in determining whether a security is eligible for cross trading, reviewing the adviser's best interest determination for any irregularities, and confirming that the cross trade is consistent with the fund's other policies and investment strategies as stated in its registration statement. They generally should also describe how the CCO would conduct the annual review, for example, by describing the review of other transactions or information, the disposition price, any relevant factors, and any appropriate testing to determine that a cross trade did not disadvantage a fund.

Rule 38a–1 provides flexibility for funds and fund complexes to apply the requirements of the rule in a manner that best suits the organization.¹⁰⁹ In the case of cross trades, the board could consider the fund's circumstances and use of cross trades, which may include considerations such as the registered fund's investment objective and strategies, risk and liquidity profile, conflicts of interest with eligible affiliates, potential cost savings, and market conditions. The policies and procedures should be tailored to each

registered fund.¹¹⁰ For example, a registered fund that only occasionally cross trades exchange-traded equity securities using NAV pricing may not require the same level of CCO review or detailed reporting to the board as a registered fund that frequently cross trades fixed-income securities using current market pricing.

The registered fund's policies and procedures may set appropriate levels of deviation (e.g., tolerance levels) to trigger further review. For example, registered funds may set a tolerance level for differences between the cross-trade price and the valuation price, which may automatically trigger additional review. As another example, the policies and procedures may set a minimum holding period for cross-traded securities, which may trigger additional review to address any parking or dumping concerns.

The policies and procedures may describe specific circumstances and conditions that bar a cross trade from occurring, prevent them through pre-trade compliance blocks, require additional investigation, or give a CCO or investment adviser personnel complete discretion to prevent a cross trade. For example, pre-trade compliance testing could be implemented for cross trades to determine if they are consistent with a registered fund's investment policies and procedures or other compliance requirements, and trade blocks could be implemented for those that are not. The policies and procedures may also describe any actions that should be taken if a cross trade is found to disadvantage a registered fund relative to an eligible affiliate. Actions might include, for example, depending on all the facts and circumstances, including applicable law, reversing a trade or the adviser making the disadvantaged registered fund whole, together with additional monitoring in the future.

We request comments on the proposed oversight requirements:

39. Are the proposed oversight requirements appropriate? What are the advantages and disadvantages of the proposed oversight requirements?

40. Are the quarterly and annual review and reporting cadences appropriate? Should we instead require only an annual review, similar to that required under rule 38a–1, or conversely only a quarterly review as in current rule 17a–7? Should we provide more detail or guidance on how the

quarterly or annual review should be performed and documented? Please provide specific information on what detail or guidance would be helpful.

41. Is the fund's CCO the appropriate party to perform the review and report to the board? Should a fund's investment adviser instead be able to designate the person(s) responsible for reviewing cross-trading activity and reporting to the board, provided the fund's board, including a majority of disinterested directors, approves such designation? What qualifications or limitations should there be on who those persons may be (e.g., only an officer or officers of the fund's investment adviser, or limitations on the ability of portfolio managers to serve in this role)? Should we provide more guidance on which additional parties may perform or contribute to the review and report to the board? Please provide specific information on what guidance would be helpful.

42. Is the annual requirement to review whether a cross trade or pattern of transactions may have disadvantaged the registered fund relative to the eligible affiliate appropriate? Are there patterns of transactions that may be more difficult or impossible to identify during a quarterly review?

43. Should we provide more guidance on what the cross-trade policies and procedures should include or consider? Please provide specific information on what should be included or considered, and why.

44. Should we provide more guidance on how a CCO should conduct the review quarterly and annually? Should the guidance include other factors and considerations? Please provide specific information on what factors and considerations should be included and why. Should those factors and considerations be specifically listed in the rule? Should we provide more detail or guidance on when the quarterly or annual review should end, for example, one year after the fund's most recent cross trade?

45. What are the advantages and disadvantages of requiring the CCO to conduct disposition analysis by reviewing other transactions or information necessary to evaluate transactions effected under this section (including the timing and price of subsequent sales of securities purchased in cross trades), in determining whether a cross trade may have disadvantaged the fund relative to the eligible affiliate? Should the rule require information other than the timing and price of subsequent sales for the CCO to compare against the cross trade, such as reasons that the disposition price is

Company Act from the adviser and other service providers).

¹⁰⁷ See rule 38a–1(a)(1)–(3).

¹⁰⁸ See current rule 17a–7(e)(1) and (2).

¹⁰⁹ See Compliance Programs Release, *supra* note 103, at n.30 and accompanying paragraph.

¹¹⁰ However, a board could approve a combined cross-trade policy for multiple registered funds as long as the combined policy meets the requirements under rule 38a–1 and proposed rule 17a–7 for each fund.

different from the cross trade purchase price? Should CCOs be required to conduct similar analyses when a fund sells a security in a cross trade, by considering the timing and price of that cross trade sale relative to the earlier purchase of the security by the fund? Would that type of analysis present additional challenges, such as identifying the time and price of the earlier purchase of the security when the fund has engaged in multiple purchases to build its position in the security over time?

46. Is the proposed role of the board appropriate? Should the rule prescribe the content and format of the reports to the board and how the board should review those reports?

47. Should the oversight requirements instead be proportionate based on the size or characteristics of a registered fund or its cross-trading activity? For example, should certain types of funds be required to have fewer or less frequent reviews and reports to the board (e.g., only annual reviews/reports)? If so, why and for what types of funds (e.g., small funds, funds that engage in a small amount of cross trading relative to their net assets, funds that only cross trade securities that have readily available market quotations, or funds that exclusively use NAV pricing of cross trades)?

48. Should the rule require certain actions if a CCO finds material noncompliance with the proposed rule or a fund's policies and procedures? If so, what should the actions include?

F. Reporting

The proposed amendments would establish new reporting requirements for certain registered funds.¹¹¹ We propose to amend Form N-PORT and Form N-MFP (together, the "forms") to require certain registered funds to provide additional information about their cross trade-related purchase and sale activity. Specifically, we propose to amend the forms to require registered funds that engaged in cross trades of portfolio investments in reliance on rule 17a-7 during the preceding twelve-month period to disclose, for each asset type (or category of investment, in the case of Form N-MFP) during the reporting period and in U.S. dollars:¹¹²

¹¹¹ Form N-PORT is used by registered management investment companies, and exchange-traded funds organized as unit investment trusts ("UITs") but is not used by money market funds or by small business investment companies ("SBICs") registered on Form N-5. Form N-MFP is used by money market funds.

¹¹² For Form N-PORT filers, asset types are defined as short-term investment vehicle (e.g., money market fund, liquidity pool, or other cash management vehicle), repurchase agreement,

- The aggregate value of portfolio investments the registered fund purchased under rule 17a-7;¹¹³
 - The aggregate value of portfolio investments the registered fund purchased;
 - The aggregate value of portfolio investments the registered fund sold under rule 17a-7; and
 - The aggregate value of portfolio investments the registered fund sold.¹¹⁴
- The aggregate value would mean the value of portfolio investments purchased or sold, calculated on a gross basis, without netting any purchases and sales. When providing the aggregate value of portfolio investments purchased or sold under the items mentioned in the second and fourth bullets above, a registered fund should include all purchase or sale transactions, including any amounts purchased or sold in cross trades. The trading information would be reported for the preceding month.¹¹⁵ This disclosure would follow the filing timelines, publication frequency, and reporting period of each form.¹¹⁶

equity-common, equity-preferred, debt, derivative-commodity, derivative-credit, derivative-equity, derivative-foreign exchange, derivative-interest rate, derivatives-other, structured note, loan, ABS-mortgage backed security, ABS-asset backed commercial paper, ABS-collateralized bond/debt obligation, ABS-other, commodity, real estate, and other. If other, the registered fund must provide a short description. See Item C.4.a. of Form N-PORT. For Form N-MFP filers, categories of investments include: U.S. Treasury debt; U.S. Government agency debt; non-U.S. sovereign, sub-sovereign and supra-national debt; certificate of deposit; non-negotiable time deposit; variable rate demand note; other municipal security; asset backed commercial paper; other asset backed securities; U.S. Treasury repurchase agreement; U.S. Government Agency repurchase agreement; other repurchase agreement; insurance company funding agreement; investment company; financial company commercial paper; non-financial company commercial paper; tender option bond; and other instrument. If other instrument, the registered fund must provide a brief description. See Item C.6. of Form N-MFP.

¹¹³ While the proposed amendments to Form N-MFP use the term "portfolio securities" rather than "portfolio investments," reflecting that money market funds invest in a more limited universe of instruments than other registered funds subject to Form N-PORT, we use the term "portfolio investments" throughout this discussion for simplicity.

¹¹⁴ See Item B.12 of proposed Form N-PORT; Item A.23 of proposed Form N-MFP.

¹¹⁵ For example, a report providing a registered fund's portfolio holdings as of the last business day, or last calendar day, of the month of April would be required to include information about aggregate trading activity and cross trades the fund effected in the month of April.

¹¹⁶ Currently, Form N-PORT reports for each month in a registered fund's fiscal quarter are filed with the Commission within 60 days of the end of the fiscal quarter, and the report for the third month of the quarter is made public upon filing. In 2024, the Commission adopted amendments to Form N-PORT that require registered funds to file monthly reports within 30 days of month end and that provide for publication of monthly reports with

Currently, most registered funds report on Form N-CEN whether they relied on certain statutory and rule-based exemptions, including rule 17a-7.¹¹⁷ While this information helps identify whether a registered fund made cross trades in the reporting period, it does not provide any additional information, such as the volume of cross trades by registered fund or asset class. Registered funds currently also are subject to requirements to disclose material information about cross trades in their financial statements.¹¹⁸ This information is often in narrative form, which limits comparability, and may not provide a clear picture of the frequency, type, or amount of all cross trades by the registered fund or those that are not deemed material. As suggested by some respondents, reporting aggregated cross-trade information on Form N-PORT could provide additional transparency and visibility into registered funds' cross-trading practices.¹¹⁹ The proposed reporting on the forms would provide information about the total and comparative volume of cross trades by asset class in a structured format that can be efficiently analyzed by the Commission staff and market participants across registered funds in a

additional delay. These requirements have not gone into effect. See Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs; Delay of Effective and Compliance Dates, Investment Company Act Release No. 35538 (Apr. 16, 2025) [90 FR 16812 (Apr. 22, 2025)]. In 2026, the Commission proposed changes that, among other things, would provide registered funds with additional time to file monthly Form N-PORT reports and restore a quarterly publication frequency. See Form N-PORT Reporting, Investment Company Act Release No. 35962 (Feb. 18, 2026) [91 FR 8582 (Feb. 23, 2026)] ("Form N-PORT Reporting Release"). As the proposed cross-trading reporting requirements would follow the same timeframes as generally required for Form N-PORT, if we were to adopt the Form N-PORT proposal, we also expect that the proposed cross-trading reporting items would be reported and made public at the amended timeframes. If the 2026 amendments in the Form N-PORT Reporting Release are adopted as proposed and the Commission adopts the proposed amendments to rule 17a-7, we would anticipate requiring cross-trade information for each of the preceding three months in each Form N-PORT report to provide transparency in cross-trade information to investors. This would also mitigate concerns that investors might potentially believe that one month's cross trades represent the full quarter and better conform with other information that would be presented on Form N-PORT if the 2026 amendments are adopted as proposed. Form N-MFP reports are filed on a monthly basis no later than the fifth business day of the month.

¹¹⁷ See Item C.7 of Form N-CEN (requiring this reporting by management investment companies).

¹¹⁸ See 17 CFR 210.6-07 (requiring disclosure of certain affiliated transactions as part of a registered fund's statement of operations) and ASC 850 (requiring disclosure of material related party transaction).

¹¹⁹ See ICI Letter; Capital Group Letter.

way that is not currently available through reports on Form N-CEN or in registered fund financial statements.

Similarly, registered funds do not currently disclose the volume of trading activity that occurred during the reporting period, specifically, the aggregate value of portfolio investments that were purchased or sold. Registered funds are currently required to report information on the forms generally on an “as-of” basis, which provides information at a single point in time, but does not provide this specific information about the volume of investments the registered fund purchased or sold during the period.¹²⁰

This reporting requirement would enable the Commission and its staff and market participants to understand the proportion of a registered fund’s overall trading activity that consists of cross trades, both in the aggregate and within specific asset classes, which would provide necessary context for understanding the volume, significance, and materiality of cross trades relative to total trading activity as well as trends in such activity over time. To provide better contextual information about how the volume of a registered fund’s cross trades compares to its overall trading activity, the proposed reporting requirement would begin when a registered fund begins cross trading and apply for a 12-month period following any cross trades. During this period, the registered fund would be required to report information about its aggregate trading activity by asset class, even if it does not conduct cross trades for particular months within that period. This approach is designed to recognize that the volume and character of funds’ trading activities can vary from month-to-month and also provide an appropriately lengthy period for data review. For example, if we were to instead require aggregate trading information only for months in which a fund conducts cross trades, the aggregate trading information for those months may not accurately reflect how the volume of a fund’s cross-trading activity compares to its overall trading activities.¹²¹

¹²⁰ See, e.g., Item B.7 on Form N-MFP (requiring shareholder flow information as of the close of business on each business day of the month reported).

¹²¹ Specifically, if we required aggregate trading information only for months in which a fund cross trades, the reported information may over- or under-estimate the proportion of a fund’s trading activity that consists of cross trades. For example, if a registered fund engaged in relatively low volumes of non-cross-trading activity in months in which the fund cross traded, but higher volumes of non-cross-trading activity in other months, or only reported for a shorter period than twelve months,

Since the volume of cross trades can reasonably be expected to grow under the proposed amendments, the proposed reporting requirement would assist in understanding and monitoring the effects of that growth and how it affects specific registered funds and asset classes. This reporting requirement would enhance transparency and facilitate more informed decision-making by providing information on cross-trading activity over time for a registered fund and across similar registered funds by asset class and reporting period.

The proposed reporting is also important because cross trades occur outside of the public markets and do not generate publicly observable market data, unlike transactions on registered exchanges or reported through post-trade transparency systems such as TRACE or RTRS. The lack of public information about specific transaction prices may negatively impact price discovery processes. In addition, the lack of public information about the volume of cross trades may distort perceptions of liquidity in a particular asset class or market. While the proposal would not provide the type of transparency available through systems like TRACE or RTRS, the proposed reporting on the forms would provide volume transparency by requiring reporting of the aggregate volume of cross trades, by asset class. If the volumes of cross trades are growing or substantial, this information may help market participants understand the potential effects of the cross trades on the reliability of other available information about trading in that asset class. In addition, the proposed reporting may inform any future Commission action about cross-trading data and whether it should be made available through post-trade transparency systems.

As with other information on the forms, the proposed disclosure would be filed in a structured data format. Standardized disclosure on a registered fund’s cross trading and total trading activity would provide transparent, standardized, and comparable information regarding the extent to which the registered fund industry, and each individual registered fund, engages in cross trading, overall volumes, as well as the types of assets involved in such trading activities. This allows investors and other market participants to easily access and process the cross-trade information reported, either by

the reported information would suggest that cross trading represents a greater volume of the fund’s trading activity than it actually does.

analyzing the forms directly or through analyses prepared by third-party service providers, which may enable more informed investment decisions and promote greater accountability by the adviser. This reporting would also provide market participants with information to evaluate the potential effects of cross trades on perceptions of liquidity in a particular asset class or market.

The information we propose to be reported is designed to balance the burden of providing it with the Commission’s and the public’s need for the information. The proposal would only require registered funds that engaged in cross trades of portfolio investments in reliance on rule 17a-7 during the preceding twelve-month period to provide information about the aggregate value of cross trade-related purchases and sales grouped by asset type or category of investments. While more granular reporting, such as the price and volume of each trade or cross trade, or industry-wide reporting on total trading volumes, would provide valuable information, registered funds would then bear a more significant reporting burden. In addition, the proposed amendments work with existing recordkeeping obligations under the Investment Company Act, such as the requirement to maintain records of registered funds’ portfolio transactions.¹²² The proposed reporting may help mitigate the potential conflicts of cross trading by providing insight into such trading to the Commission and its staff, assisting them in carrying out their regulatory responsibilities, including any future Commission action as to cross trading, risk monitoring during periods of market stress, and regulatory oversight.

We request comments on the proposed reporting requirements:

49. Is the proposed reporting requirement appropriate? For example, is the information that registered funds currently provide on the forms, Form N-CEN, and in financial statements sufficient for the Commission, investors, and other market participants to monitor fund trading activity, including cross trades? What are the advantages and disadvantages of the proposed reporting requirements? If the proposed requirements to Form N-PORT and Form N-MFP are adopted, should we eliminate Item C.7.e. on Form N-CEN, which asks if a fund relied on the rule 17a-7 exemption?

¹²² See 17 CFR 270.31a-1(b)(1) (requiring, for example, itemized daily records in detail of all purchases and sales of securities).

50. Is the proposed reporting trigger for registered funds that engaged in cross trades during the preceding twelve-month period appropriate? Would this approach affect registered funds' ability to automate their filing processes or introduce complexity to the reporting process? For funds that engage in cross trading, how frequently do cross trades occur? Does the frequency at which funds engage in cross trading suggest that it would be unnecessary or ineffective to require reporting over a twelve-month period since the fund's last cross trade? Should this reporting requirement apply to registered funds that have engaged in cross trades within a shorter or longer period than the preceding twelve months (for example, the past 3, 6, 18, or 24 months)? Should the reporting be limited to only those months in which a registered fund engaged in a cross trade?

51. Instead of using a reporting trigger based on when the fund last engaged in a cross trade as proposed, should we require registered funds to report cross trade and total trading information if a fund has policies and procedures that permit it to cross trade regardless of whether the fund has cross traded? Should the reporting apply to any registered fund that has cross traded or intends to cross trade over a specified period (for example, 1, 3, 6, 12, 18, or 24 months)? Are there other, more effective ways to identify funds that engage in cross-trading activity for purposes of determining which funds must report cross trade-related information?

52. Is the proposed reporting period of the preceding month appropriate? If the 2026 amendments in the Form N-PORT Reporting Release are adopted as proposed, should a registered fund reporting on Form N-PORT be required to disclose for a longer period (for example, each of the preceding three months with the report for the third month of the quarter being made public) to provide for public transparency of the monthly data?¹²³

53. Is the proposed requirement to report the aggregate value of cross trading and all trading activity by asset class or category of investment appropriate? Should the proposed amendments use the investment groupings already established in each form for this purpose or should they be modified to better capture trading activity information? If yes, how? Should registered funds instead, or in addition, report trading activity using other measurements, for example, by

level within the fair value hierarchy under U.S. GAAP?

54. Is the proposed requirement to report the aggregate value of portfolio investments purchased and sold appropriate? Should registered funds instead, or in addition, report the proportion of total purchases and sales attributable to cross trades? Should registered funds instead, or in addition, report portfolio investments that are acquired or disposed of, or held to maturity? Should reporting of aggregate trading activity be required only for the asset classes in which the registered fund has conducted a cross trade during the preceding twelve-month period, or should reporting of aggregate trading activity be required for all asset classes in the relevant form? Are there certain asset classes in which registered funds are unlikely to conduct cross trades, either due to the conditions of the rule or other considerations, and therefore registered funds should not be required to report aggregate trading activity for those asset classes?

55. Is the term "aggregate value" clear and operationally workable? If not, what additional guidance on specific portfolio investments or how values should be reported would be helpful?

56. Is the proposed requirement to report cross trade purchases and sales transactions separately appropriate? Should registered funds instead, or in addition, report additional information about their aggregate cross-trading activities, for example, the number of cross trades effected during the reporting period or total net realized gains or losses associated with cross-trading activities (or net change in unrealized appreciation or depreciation)? Should registered funds instead, or in addition, report additional information about individual cross trades, for example, details on the timing, price, and volume of each cross trade, the potential cost savings, and cross-trade parties? If yes, what other information should be disclosed?

57. Should registered funds be required, instead of the proposed reporting requirements or in addition, to publicly report cross-trading activity, for example, through a reporting venue administered by a self-regulatory organization or securities information processor? If yes, why and what method should be used (e.g., reporting individual cross trades to reporting venues such as TRACE and RTRS)? Would this type of public reporting of cross-trading activity assist price discovery and impose pricing discipline? If yes, how? Is some cross-trading activity already being reported, for example by an affiliated broker-

dealer? If yes, under what circumstances and how often?

58. Should registered funds instead report the proposed information about trading activity, including cross trades, confidentially to the Commission? If so, why would public disclosure of information about registered funds' trading activities be neither necessary nor appropriate in the public interest or for the protection of investors?¹²⁴

59. Are there any barriers to registered funds reporting trading activity, including cross trades, on the forms? If yes, what are they (e.g., needing to manually process information or link separate information systems)? Would those barriers cause some registered funds to avoid cross trading when cross trading would otherwise be beneficial to the funds? If so, which funds and why? Should there be a *de minimis* exception to reporting (e.g., cross trades that do not exceed 1%, 5%, or 10% of net assets) or should certain funds (e.g., small funds or funds that engage in cross trading only for level 1 securities) be exempt from the proposed reporting requirements?¹²⁵ If so, why and for what types or size of funds or what amount of cross trading? Are there other changes we should make to reduce reporting burdens, such as requiring the proposed information about cross-trading activity but not requiring the proposed information about aggregate trading activity?

60. Some types of funds that may rely on rule 17a-7, such as BDCs and SBICs, are not required to report on Form N-PORT or Form N-MFP and therefore would not be subject to the proposed reporting requirement. Is the information that BDCs or SBICs currently provide on other forms or periodic reports sufficient for the Commission, investors, and other market participants to monitor fund cross-trading activity? Should we amend other reporting forms to require cross-trading information for funds that do not report on Form N-PORT or Form N-MFP? If so, where should this disclosure be located (e.g., in Form 10-K or other periodic reports for BDCs)?

61. Part D of Form N-MFP separately requires all prime money market funds to disclose the gross market value of portfolio securities they sold during the

¹²⁴ See section 45 of the Investment Company Act (providing that information filed with the Commission shall be made available to the public, unless the Commission finds that public disclosure is neither necessary nor appropriate in the public interest or for the protection of investors).

¹²⁵ See *infra* note 134 (discussing a pending proposal addressing the definition under the Investment Company Act of small organization and small business for purposes of the Regulatory Flexibility Act).

¹²³ See *supra* note 116.

reporting period by category of investment. For prime money market funds that engage in cross trading, the proposal would require the same information under a different item on Form N-MFP for a 12-month period after any cross trade (in addition to the aggregate value of portfolio securities purchased or sold in cross trades, and the aggregate value of portfolio

securities purchased). Recognizing that the proposed reporting requirement and Part D of Form N-MFP differ in the scope of money market funds subject to the reporting requirements, are there ways in which we should consolidate the reporting requirements for prime funds that engage in cross trading? Would such consolidation reduce

reporting burdens without affecting the utility of the reported information?

G. Recordkeeping

We propose to update the recordkeeping requirements of rule 17a-7 to reflect the proposed amendments. The current recordkeeping requirements under the rule and proposed changes are set forth in Table 1 below.

TABLE 1

Record	Current rule	Proposal
Written Policies and Procedures	Rule 17a-7(g)(1): Maintain and preserve permanently. Rule 38a-1: Maintain all policies and procedures that are in effect or were in effect at any time during the last five years. Six years from the end of the fiscal year in which a rule 17a-7 transaction occurred, the first two years in an easily accessible place.	Removed. No change.
Transaction Records (including description of security, identity of counterparty, and terms of the transaction).	Six years from the end of the fiscal year in which a rule 17a-7 transaction occurred, the first two years in an easily accessible place.	Maintains current requirements.
Information or Materials Related to Oversight ..	Six years from the end of the fiscal year a rule 17a-7 transaction occurred, two in an easily accessible place. Record relates to the board's oversight	Similar to current requirements, but would generally relate to the CCO's oversight requirements, specifically including information or materials: (1) used to determine that each condition of the rule was satisfied for each cross trade as part of quarterly reviews; ¹ and (2) used to determine whether a cross trade, or pattern of trades, may have disadvantaged the registered fund, including information or materials related to other transactions or information reviewed as part of annual reviews. ² Records of the CCO's reports to the fund's board would also be required. ³

Notes:

¹ See proposed rule 17a-7(c)(2).

² See proposed rule 17a-7(c)(3).

³ See proposed rule 17a-7(c)(4). See *supra* section II.E for discussion of the CCO's oversight requirements.

The proposed amendments to the recordkeeping requirements would remove duplication and correspond with other proposed amendments to rule 17a-7. The amendments are designed to ensure accountability, transparency, and verifiability for compliance and oversight purposes. The recordkeeping amendments also would allow the Commission and its staff to better understand cross-trading activities, identify issues, and conduct examinations. These amendments are designed to prevent overreaching and help address conflicts of interest that may harm investors and should improve the Commission's ability to oversee the industry and increase investor protection.

The proposal would remove the requirement to maintain and preserve permanently a written copy of the registered fund's cross-trading procedures from rule 17a-7(g)(1). This change would remove duplication with the requirements of rule 38a-1 under the Investment Company Act, which

requires registered funds to maintain a copy of their policies and procedures reasonably designed to prevent violation of the Federal securities laws that are in effect or were in effect at any time during the last five years.¹²⁶ The requirements of rule 38a-1 apply to cross trades under rule 17a-7, making rule 17a-7(g)(1) unnecessary. In addition to harmonizing the recordkeeping requirements to rule 38a-1, the proposed change would reduce recordkeeping burdens while still providing the Commission's examination staff sufficient information to assess whether the fund is adhering to rule 17a-7 and in identifying weaknesses in compliance with the rule.

Consistent with the current rule, registered funds would be required to maintain and preserve written records of cross trades for at least six years, starting from the end of the fiscal year when the transaction took place, with the records stored in an easily accessible

place for the first two years. The proposed amendments would include records on each cross trade, including a description of the security purchased or sold, the identity of the eligible affiliate on the other side of the transaction, and the terms of the purchase or sale transaction.¹²⁷

As discussed above, the current rule requires maintaining and preserving records the board used to determine, no less frequently than quarterly, that all cross trade purchases or sales made during the preceding quarter were effected in compliance with the registered fund's cross-trade procedures.¹²⁸ The proposed amendments would remove this requirement and instead require maintaining and preserving records of

¹²⁷ See proposed rule 17a-7(c)(1). The proposed amendment references the proposed newly defined term, "eligible affiliate," to more clearly reference the counterparty to the cross trade rather than "the person" as used in the current rule. This will also facilitate verification that the counterparty meets the "eligible affiliate" definition.

¹²⁸ Current rule 17a-7(g)(2).

¹²⁶ Rule 38a-1(d)(1).

the information or materials upon which the CCO, rather than the board, based the determinations for the required quarterly and annual reviews.

With respect to quarterly reviews, the proposed amendments would require maintaining and preserving information or materials the CCO used to determine that each condition under the rule was satisfied with respect to each transaction, as well as the quarterly reports provided to the board on the results of those reviews.¹²⁹ The proposed recordkeeping requirement connected to the quarterly review would require, at a minimum, documentation showing whether the cross trades complied with each condition under proposed rule 17a-7.¹³⁰ Accordingly, the proposed records would need to include documentation used to determine that:

- Each security was eligible to be cross traded, for example, whether it was a level 1 or level 2 security;
- Each cross trade met the pricing condition under the proposed rule, including whether NAV pricing or current market pricing was used and, if current market pricing, how the adviser determined that the price reasonably represented current market price for the cross-traded security, for example, by identifying any unaffiliated pricing source, and the results of the adviser's review of the reasonableness of those prices;
- Any fees paid in connection with the cross trade were *de minimis* and consistent with the rule;
- Each cross trade was consistent with the registered fund's policies and investment strategies; and
- The investment adviser determined the cross trade to be in the best interest of the fund, including the factors considered, such as the characteristics of the securities (e.g., availability, price, and liquidity) and expected effect of the cross trade on the fund (e.g., cost savings and performance).

With respect to annual reviews, the registered fund also would be required

to maintain and preserve records of the information or materials the CCO used to determine whether a cross trade, or pattern of cross trades, may have disadvantaged the fund relative to eligible affiliates as part of its annual review.¹³¹ That would include information or materials related to other transactions or information necessary to evaluate those cross trades, including, as is consistent with the oversight requirement in the proposal, documentation showing that the CCO considered the timing and price of subsequent sales of securities purchased in cross trades. As part of this requirement to consider the timing and price of these subsequent sales, the fund must maintain and preserve records that detail the economic terms of each sale of a security that was purchased by a registered fund in a cross trade, including:

- The date of purchase,
- The purchase price,
- The date of the sale, and
- The sale price.

While registered funds are already required to maintain and preserve these trade records under either current rule 17a-7 or rule 31a-1, the proposal would require the CCO to review these records as part of the annual review in a manner that may not currently be done. These records also would be required to be made available to the board promptly upon request. Reports and other information provided to the board should be in a format that is easy to digest to facilitate the board's oversight.

In addition, the information or materials used in connection with the CCO's annual review that must be maintained and preserved may include, for example, information and reports that identify other details of cross-traded securities (including how prices were calculated for sales of securities acquired at different times and at different prices (e.g., average price mechanics)), analysis of performance of the cross-traded security, analysis of market and fund flow conditions around the time of the cross trade, and other analyses to determine why the timing and disposition of the cross-traded security did not disadvantage the fund. The registered fund also would be required to maintain and preserve the reports the CCO provided to the board with the results of the CCO's quarterly and annual reviews.¹³²

The proposed amendments do not otherwise prescribe how a fund would meet these recordkeeping requirements. These records, for example, may consist

of spreadsheets or logs with dropdown lists as well as longer descriptions. The recordkeeping requirements are designed to assist the CCO's reviews and reports, help determine and test compliance with rule 17a-7, and provide important information about cross trades to the Commission and its staff.

We request comments on the proposed recordkeeping requirements:

62. Are the proposed recordkeeping requirements appropriate?

63. Should we provide more guidance or more detailed provisions in the rule on what type of records are required? If so, what should the records be required to include? Is it appropriate to require records on the CCO's determinations that cross trades were made in compliance with proposed rule 17a-7 and that a cross trade, or pattern of cross trades, did not disadvantage the fund relative to the eligible affiliate(s)? Should we provide more details in the rule or guidance on what records would show that the CCO reviewed the cross trades and other transactions or information necessary to evaluate transactions effected under this section (including the timing and price of any subsequent sales of securities purchased in cross trades)? Should the rule instead impose independent recordkeeping requirements with respect to each condition of the rule? What recordkeeping systems would need to be involved?

64. Should the rule require a particular format or contents of the documentation required to be maintained under this new requirement?

65. Are the proposed retention periods sufficient to evidence compliance? Should we require a longer (e.g., eight years) or shorter (e.g., four years) retention period?

66. Do registered funds have concerns that it would be difficult to maintain and preserve these records?

H. Other Amendments

We are proposing to add definitions of the terms "fund" and "eligible affiliate" to rule 17a-7 to refer to the registered funds that are permitted to rely on the rule and the types of affiliates that they can cross trade with under the rule.¹³³ We are proposing these definitions to improve the clarity of the rule, but we

¹²⁹ See *supra* section II.E. Proposed rule 17a-7(b)(7) would require the registered fund's CCO to review, and report to the board the results of the review, (1) no less frequently than quarterly all transactions during the preceding quarter that were effected under this section to determine their compliance with rule 17a-7, and (2) no less frequently than annually all transactions during the preceding period that were effected under rule 17a-7, as well as other transactions by the fund or information necessary to evaluate transactions effected under rule 17a-7 (including the timing and price of any subsequent sales of securities purchased in cross trades), to determine whether any such transaction, or pattern of transactions, may have disadvantaged the fund relative to the eligible affiliate(s).

¹³⁰ See proposed rule 17a-7(c)(2).

¹³¹ See proposed rule 17a-7(c)(3).

¹³² See proposed rule 17a-7(c)(4).

¹³³ We also propose to add a definition of the term "unaffiliated," which is a term used in the proposed current market pricing approach with respect to unaffiliated pricing sources and in the proposed condition related to certain *de minimis* payments to unaffiliated parties. We discuss the proposed definition of "unaffiliated" in sections II.B.2 and II.C.

do not intend for the definitions to change the scope of the current rule.

Under the proposal, “fund” would mean a registered investment company, including any separate series thereof. This definition would replace language in the current rule referring to a registered investment company or a separate series of a registered investment company.

We are proposing to define “eligible affiliate” to mean, with respect to a fund:

- Another fund that is an affiliated person, or an affiliated person of an affiliated person, of such fund; and
- A person that is an affiliated person, or an affiliated person of an affiliated person, of the fund solely by reason of having a common investment adviser, investment advisers that are affiliated persons of each other, common directors, and/or common officers.

The “eligible affiliate” definition would replace language in the current rule referring to transactions between registered investment companies or separate series of registered investment companies, which are affiliated persons, or affiliated persons of affiliated persons, of each other, between separate series of a registered investment company, or between a registered investment company or a separate series of a registered investment company and a person which is an affiliated person of such registered investment company (or affiliated person of such person) solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common directors, and/or common officers. This proposed amendment would be a non-substantive change.

We request comment on the proposed definitions:

67. The proposed terms “fund” and “eligible affiliate” are intended to more clearly provide the scope of funds that currently may rely on rule 17a–7 and the scope of affiliated arrangements for which the rule currently provides an exemption. Do the proposed defined terms provide clarity relative to the current rule without changing the scope of funds or affiliated arrangements that are covered?

68. The current rule and the proposed rule refer to registered investment companies generally but include conditions related to an investment company’s board of directors that UITs could not meet, because UITs do not have boards of directors. To recognize that UITs cannot meet the conditions of the rule, should we amend the scope of rule 17a–7 to refer only to management

investment companies? Are there circumstances in which UITs would benefit from being able to rely on rule 17a–7? Should we address how UITs could comply with the proposed rule’s requirements related to boards of directors and investment advisers? For example, should a UIT’s trustee, underwriter, or depositor fulfill the board-related obligations in the rule? Should a UIT be required to have an officer of the fund, or the fund’s CCO, fulfill the adviser-related obligations in the proposed rule?

I. Existing Staff No-Action Letters and Other Staff Statements

We are aware that staff have previously expressed views on topics covered by the proposed amendments. For the avoidance of doubt, to the extent the proposed amendments are adopted, the Commission’s views on such topics would control and any inconsistent staff views would be superseded.

Letters and statements identified as expressing staff views on topics addressed by the proposed amendments are listed below. This list may or may not be exhaustive. Commenters may name any additional staff letters or statements they identify as addressing topics covered by the proposed rule in their comment letters, particularly to the extent such letters or statements express views inconsistent with the amendments as proposed.

- Independent Directors Council, SEC Staff No-Action Letter (Oct. 12, 2018) (with respect to rule 17a–7)
- Independent Directors Council and Mutual Fund Directors Forum, SEC Staff Letter (Nov. 2, 2010) (with respect to rule 17a–7)
- ING Series Fund, Inc., et al., SEC Staff No-Action Letter (Apr. 30, 2008)
- Old Mutual Advisor Funds, SEC Staff No-Action Letter (Nov. 16, 2007)
- Gartmore Variable Insurance Trust, SEC Staff No-Action Letter (Dec. 29, 2006)
- Guidestone Financial, et al., SEC Staff No-Action Letter (Dec. 27, 2006)
- Federated Municipal Funds, SEC Staff No-Action Letter (Nov. 20, 2006)
- Citigroup Global Markets Inc., SEC Staff No-Action Letter (Sept. 26, 2006)
- GE Institutional Funds, SEC Staff No-Action Letter (Dec. 21, 2005)
- Signature Financial Group, Inc., SEC Staff No-Action Letter (Dec. 28, 1999)
- DFA Investment Trust Company, SEC Staff No-Action Letter (Mar. 21, 1996)
- DFA Investment Trust Company, SEC Staff No-Action Letter (Oct. 17, 1995)
- United Municipal Bond Fund, SEC Staff No-Action Letter (Jan. 27, 1995)
- Federated Investors, SEC Staff No-Action Letter (Apr. 21, 1994)

- United Municipal Bond Fund, SEC Staff No-Action Letter (July 30, 1992)
- TrustFunds Institutional Managed Trust, SEC Staff No-Action Letter (July 20, 1988)
- Fidelity Management & Research Co., SEC Staff No-Action Letter (June 13, 1988)
- United Services Funds, SEC Staff No-Action Letter (May 27, 1987)
- American Medical Association Retirement Plan, SEC Staff No-Action Letter (Jan. 15, 1987)
- Principal Preservation Tax-Exempt Fund, Inc., SEC Staff No-Action Letter (Nov. 6, 1986)
- Metropolitan Series Fund, Inc., SEC Staff No-Action Letter (Aug. 29, 1986)
- Benham California Tax-Free Trust and Benham National Tax-Free Trust, SEC Staff No-Action Letter (Aug. 6, 1986)
- First National Bank of Chicago, SEC Staff No-Action Letter (Feb. 5, 1986)
- Cash Accumulation Trust and Daily Accumulation Fund, SEC Staff No-Action Letter (Nov. 30, 1984)
- Lincoln National Investment Management Company, SEC Staff No-Action Letter (Apr. 25, 1976)

J. Transition Period

We propose to provide a tiered transition period for registered funds to come into compliance with the proposed amendments to rule 17a–7 and Forms N–PORT and N–MFP, if adopted, based on fund size. We propose to provide a 12-month transition period for larger entities and an 18-month transition period for smaller entities. For these purposes, larger entities would be registered funds that, together with other investment companies in the same “family of investment companies” (as such term is defined in Item B.5 of Form N–CEN), have net assets of \$10 billion or more as of the end of the most recent fiscal year. Smaller entities would be registered funds that, together with other investment companies in the same family of investment companies, have net assets of less than \$10 billion as of the end of the most recent fiscal year.¹³⁴

¹³⁴ This \$10 billion threshold is designed to be a reasonable means of distinguishing larger and smaller entities for purposes of tiered compliance dates for the proposed requirements. We estimate that, as of December 2025, 0.5% of registered investment companies would be considered to be smaller entities. These smaller entities hold approximately 0.003% of aggregate assets of registered investment companies. These estimates of smaller entities are derived from an analysis of data obtained from Morningstar Direct and data reported to the Commission (e.g., Form N–PORT, Form N–CSR, Form 10–Q, and Form 10–K) for the quarter ended December 2025. The Commission also recently proposed similar amendments to its definition of “small entity” for purposes of the

Under the proposed approach, a registered fund's cross trades would be subject to the conditions of the amended rule at the end of the transition period. Prior to that time, cross trades would be subject to the current rule's conditions. Similarly, funds would be required to report information about their aggregate cross trades on Form N–PORT or Form N–MFP, as applicable, for the next report that is filed after the transition period ends. The tiered transition period is designed to provide registered funds with time to adjust their oversight processes, policies and procedures, and reporting and recordkeeping infrastructure to comply with the amendments. Notwithstanding the tiered transition period, registered funds would be permitted to voluntarily comply with the amendments in advance of the relevant compliance date. To promote regulatory consistency, however, any registered fund that elects to rely on the amended rules prior to compliance date must rely on the rules as amended in their totality.

We request comment on the proposed transition period.

69. Would the proposed transition period provide registered funds enough time to comply with the proposed amendments? Should the period be shorter or longer?

70. Should the transition period differ by fund size, as proposed, or should the transition period be the same for all registered funds? Is there a different approach we should use for determining fund size for purposes of the transition period?

III. Economic Analysis

A. Introduction

The proposed amendments would expand the types of securities eligible for cross trades to include securities valued using observable level 2 inputs, provide two pricing options (NAV-based pricing or current-market pricing using one or more unaffiliated pricing sources), reallocate certain oversight responsibilities from the board to the fund's CCO through quarterly and annual reviews, and permit only *de minimis* payments to unaffiliated parties for necessary administrative services such as clearing and settlement. The amendments would also update recordkeeping requirements and add new structured reporting on Forms N–

PORT and N–MFP requiring registered funds that engage in cross trades to report monthly cross-trade activity and aggregate purchase and sale activity by asset class.

As discussed above, cross trading is prohibited under section 17(a). Examples of problematic practices include parking,¹³⁵ cherry-picking,¹³⁶ and dumping¹³⁷ securities between a registered fund and its affiliates. However, in circumstances where those conflicts can be effectively mitigated, economic theory suggests that internal execution can achieve the same allocative result as external execution, while consuming fewer real resources.¹³⁸ When a registered fund and its eligible affiliate have offsetting trading interest and a security can be reliably valued through independent pricing, dealer-intermediated execution (that is, execution routed externally through a broker-dealer acting in a principal or agency capacity) may not add any additional benefits to the transaction for either counterparty. Yet dealer intermediation requires greater consumption of real resources, including dealer labor, operational infrastructure, settlement processes, and adviser search costs. Under the current regulatory definition of readily available market quotations, level 2 securities generally cannot be cross traded. As a result, advisers must route trades through external intermediaries even in cases where an internal match could achieve a better economic outcome.¹³⁹ From a social-welfare perspective, this represents a productive inefficiency.

When accounts engage in a cross trade, the price reflects a single valuation derived from reliable, market-based inputs. If both sides have offsetting interest and rely on that same market-informed value, routing the trade externally would not add any meaningful price-setting or negotiation

function. In such cases, dealer involvement can introduce additional transaction costs without altering the economic terms of the trade.

Permitting cross trading in level 2 securities under appropriate safeguards (independent valuation, conflict-of-interest controls, and CCO and board oversight) would allow advisers to use the more efficient execution method subject to conditions designed to protect the interests of each fund and its shareholders.

Cross trading may allow funds and certain affiliates to lower trading costs, avoid unnecessary market impact, and match complementary trading needs more effectively than in external markets. At the same time, cross trading can harm funds or other clients and create conflicts of interest because the adviser acts on behalf of multiple funds and affiliates whose interests might not always align.¹⁴⁰ As explained in section I.C, additional conflicts may also arise when an adviser's compensation varies across the participating funds or affiliates, for example, when advisory or performance-based fees differ, or when the adviser or its personnel have financial interests connected to an affiliate. Without appropriate safeguards, a registered fund could be disadvantaged relative to an affiliate.¹⁴¹ The proposed amendments therefore would provide conditions, such as eligibility limits, pricing requirements, fee restrictions, adviser best-interest determinations, and structured CCO oversight, to help funds capture these efficiencies while mitigating conflicts.

The Commission considered the potential economic effects of the

¹⁴⁰ See, e.g., Gerald Abdesaken, *Conflicts of Interest in Multi-Fund Management*, 20 J. Asset Mgmt. 54 (2019) at 54–56, which identifies multi-fund management as a source of “agency conflict” and shows that coordinated opposite-trading can advantage some funds at the expense of others, illustrating how cross trading can create principal-agent concerns when an adviser represents multiple funds with potentially divergent interests.

¹⁴¹ Several studies document that, without adequate safeguards, internal trades can advantage one affiliated fund while disadvantaging another. Eisele et al. (2020) find that cross trades may be used to “opportunistically reallocate performance among trading funds,” suggesting that value can be shifted between funds when monitoring is weak. Alexander Eisele et al., *Trading Out of Sight: An Analysis of Cross-Trading in Mutual Fund Families*, 135 J. Fin. Econ. 359 (2020); Gaspar et al. (2006) likewise show that certain funds within a family “overperform at the expense of” others, with coordinated opposite-signed trades contributing to these distributional effects. Jose-Miguel Gaspar et al., *Favoritism in Mutual Fund Families? Evidence on Strategic Cross-Fund Subsidization*, 61 J. Fin. 73 (2006); Abdesaken (2019) similarly finds that managers “cross-subsidize top performing funds at the expense of low performing funds” through cross- or opposite-trading activity, underscoring the potential for harm to one fund if protections are insufficient. Abdesaken, 20 J. Asset Mgmt. 54.

¹³⁵ See *supra* note 37 and accompanying text.

¹³⁶ See *supra* note 38 and accompanying text.

¹³⁷ See *supra* note 39 and accompanying text.

¹³⁸ This paragraph describes the economic mechanism through which cross trades can reduce real resource use. Later sections of the economic analysis discuss additional economic effects that may arise under different trading conditions, including cases involving conflicts of interest, valuation dispersion, or timing differences.

¹³⁹ Although internal execution could in principle reduce transaction costs for level 3 securities as well, such savings do not permit any inference about welfare effects because level 3 valuations rely on unobservable inputs and adviser-specific modeling rather than market-generated price signals. Without observable inputs anchoring the price, an internal cross trade cannot be assumed to replicate the allocative efficiency of a market transaction. As a result, the welfare implications of internalizing trades in level 3 securities are inherently indeterminate, even apart from conflicts of interest.

Regulatory Flexibility Act for investment companies. See Amendments to the “Small Business” and “Small Organization” Definitions for Investment Companies and Investment Advisers for Purposes of the Regulatory Flexibility Act, Investment Company Act Release No. 35864 (Jan. 7, 2026) [91 FR 1107 (Jan. 12, 2026)] (“Small Entity Proposing Release”).

proposed amendments to rule 17a–7 and the new Form N–PORT and Form N–MFP reporting requirement associated with these amendments, including the anticipated benefits and costs to registered investment companies, investment advisers, fund boards, and investors. To assess these effects, the economic analysis evaluates the proposed amendments relative to the current regulatory and market baseline. Accordingly, the discussion first describes the baseline, then examines the expected benefits and costs of the proposed amendments, then considers the potential effects on efficiency, competition, and capital formation, and finally evaluates the potential economic effects of certain reasonable alternatives. Many of these economic effects are difficult to quantify; where quantification is not practicable, the Commission instead provides a qualitative discussion of the potential economic consequences.

B. Baseline

This section describes the existing regulatory framework, entities involved in cross trading of securities, and current market practices under the existing rule. Consistent with the SEC’s guidance on economic analysis in rulemaking,¹⁴² this baseline serves as the reference point against which the likely economic effects of the proposed amendments can be evaluated.¹⁴³

1. Regulatory Framework

Section 17(a) of the Investment Company Act generally prohibits certain transactions between a registered investment company and its affiliates, such as the sale or purchase of securities unless an exemption applies, or the transaction is otherwise permitted by SEC rules. Specifically, it is unlawful for an affiliated person (or an affiliate of such a person), acting as principal, to sell any security or other property to the

investment company or purchase any security or other property from the investment company unless permitted by rule or exemption.¹⁴⁴

Rule 17a–7 provides a narrow exemption for certain purchase or sale transactions between investment companies and certain affiliates.¹⁴⁵ To qualify for the exemption under current rule 17a–7, the transaction must meet the following conditions: (1) The security involved must have market quotations that are readily available;¹⁴⁶ (2) The transaction must be executed at the independent current market price;¹⁴⁷ (3) The transaction must align with the investment policies of each participating fund, as disclosed in their registration statements and reports;¹⁴⁸ (4) No brokerage commission, fee, or other remuneration may be paid, except for customary transfer fees;¹⁴⁹ (5) The fund’s board of directors, including a majority of disinterested directors, must adopt written procedures reasonably designed to ensure compliance with the rule; review and approve any changes to those procedures, and determine at least quarterly that all transactions were executed in accordance with the procedures;¹⁵⁰ (6) The board must meet the governance standards defined in rule 0–1(a)(7), which include requirements for board composition and independence;¹⁵¹ and (7) The registered fund must permanently maintain a written copy of the procedures and any modifications; maintain detailed records of each transaction for at least six years (with the first two years in an easily accessible place), including a description of the security, the identity of the counterparty, terms of the transaction, and supporting

documentation for the board’s quarterly determinations.¹⁵²

Funds are also subject to existing requirements under rule 38a–1, which require them to adopt written compliance policies and procedures reasonably designed to prevent violation of the Federal securities laws, require CCO and board oversight, and require them to maintain related records. Although these requirements are not specific to cross trading, they require funds to have policies and procedures reasonably designed to prevent violations of section 17(a) of the Investment Company Act through cross trades that do not comply with rule 17a–7, to review the effectiveness of the policies and procedures at least annually, and report to the board at least annually. As a result, under the current regulatory framework funds already generate and maintain materials relating to compliance policies and procedures and reviews, and the proposed amendments would expand the amount of documentation required to be maintained by funds insofar as the new quarterly and annual cross-trade reviews interact with these existing obligations.

In the 1990s and early 2000s, Commission staff issued several no-action letters addressing cross trading of municipal securities in circumstances where market quotations were not readily available, stating that staff would not recommend enforcement action related to the use of evaluated prices under specific conditions.¹⁵³ Separately, in 2018, the staff stated it would not recommend enforcement action if a fund’s board received a written representation from the fund’s CCO that transactions effected in reliance on rule 17a–7 complied with the board-approved procedures, rather than the board itself making that determination.¹⁵⁴ These staff positions do not reflect Commission rules and do not alter the requirements of rule 17a–7, but they may inform aspects of current industry practice to the extent advisers acted consistent with such staff positions.

Rule 2a–5, adopted in 2020, defined “readily available market quotations” to include only unadjusted quoted prices in active markets for identical securities.¹⁵⁵ Aligned with level 1

¹⁴² SEC Division of Risk, Strategy & Financial Innovation & Office of the General Counsel, *Current Guidance on Economic Analysis in SEC Rulemakings* (Mar. 16, 2012), available at https://www.sec.gov/divisions/riskfin/rsfi_guidance_econ_analy_secrulemaking.pdf.

¹⁴³ See, e.g., *Nasdaq v. SEC*, 34 F.4th 1105, 1111–14 (D.C. Cir. 2022). This approach also follows Commission staff guidance on economic analysis for rulemaking. See SEC Staff, *Current Guidance on Economic Analysis in SEC Rulemaking* (Mar. 16, 2012), available at https://www.sec.gov/divisions/riskfin/rsfi_guidance_econ_analy_secrulemaking.pdf (“The economic consequences of proposed rules (potential costs and benefits including effects on efficiency, competition, and capital formation) should be measured against a baseline, which is the best assessment of how the world would look in the absence of the proposed action.”); *id.* at 7 (“The baseline includes both the economic attributes of the relevant market and the existing regulatory structure.”).

¹⁴⁴ 15 U.S.C. 80a–17(a). Note that section 17(a) applies only to transactions effected “knowingly,” meaning the affiliated person must have actual knowledge or intent to engage in the prohibited transaction. Inadvertent or unintentional trades, if made in good faith, may not constitute a violation.

¹⁴⁵ 17 CFR 270.17a–7—Exemption of certain purchase or sale transactions between an investment company and certain affiliated persons thereof.

¹⁴⁶ 17 CFR 270.17a–7(a). The transaction also must be for no consideration other than cash payment against prompt delivery of the security.

¹⁴⁷ 17 CFR 270.17a–7(b). The rule provides a detailed hierarchy for determining this price. For National Market System (NMS) stocks, the last sale price or the average of the highest independent bid and lowest independent offer. For exchange-traded but non-reported securities, the last sale or bid/offer average on the exchange. For NASDAQ-quoted securities, the average of the highest bid and lowest offer on Level 1 of NASDAQ. For all other securities, the average of the highest current independent bid and lowest offer based on reasonable inquiry.

¹⁴⁸ 17 CFR 270.17a–7(c).

¹⁴⁹ 17 CFR 270.17a–7(d).

¹⁵⁰ 17 CFR 270.17a–7(e).

¹⁵¹ 17 CFR 270.17a–7(f).

¹⁵² 17 CFR 270.17a–7(g).

¹⁵³ See, e.g., United No-Action Letter; Federated No-Action Letter.

¹⁵⁴ See IDC No-Action Letter.

¹⁵⁵ 17 CFR 270.2a–5(c) (defining “readily available market quotations”).

inputs under ASC 820,¹⁵⁶ this definition excluded evaluated prices, matrix pricing, and non-public or indicative broker-dealer quotes. As a result, fixed-income securities that previously were cross traded under rule 17a–7 generally became ineligible for cross trading.

In addition to rule 17a–7 under the Investment Company Act, cross trading is also subject to section 206(3) of the Advisers Act, which prohibits investment advisers from engaging in principal or agency cross transactions without disclosing the conflict and obtaining the client’s consent.¹⁵⁷ In addition, an adviser’s fiduciary duty under the Advisers Act, including its duty of care and duty of loyalty, applies to cross-trading decisions and requires advisers to seek best execution for each client and act in the best interest of each client when determining whether a cross trade is appropriate.

In addition to funds, BDCs may also engage in or be affected by cross trades. BDCs are subject to restrictions on affiliated transactions, including cross trades, under section 57 of the Investment Company Act. Section 57(i) of the Investment Company Act

generally provides that rules under section 17(a) apply to BDCs until the Commission adopts corresponding rules under section 57, which has not occurred. Because rule 17a–7 applies to transactions between a registered fund and any “affiliated person” or an “affiliated person of an affiliated person”—including persons affiliated solely through a common investment adviser—registered funds may also cross trade with private funds or other accounts advised by the same adviser, provided all rule 17a–7 conditions are satisfied.¹⁵⁸

2. Affected Entities

The affected population for this rule consists of registered funds and other accounts that qualify as eligible affiliates. As of December 2025, there were 14,297 registered funds managing \$47 trillion in total net assets (TNA).¹⁵⁹ Table 2 shows the number of registered funds and TNA, by fund category, as of December 2025, based on Form N–CEN data and Form 10–K filings and related amendments. Mutual funds were the largest category of funds, accounting for 8,516 funds and \$29.9 trillion in TNA.

ETFs represented the second-largest category with 4,194 funds with about \$13.0 trillion in TNA. Together, mutual funds and ETFs made up 89% of total fund count and 91% of the total net asset base. The remaining fund types collectively represent a small but meaningful share of the market. Closed-end funds account for 707 funds with \$428 billion in assets, while the management company separate accounts (MCSAs) comprise 15 funds totaling \$279 billion. UITs represent another 693 funds with \$3.0 trillion in TNA,¹⁶⁰ and BDCs include 171 funds with roughly \$235 billion in assets. There were two face amount certificate companies (FACCs) as of December 2025.¹⁶¹ Among investment advisers reported on Form N–CEN as of December 2025, approximately 300 advisers reported advising multiple clients on Form ADV for the same period. Under rule 17a–7, a registered fund may engage in cross trades only with affiliated persons whose affiliation arises solely for the reasons specified in the rule, such as when two advisory clients share the same adviser.¹⁶²

TABLE 2—FUND COUNTS AND TOTAL NET ASSETS BY FUND CATEGORY
[As of December 2025]

Category	Fund count	TNA (\$ billions)
Mutual Funds	8,516	29,935
Exchange-Traded Funds (ETFs)	4,194	12,960
Closed-End Funds	707	428
MCSA	15	279
UITs	693	3,047
BDCs	171	235
FACCs	2	.....
Total	14,297	46,884

Source: Form N–CEN Items C.19, F.11, and F.14. The value for total net assets is the sum of monthly average total net assets for mutual funds and ETFs, daily average total net assets for money market funds, and total assets for UITs. The ETF counts include mutual funds that offer at least one ETF share class, and the total net assets of ETFs include the assets of those mutual funds. BDC asset information was obtained from issuers’ 2025 Form 10–K filings and related amendments. FACCs issue face-amount certificates rather than fund shares and do not maintain a net asset value comparable to other registered fund types; accordingly, no TNA figure is reported for FACCs in Table 2.

¹⁵⁶ See ASC 820—Fair Value Measurement, which defines level 1 inputs as “quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.”

¹⁵⁷ See section 206(3) of the Advisers Act (principal and agency cross-transaction prohibition).

¹⁵⁸ Rule 17a–7 expressly permits cross trades between a registered investment company and any “affiliated person” (or an affiliated person of such a person), including a person that is an affiliate solely by reason of having a common investment adviser. 17 CFR 270.17a–7(a).

¹⁵⁹ Form N–CEN data, reporting period ending December 2025 with filings received through March 31, 2026. The numbers of BDCs and FACCs were based on Form 10–K filings and related amendments in calendar year 2025.

¹⁶⁰ UITs are included in the baseline as part of the universe of registered investment companies, even though they do not have boards and therefore cannot rely on rule 17a–7.

¹⁶¹ Mutual funds are registrants that file on Form N–1A, excluding ETFs. Some mutual funds have an ETF share class. For purposes of the data presented, these filers are reported in the ETF category rather than in the open-end mutual fund category. This presentation avoids double-counting mutual fund registrants that offer both mutual fund and ETF share classes. Closed-end funds represent Form N–2 filers that are not classified as BDCs. MCSAs refer to management company separate accounts registered on Form N–3 that offer variable annuity insurance products. UIT counts include filers under Forms N–4, N–6, N–8B–2, and S–6. BDCs and FACCs are based on Form 10–K filings and related amendments in calendar year 2025.

¹⁶² Eligible affiliates may include any advisory client whose affiliation with the registered fund

arises solely because they share a common investment adviser (or affiliated advisers), common directors, or common officers, as specified in rule 17a–7. These advisory clients may include private funds, separately managed accounts (“SMAs”), ERISA plans, and other institutional clients; however, many private funds and other clients may not satisfy the “solely” condition because the adviser or its affiliate may have an economic interest in those clients, or those clients may otherwise be affiliated with a regulated fund in ways beyond those specified in rule 17a–7. We therefore identify advisory clients advised by the same adviser for context, but do not assume they are eligible affiliates. Compliance with rule 17a–7 would not relieve a party engaging in a cross trade involving an ERISA plan from complying with applicable ERISA provisions.

Form N-CEN filings for fiscal years ending in 2025 show 303 registered fund families. Of these, 21 fund families (about 7%) reported only one active fund, and therefore would be unlikely to engage in cross trades between two registered funds under rule 17a-7, which requires that the funds be affiliated (for example, by being under common control or sharing the same investment adviser). The remaining 282 families (about 93% of registered fund families) had two or more funds, and thus potentially greater opportunity to conduct cross trades between affiliated funds.¹⁶³

The potential for cross trades increases with the number of funds that are part of a fund family as well as the degree to which the holdings or investment strategies of affiliates overlap. Form N-CEN data for funds whose fiscal year ended during 2025 shows that the top five investment advisers collectively managed 1,611 funds with aggregate average total net assets of approximately \$23 trillion. However, shared advisory relationships do not necessarily imply that cross trading occurs. Funds managed by the same adviser may belong to different fund families, each with their own compliance policies and operational procedures. These differences may limit cross trading in practice, even when it might otherwise benefit a fund and an affiliate that share an adviser.

Annual Form N-CEN fund-level data for fiscal year-end 2025 shows 2,294 funds reported reliance on rule 17a-7 in their regulatory filings,¹⁶⁴ meaning that they maintained the capacity and procedures to engage in affiliated cross trades under the rule, if and when appropriate. These funds represent the universe of entities that could have engaged in such transactions, although additional funds may choose to cross trade under the proposed amendments.

Beyond cross trades between registered funds, persons responding to the Staff Statement explained that large advisers may also conduct cross trades between a registered fund and other client accounts—including separately managed accounts, pension plans, insurance portfolios, and

UCITS¹⁶⁶—when those accounts hold the same securities as affiliated funds. These other accounts typically trade with registered funds under common management and generally participate only when those accounts have complementary buy-and-sell interest in the same securities. One letter also provided information about equity cross-trading activity, noting that such trades likewise most often occur between registered funds but may also involve these other adviser-managed accounts when those accounts have offsetting trading interest in the same securities.¹⁶⁷ Although these non-RIC accounts represent a smaller share of potential cross-trading volume than registered funds, they can increase internal matching opportunities in complexes with substantial trading activity.

An SEC staff analysis¹⁶⁸ of corporate and municipal bond holdings using Form N-PORT and Form N-CEN filings, indicates that affiliated bond cross-trading activity is primarily undertaken by large, multi-fund investment complexes with substantial fixed-income operations. In June cross-sections from 2020–2024, the industry contains roughly 600–700 fund families; however, only those families in which the same investment adviser (or affiliated advisers) manages multiple funds and other client accounts with active fixed-income trading—and thus recurring buy and sell interest in the same securities—tend to have practical opportunities for affiliated cross trading of fixed-income securities. Cross trading requires at least two affiliated accounts to have opposing trade interests in the same bond, a condition that occurs primarily in large complexes with deep, overlapping fixed-income holdings. The 10 largest fund families typically oversee dozens of funds and manage

tens of billions of dollars in portfolio securities. Although the analysis relies solely on registered-fund data and does not capture activity in non-RIC accounts, advisers within these families that also manage non-RIC client accounts investing in similar fixed-income instruments could, in principle, encounter additional situations in which affiliated cross-trading activity might arise. These families also hold thousands of distinct corporate- and municipal-bond securities with unique CUSIPs, including families with 7,000–8,000 corporate bonds and over 30,000 municipal bonds, with multiple affiliated funds often holding the same security.

Members of the public reported that cross-trading opportunities extend beyond registered funds because advisers often manage other accounts such as institutional SMAs, insurance accounts, bank-loan portfolios, and UCITS with overlapping fixed-income holdings.¹⁶⁹ These accounts may also have offsetting buy-and-sell interest when securities are being sold to meet redemptions or to satisfy index-rebalancing constraints, particularly within fixed-income ETF suites.

Investors across a variety of registered investment companies—including mutual funds, ETFs, and closed-end funds—as well as BDCs may be affected by the economic outcomes of cross-trading practices. In addition, advisers often manage other affiliated accounts—such as institutional separate accounts, insurance accounts, bank-loan portfolios, private funds, collective trusts, and UCITS—whose investors may also be affected when these accounts participate in cross-trading activity. In 2025, mutual funds were held by approximately 72.7 million U.S. households, while 19.8 million households owned ETFs, and 4.4 million households owned closed-end funds.¹⁷⁰ The typical mutual fund-owning household reported a median income of \$125,000, median financial assets of \$370,000, and \$125,000 invested in mutual funds. In comparison, ETF-owning households reported a higher median income of \$150,000 and median financial assets of \$500,000, while closed-end fund-owning households reported a median

¹⁶³ Form N-CEN, Items B.5, and B.6, period ending December 2025 with filings received through March 31, 2026.

¹⁶⁴ Form N-CEN, Item C.9—Excluding sub-advisers and terminated advisers. This figure reflects the number of funds/series estimated to rely on proposed rule 17a-7. The number of registrants that may rely on the rule will differ.

¹⁶⁵ See, e.g., PIMCO Letter; Capital Group Letter; and Invesco Letter.

¹⁶⁶ UCITS refers to “Undertakings for Collective Investment in Transferable Securities,” a type of regulated European pooled investment vehicle that advisers may manage alongside U.S.-registered funds. Although UCITS are not registered investment companies under the Investment Company Act, they can be eligible affiliates for purposes of rule 17a-7 when advised by the same adviser.

¹⁶⁷ Investment Company Institute, *Rule 17a-7 at the Crossroads: Supplemental Information on Equity Cross Trading* (Oct. 2021), available at https://www.ici.org/system/files/2021-10/21_ppr_rule17a7_supplement.pdf.

¹⁶⁸ See Su Li, *Cross-Trading of Fixed Income Securities in U.S. Mutual Fund Families*, SEC Staff White Paper (2026) available at <https://www.sec.gov/files/dera-cross-trad-mut-fund-fam-wp-2609.pdf>. This analysis covers open-end mutual funds within the Form N-PORT/N-CEN reporting universe, excludes ETFs and registered closed-end funds, and does not include BDCs, which do not file Forms N-PORT or N-CEN.

¹⁶⁹ See, e.g., PIMCO Letter; Capital Group Letter; Invesco Letter.

¹⁷⁰ Investment Company Institute, *2026 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry*, 66th ed., available at <https://www.ici.org/system/files/2026-04/2026-factbook.pdf>.

income of approximately \$125,000 and median financial assets of \$500,000.¹⁷¹

3. Market Practices

a. Eligible Assets Under Rule 17a–7

Currently, cross trades are primarily limited to securities with prices that are publicly available and easy to verify. This typically includes exchange-listed equities (such as S&P 500 stocks), U.S. Treasury securities (typically on-the-run issues with readily available market quotations), and agency mortgage-backed securities (all securities that

trade in active markets with transparent pricing). To quantify the scope of assets that are eligible for cross trading under rule 17a–7, Table 3 shows the aggregate gross value of assets held by mutual funds, ETFs, and closed-end funds, categorized by fair value level. Level 1 securities, which have quoted prices in active markets, are generally eligible for cross trading under rule 17a–7. Level 2 securities are typically valued using observable inputs other than quoted prices, such as quoted prices for similar assets, interest rates, yield curves, or credit spreads, and are often derived

from pricing models or vendor evaluations. Level 2 securities do not meet the “readily available market quotation” standard under rule 2a–5 and therefore are typically ineligible for cross trading, although certain municipal bonds, which are often classified as level 2, have been the subject of cross trades in reliance on SEC staff no-action letters.¹⁷² Level 3 securities and non-leveled securities are valued using unobservable inputs or lack classification under the ASC 820 fair value hierarchy and are excluded from cross trading under rule 17a–7.

TABLE 3—GROSS VALUE OF INVESTMENTS BY FAIR VALUE LEVEL
[September 2025, \$ billions]

Fund type	Level 1	Level 2	Other *	Total
Mutual Funds	19,388	9,015	407	28,810
ETFs	8,921	3,547	6	12,474
Closed-End Funds	160	235	242	637

Source: U.S. Securities and Exchange Commission, Division of Investment Management, Analytics Office, Registered Fund Statistics: Form N-PORT and Form N-CEN Data, period ending September 2025, Tables 9.1, 9.4, and 9.7. available at <https://www.sec.gov/files/investment/im-investment-registered-fund-statistics-20260129.pdf>. Other: Level 3 + Non-leveled (non-leveled refers to assets not classified under ASC 820 fair value hierarchy).

b. Cross-Trading Activity

No direct data on actual cross-trade executions are available; the existing available data derive from selected samples, proxy-based indicators, and industry surveys.

i. Equity Cross-Trading Activity

Several academic studies and industry surveys provide evidence on the frequency of equity cross trading among affiliated funds. A research paper found that between 1999 and 2010, a sample of 388 U.S. mutual fund families executed nearly half a million internal equity cross trades, representing 1.6% of daily trade orders (defined as the aggregation of all trades by a fund family in a given stock, on a given side (buy or sell), on a given day) and 3.1% of total trade value.¹⁷³ An academic study found that cross trades made up

about 0.9% of all individual equity trade executions reported by mutual fund families in a sample of more than four million transactions from 1999 to 2010.¹⁷⁴

An industry survey of 44 registered fund companies,¹⁷⁵ representing more than \$24.5 trillion in assets, or approximately 75% of all U.S.-registered fund assets as of July 2021, suggested that equity cross trades accounted for 1.8% of the total dollar amount of equity trading and involved about \$185 billion in cross-trade dollar volume activity by surveyed mutual funds and ETFs in 2020.¹⁷⁶

Separately, prior academic research has examined cross trading within mutual fund families, documenting that over 30% of observed equity cross trades by actively managed mutual funds involve an affiliated index mutual

fund rather than another active fund on the other side of the trade. For the subset of active funds with significant holdings overlap with an affiliated index fund, greater levels of cross trading between the active fund and that index fund are associated with higher subsequent performance of the active fund.¹⁷⁷

ii. Municipal Bond Cross-Trading Activity

Available research on municipal securities suggests that affiliated fixed-income funds also cross trade, though the evidence comes from more limited sources. A research paper found that out of a sample of 7,236 affiliated municipal bond fund-pair-quarter observations, 994 (13.7%) showed cross-sales and 662 (9.1%) showed cross-buys during the period 2002–2016.¹⁷⁸

¹⁷¹ *Id.*

¹⁷² See, e.g., Federated No-Action Letter (permitting affiliated municipal-bond funds to engage in rule 17a–7 cross trades in municipal securities without readily available market quotations, based on independent pricing from SPSE or other pricing services).

¹⁷³ Yue-Cheong Chan et al., *Trading by Crossing*, Asian Bureau of Finance and Economic Research (ABFER) Annual Conference (May 14, 2018), available at <https://abfer.org/component/edocman/main-annual-conference/trading-by-crossing>.

¹⁷⁴ Eisele et al., *supra* note 141.

¹⁷⁵ See Investment Company Institute, *Rule 17a–7 at the Crossroads*, *supra* note 167.

¹⁷⁶ The survey reports that respondents cross traded approximately \$185 billion in equity securities in 2020. To estimate the share of overall equity trading activity represented by these cross trades, the survey adjusts this figure by double-counting trades where funds were on both sides of the transaction (to reflect both the purchase and the sale) and counting single-sided trades once, resulting in approximately \$339 billion in total cross-trading activity. Dividing this amount by the roughly \$18.5 trillion in equity trading activity reported for respondents’ equity mutual funds and ETFs yields the estimate of about 1.8%.

¹⁷⁷ See Caitlin D. Dannhauser & Harold D. Spilker III, *The Modern Mutual Fund Family*, 148 J. Fin. Econ. 1 (2023), available at <https://doi.org/10.1016/j.jfineco.2023.02.001>.

¹⁷⁸ These figures reflect directional estimates of potential cross trades based on offsetting holdings changes. A fund-pair may show a cross-sale without a corresponding cross-buy, and vice versa, depending on the direction of net trades during the quarter. See Z. Jay Wang & Jingyun Yang, *Cross-Trading and liquidity management: Evidence from municipal bond funds*, 67 Pacific-Basin Fin. J. 101564 (2021).

iii. Corporate and Other Fixed-Income Cross-Trading Activity

Since the adoption of rule 2a–5 in 2020, many bonds and other fixed-income securities have been excluded from cross trading because their valuations are often based on estimates or dealer quotes, which do not meet the current regulatory definition of a “readily available market quotation.”¹⁷⁹

An SEC Staff White Paper analyzing Form N–PORT data from 2019–2024 finds that affiliated fixed-income cross trading opportunities arise regularly within large fund complexes for both corporate and municipal bonds. Before the compliance date of rule 2a–5, exact-match opportunities, defined as near-exact affiliated buy-sell matches of the same CUSIP, account for roughly 0.33–1.14% of quarterly corporate-bond trades and 0.49–3.96% of traded corporate-bond volume, with a peak near 3.96% in late 2021. Overlapping opportunities (cases where affiliated funds buy and sell the same CUSIP in the same period but in different quantities) are more common, representing approximately 1.68–4.63% of corporate-bond trades and 1.96–5.24% of volume. After the rule 2a–5 compliance date, corporate-bond exact-match opportunities collapse to near zero and overlapping activity declines substantially.¹⁸⁰ In municipal securities both exact-match and overlapping opportunities remain stable throughout the sample, with exact matches representing roughly 0.91–2.08% of trades and about 1.95–2.96% of volume, and overlapping opportunities accounting for 1.66–2.45% of trades and about 2.65–5.06% of volume.¹⁸¹

A recent academic working paper examines cross trading in corporate bonds¹⁸² using two proxy-based indicators derived from mutual fund holdings changes and TRACE-reported

volume.¹⁸³ The authors use these proxies solely to estimate the frequency with which trading patterns appear consistent with potential same-family crossing. The paper reports that prior to the adoption of rule 2a–5, between 4% and 6% of bond-family-quarter observations meet the proxies’ criteria. Following the rule’s adoption, the share of observations flagged by the unreported-volume proxy falls, while the share flagged by the offsetting-trades proxy rises modestly. The authors emphasize, however, that these indicators capture inferred patterns rather than observed internal transactions, and that their values may diverge from actual activity after the rule, either overstating or understating true crossing, because the proxies rely on indirect information that is sensitive to reporting practices, data limitations, and portfolio-level flows. Accordingly, the persistence of proxy-identified patterns in the post-rule period should be understood as a feature of the measurement approach, not as evidence that cross trading continued after rule 2a–5.

An industry survey of 52 registered fund complexes found that fixed-income cross trades represented approximately 3.7% of surveyed complexes’ total fixed-income trading activity and involved more than \$200 billion in cross-trade dollar volume in 2020, prior to the effective date of rule 2a–5.¹⁸⁴ Survey respondents reported that these trades were primarily used for rebalancing, liquidity management, and other portfolio adjustments, particularly in markets where pricing is observable but not

exchange-traded. Although the survey does not provide percentages for each category of use, the report explains that the drivers of these trades—such as continuous maturity roll-down, regular index rebalancing, credit-rating changes, and ongoing flow differences among funds—arise as part of normal, year-round portfolio management. These underlying factors suggest that the uses identified by survey respondents occur on a recurring basis rather than being episodic.¹⁸⁵

Respondents explained that fixed-income cross trades tend to occur primarily within large investment complexes and are most often used for purposes such as liquidity management, index rebalancing, duration adjustments, and meeting redemptions.¹⁸⁶ These trades typically function as a routine tool—and can be particularly valuable during periods of heightened market volatility¹⁸⁷—to avoid unnecessary dealer spreads and to preserve investment opportunities when another affiliated account has offsetting buy-or-sell interest in the same security.

Industry groups also noted that, while registered funds account for most cross-trading volume, advisers may also execute cross trades between registered funds and other client accounts, provided both sides benefit, and the transactions meet applicable policies and procedures. These other client types include separately managed accounts and nonregistered pooled investment vehicles such as UCITs and private funds.¹⁸⁸

Cross trades may also reflect differing investment views across portfolio-management teams and can generate measurable transaction-cost savings, even where overall activity remains limited relative to total trading volume. In addition, index-tracking fixed-income products frequently create regular, predictable opportunities for internal matching, particularly around scheduled index rebalancing dates. Overall, fixed-income cross trading appears to be recurring but not constant, arising naturally from ongoing portfolio-management processes rather than serving as a primary trading channel.

¹⁷⁹ See, e.g., Amy R. Doberman, *Cross-Trading at a Crossroads*, 32 *Inv. Law.* 1 (Jan. 2025) explaining that the rule 2a–5 adopting release states that “evaluated prices are not readily available market quotations” because they are not based on “unadjusted quoted prices from active markets for identical investments,” which in turn “effectively mean[s] that the only securities that could meet the standard set forth in Rule 17a–7 would be Level 1 assets.”

¹⁸⁰ Overlapping opportunities do not fall to zero because, by construction, this measure counts any month in which affiliated funds both buy and sell the same CUSIP, regardless of whether the amounts are closely matched; as long as such independent buy and sell activity occurs within a fund complex, some overlapping observations will remain.

¹⁸¹ See Li, *Cross-Trading of Fixed Income Securities in U.S. Mutual Fund Families*, *supra* note 168.

¹⁸² See Lina Han et al., *Cross Trading in the Corporate Bond Market*, SMU Cox Sch. of Bus., Research Paper No. 25–15 (2025), available at <https://doi.org/10.2139/ssrn.5263491>.

¹⁸³ The first measure, “Off-Tape Cross,” flags cases where mutual fund trading activity inferred from holdings changes exceeds the volume reported on TRACE, suggesting unreported or internal trades. The second, “MF Cross,” identifies near-offsetting purchases and sales of the same bond by different funds within the same family during the same period, which may indicate internal matching. Both are indirect estimates and may capture different types of internal activity, not all of which are subject to rule 17a–7.

¹⁸⁴ See Investment Company Institute, *Rule 17a–7 at the Crossroads*, *supra* note 167. The survey reports that respondents cross traded more than \$200 billion in fixed-income securities in 2020. To estimate the share of overall fixed-income trading activity represented by these cross trades, the survey adjusts this figure by double-counting trades where funds were on both sides of the transaction (to reflect both the purchase and the sale), counting single-sided trades once, and excluding certain money-market instruments (such as VRDNs, commercial paper, and certificates of deposit) to align the numerator with the long-term fixed-income trading denominator. This results in approximately \$268.4 billion in adjusted cross-trading activity. Dividing this amount by the roughly \$7.3 trillion in long-term fixed-income trading reported by respondents yields the estimate of about 3.7%.

¹⁸⁵ See *id.*

¹⁸⁶ See, e.g., PIMCO Letter; Capital Group Letter; Invesco Letter; and SIFMA AMG Letter.

¹⁸⁷ See PIMCO Letter (“Cross trades are . . . an important tool for managing liquidity . . . particularly in volatile markets, such as the market environment that occurred in March and April 2020.”).

¹⁸⁸ See, e.g., PIMCO Letter; Capital Group Letter; Invesco Letter.

c. Pricing, Valuation, and Operational Considerations

Pricing providers support the operational feasibility of cross trading by supplying pricing data used both to assess whether a security has a readily available market quotation where supplemental pricing information is relevant and, where applicable, to price the cross trade itself. According to a staff analysis of Form N–CEN filings, for funds with fiscal year ending in 2025, over 11,000 funds reported using pricing services, with the majority relying on multiple providers. While 2,364 funds used a single pricing service, 5,685 used four or more.¹⁸⁹ Pricing services provide both real-time and end-of-day prices for actively traded securities (typically level 1), as well as evaluated prices for less liquid instruments like fixed-income securities (typically level 2), using trade data, broker-dealer quotes, and proprietary models.¹⁹⁰ The top five most frequently reported pricing providers in Form N–CEN for 2024 were Bloomberg (6,597), PricingDirect (6,108 funds), ICE Data Pricing Reference Data (5,562), S&P Global (4,828), and ICE Data Services (3,968).¹⁹¹

Funds often rely on evaluated prices, broker-dealer quotes, and pricing models, frequently obtained from third-party pricing services, as inputs to their fair value determinations when market quotations are not readily available. As a result, these securities do not have “readily available market quotations” for purposes of rule 17a–7 and therefore may not meet the requirements for pricing cross trades under the current rule.¹⁹²

From an operational perspective, board oversight of cross trades involves coordination with compliance officers, valuation committees, and fund accountants, who support implementation, monitoring, and recordkeeping.¹⁹³

Information about cross trades is typically disclosed in financial

statement notes.¹⁹⁴ While Form N–CEN requires registered management investment companies (*i.e.*, mutual funds, ETFs, and registered closed-end funds) to disclose whether they relied on rule 17a–7 during the prior year, this information is limited to a yes/no indicator and does not indicate whether any cross trades actually occurred.¹⁹⁵ There is no centralized or detailed public reporting system that shows the frequency, pricing, or counterparties of cross trades.¹⁹⁶

C. Benefits and Costs

This section analyzes the expected benefits and costs of the proposed amendments to rule 17a–7, including their likely impact on registered funds, investors, and markets. The analysis identifies the main channels through which the amendments might produce economic benefits, such as reduced transaction costs and operational efficiencies, as well as the channels through which they could impose costs, including compliance, implementation, and data–vendor expenses. Because reliable data are limited, the discussion remains qualitative where quantification is not feasible. Where benefits or costs can be quantified, the relevant estimates are provided in section III.D. The analysis also considers potential distributional effects and highlights areas where the size of the benefits and costs may be uncertain. Because cross trading is optional, any benefits or costs discussed below would arise only to the extent a registered fund or adviser chooses to engage in cross-trading activity.

In evaluating the potential economic effects of the proposed amendments, the magnitude and timing of benefits and costs discussed below are likely to vary across registered funds and advisers of different sizes. For example, larger fund complexes are likely to have more cross-trading opportunities. In addition, larger complexes, whose valuation, technology, and compliance infrastructures tend to be more developed, may be able to update processes to comply with the proposed amendments more quickly and at lower incremental cost, while smaller registered funds may face higher fixed or upfront burdens relative to their

scale. Differences in resources, systems, staffing, trading volumes, and cross-trading activity could therefore influence both how compliance costs are incurred and how any economic benefits and costs materialize over time.

In addition, different types of funds may experience the proposed amendments differently based on their existing regulatory frameworks and historical reliance on rule 17a–7. BDCs, for example, generally hold significant level 3 assets and do not file Form N–PORT.¹⁹⁷ Because level 3 assets would remain ineligible for cross trading under the proposal, the amendments may not materially expand the set of transactions available to BDCs, and are therefore less likely to confer meaningful benefits on BDCs relative to other types of funds. In addition, because BDCs do not report on Form N–PORT, they would not incur the proposal’s new structured-reporting obligations. For municipal securities, the staff have not recommended enforcement action if cross trades are conducted at a price using an independent pricing service,¹⁹⁸ and the proposal would allow advisers to rely on pricing-service data as inputs under either NAV pricing or current-market pricing. Because these practices are already common in municipal cross trading, we do not expect distinct or additional costs with respect to pricing municipal-security cross trades relative to current practice.

1. Expansion of Eligible Securities To Include Level 2 Securities

Before the adoption of rule 2a–5, many registered funds cross traded fixed-income securities using broker-dealer quotes to satisfy rule 17a–7’s “reasonable inquiry” requirement. Under the current rule, cross trading is permitted only for securities for which market quotations are readily available. After the adoption of rule 2a–5, this standard corresponds to securities valued using level 1 inputs because those securities have readily available market quotations as defined under rule 2a–5. As a result, some complexes discontinued cross trades in securities valued using level 2 inputs, while others continued to trade certain fixed-income securities, such as municipal bonds, based on staff no-action letters, even though such securities continued

¹⁸⁹ U.S. Securities and Exchange Commission, Division of Investment Management, *Annual Registered Investment Company Update* (May 13, 2026), Table 6.9 available at <https://www.sec.gov/files/annual-registered-investment-company-update-20260512.pdf>.

¹⁹⁰ Investment Company Institute, *Fund Valuation Under the SEC’s New Fair Value Rule 16–17* (Dec. 2021), available at <https://www.ici.org/system/files/2021-12/21-ppr-fund-valuation-primer.pdf>.

¹⁹¹ SEC Division of Investment Management, *Annual Registered Investment Company Update*, *supra* note 189, at Table 6.7.

¹⁹² See, e.g., Doherty, 32 Inv. Law. 1, *supra* note 179.

¹⁹³ See *id.*; Jennifer Zordani, *A Regulatory Analysis of Cross Trading and Order Aggregation*, 5 J. Inv. Compliance 53, (2004).

¹⁹⁴ 17 CFR 210.4–08(k) (general notes to financial statements).

¹⁹⁵ U.S. Securities and Exchange Commission, Form N–CEN, Item C.7(e), available at <https://www.sec.gov/files/formn-cen.pdf>.

¹⁹⁶ There is less information available to assess cross-trading practices of funds that do not report whether they relied on rule 17a–7 on Form N–CEN and that do not report monthly portfolio-holding information on Form N–PORT. These funds include BDCs, UITs, and FACCs.

¹⁹⁷ See *supra* note 9 for a discussion of the restrictions on affiliated transactions that BDCs are subject to.

¹⁹⁸ See United Municipal Bond Fund/United Municipal High Income Fund, *SEC Staff No-Action Letter* (pub. avail. July 30, 1992), as modified (pub. avail. Jan. 27, 1995), and Federated Municipal Funds, *SEC Staff No-Action Letter* (pub. avail. Nov. 20, 2006).

to be valued using level 2 inputs for their daily NAV processes.

Under the proposed amendments, a security would be eligible for cross trading if it has readily available market quotations or would be valued using observable inputs.¹⁹⁹ This would expressly include securities valued using level 2 inputs and would continue implicitly to exclude securities valued using level 3 inputs. As a result, the universe of securities eligible for cross trading would broaden, while preserving the existing non-inclusion of securities that are valued using significant unobservable inputs.

a. Benefits

Allowing level 2 securities to be cross traded would enable registered funds to avoid the transaction costs they otherwise incur when accessing external markets.²⁰⁰ These avoided costs may include bid-ask spreads, dealer markups, and other execution expenses. More generally, in this discussion the term “transaction costs” includes both express costs (such as commissions, mark-ups, and mark-downs) and implicit costs, such as execution quality and market-impact effects.

The magnitude of these benefits would depend on how often registered funds with an affiliated adviser have complementary trading needs in level 2 securities and the extent to which fund complexes opt to engage in cross trading to meet those needs. Some complexes might realize only limited efficiencies if matched trading needs arise infrequently, while others with higher volumes of fixed-income trading could observe more substantial reductions in transaction costs.

In addition to transaction-cost savings, expanding eligibility to level 2 securities could also provide several ancillary economic benefits. As noted in section I.C, cross trades eliminate the need for a third-party counterparty, which may reduce exposure to counterparty risk. Section I.C also explains that internal cross trading can, in some circumstances, provide greater

execution speed or certainty relative to open-market transactions, particularly when coordinating large trades or in periods of market stress. Further, section I.C describes that cross trading can provide an alternative source of liquidity for buying and selling funds when few broker-dealers maintain inventory in a particular security. Finally, as discussed in section III.B.3 of the baseline, fixed-income index funds and ETFs often face predictable rebalance-driven trading needs; enabling internal crosses of level 2 securities may reduce tracking error by allowing these funds to execute benchmark-related adjustments without incurring external market frictions, such as transactions costs or delays.

We estimate that the total annual monetized benefits of permitting cross trades under the amended framework are \$173 million (2026 dollars). This estimate reflects two components. First, for corporate-bond trades between two mutual funds, we use the SEC Staff White Paper data on the observed decline in quarterly cross trading following the implementation of rule 2a–5.²⁰¹ Average quarterly volumes fell from approximately \$6.24 billion in the pre-rule period to about \$0.85 billion post-rule, a reduction of roughly \$5.39 billion. Applying post-rule transaction-cost spreads derived from the WRDS Bond Database to this decline yields an annual estimate of \$49.91 million in forgone savings, which we express in 2026 dollars using the GDP price index.²⁰² This represents the cost

investors bear when trades that previously could be crossed are instead executed in the market. Second, for other fixed-income securities, we rely on an industry survey on cross trading, which documents the volume of cross trades by asset class—including U.S. Treasuries, mortgage-related securities, other asset-backed securities, international fixed income, bank loans, and commercial paper—almost all of which are level 2 instruments.²⁰³ Because we do not have data for the post-valuation-rule period, we assume the full reported cross-trade volumes would no longer occur. To estimate the resulting cost savings that funds currently realize, we apply the survey’s “normal-market-conditions” bid-ask spreads to each asset class. Summing the estimated annual savings across all categories results in an aggregate benefit of \$173 million, expressed in 2026 dollars. These benefits represent recurring reductions in transaction costs that funds avoid by matching trades internally rather than routing them to dealers in the open market.

b. Costs

Funds relying on the expanded eligibility to cross trade level 2 securities would need to meet the rule’s requirements, which would generate associated compliance and operational costs. These costs may include reviewing and documenting pricing-vendor methodologies, updating valuation and compliance procedures to incorporate observable-input pricing for cross trades, and establishing internal controls to oversee such transactions. For complexes without any cross-trading infrastructure for level 2 securities, these steps would represent one-time expenditures needed to ensure that cross trades of level 2 securities could be executed and monitored appropriately. In practice, however, establishing a cross-trading program for level 2 securities would also entail ongoing costs, including recurring reviews of pricing sources, periodic CCO and compliance oversight, and maintenance of trade-level and board-level records required under the proposed amendments. These recurring obligations reflect the continuing nature of pricing and oversight activities described in the proposal and therefore should be understood as ongoing, not solely upfront, costs. The size of these costs would vary depending on how closely a fund’s existing systems align with the processes needed for cross

¹⁹⁹ See *supra* section II.A (Eligible Securities), discussing that observable inputs, including quoted prices, prices for similar securities, and other market-based inputs, are those already used in fund valuation under rule 2a–5, and that the proposal relies on existing valuation practices).

²⁰⁰ Some persons responding to the Staff Statement suggested that cross trades may also help advisers move securities that are difficult to obtain in the market to another fund that seeks exposure to them. See, e.g., SIFMA AMG Letter (“if fixed-income securities are sold externally, there is no assurance that those securities will be available to another fund seeking to buy them”); and T. Rowe Letter (“Cross trades can also benefit a buying fund wishing to acquire securities that are in very limited supply”).

²⁰¹ The SEC Staff White Paper analyzes cross-trading opportunities using Form N–PORT and Form N–CEN data for open-end mutual funds (excluding mutual funds with ETF share classes and money market funds that report on Form N–MFP) and does not include other registered funds (e.g., ETFs or registered closed-end funds) or BDCs in its sample. Accordingly, the corporate-bond benefit estimate reflects only the mutual fund subset of registered funds.

²⁰² As a comparison, an academic study estimates that corporate-bond cross trading generated between \$64–\$96 million in annual transaction-cost savings. These annual figures are derived by multiplying the study’s quarterly estimates by four. The authors examine the entire 2008–2023 period because their empirical measures show that corporate-bond cross trading continued through and beyond the adoption of rule 2a–5. As they note, off-tape cross trading “declines dramatically” following the rule’s September 2022 effective date but “does not completely disappear,” and their holdings-based measure (MFCross) even increases in certain post-rule subsamples. The academic estimates differ from the Commission’s \$49 million figure because the study measures total historical savings across the entire corporate-bond market, uses inferred crosses based on holdings and TRACE traded-pair data, and covers a multi-year period, while the Commission’s estimate reflects only the incremental forgone savings associated with the documented decline in registered-fund-to-registered-fund cross trades after rule 2a–5 and applies post-rule WRDS spreads to those observed

reductions in activity. See LinaHan et al., *supra* note 182.

²⁰³ See ICI Letter.

trading level 2 securities. Registered funds that already obtain observable inputs for NAV purposes could in some cases rely on similar inputs to support cross-trade pricing, which would reduce, in some circumstances, the implementation costs associated with the cross trading of level 2 securities.

Currently, a decision to classify a security as level 2 or level 3 affects financial-statement disclosures and valuation oversight under rule 2a–5, but not whether the fund may enter into a transaction. Under the proposal, however, that classification would determine whether the security may be cross traded, which could, in some circumstances, influence how funds approach borderline classifications. Because determining whether observable inputs are sufficiently significant to support a level 2 classification can involve professional judgment under ASC820, some funds might have a potential incentive to view certain borderline securities as level 2 when they wish to cross trade them. Any such incentive would likely be constrained by existing safeguards, including audit review of fair-value classifications, testing and board oversight under rule 2a–5, and quarterly CCO review of eligibility, and it is uncertain how these factors would interact in practice.

Cross trades in level 2 securities can involve normal valuation dispersion due to differences in observable inputs, NAV timing, or pricing-vendor methodologies. Although advisers may execute a cross trade only after determining *ex ante* that each participating fund is at least as well off as under reasonably available market alternatives, valuation discrepancies can produce *ex post* differences in realized outcomes across funds compared to what might have occurred if the transaction had been executed in external markets, particularly for less liquid assets. These differences can reflect modest distributional shifts in value between the participating funds,²⁰⁴ which arise from valuation dynamics rather than unequal treatment at execution. The proposed conditions are designed to prevent trades at prices that are disadvantageous relative to the market, and to ensure the use of fair and consistently applied pricing methods for off-market trades.²⁰⁵

²⁰⁴ These offsetting price effects are commonly understood in economics as “transfers,” meaning that the distribution of value between the parties may differ depending on the execution price.

²⁰⁵ See, e.g., Bessembinder et al. (2006), documenting that estimated prices for corporate bonds in opaque OTC markets can diverge from actual market-clearing prices. Hendrik

The conditions of the amendments—particularly the *ex-ante* best-interest determination, pricing requirements, and oversight provisions—are designed to contain the effects of such incentives and ensure that internal prices are applied consistently and without disadvantaging any fund. While underlying conflicts of interest exist regardless of the rule, expanding eligibility to level 2 securities increases the opportunity for advisers to act on such incentives because valuations for level 2 instruments rely on observable inputs that permit a wider range of plausible pricing outcomes than level 1 securities. In a principal–agent framework, this greater valuation discretion amplifies the potential for advisers to allocate internal prices in ways that advantage some funds at the expense of others. In addition, advisers may benefit reputationally when cross trades allow a fund or other client to avoid realizing losses that would have occurred had the position been liquidated in external markets, potentially improving reported performance. These incentives could, in the absence of effective controls, create risks that certain funds bear systematically less favorable pricing outcomes. The proposed conditions—including eligibility limits, pricing requirements, and oversight provisions—are intended to mitigate these risks, but to the extent they persist, they represent a potential cost of the proposed expansion. The amendments would also expand the set of transactions eligible for cross trading. As cross-trading volume increases, aggregate exposure to the associated conflicts would rise even if the risk of any individual transaction remains unchanged.

This proposed amendment could also impose costs related to reduced availability of independent pricing information for certain securities. To the extent advisers internalize a greater share of transactions, fewer trades would be reported in public markets, diminishing the volume of observable inputs available for pricing level 2—and, to a lesser extent, level 1—securities. Over time, this reduction in market data could reduce the reliability of the pricing inputs used in both the NAV-based and current-market-price approaches for cross trades. In the extreme, a feedback effect could occur in which reduced public trading leads to less informative prices, which in turn

increases uncertainty around subsequent cross-trade valuations. The costs of reduced observable pricing could also extend beyond the funds that engage in cross trading. Internal transactions do not generate the public trade data used by other market participants, including registered funds that do not cross trade, insurance companies, pension plans, index and benchmark providers, and pricing services that rely on executed transactions in comparable securities. These participants could bear some of the resulting reduction in pricing quality without receiving any of the transaction-cost savings associated with internalization. The magnitude of this effect would depend on the share of trading in an asset class that is internalized. As discussed in section III.C.6, the proposed reporting requirements would provide information on internalization by funds over time and by asset class.

2. Pricing of Cross Trades

Under the current rule, cross trades must be priced according to a prescriptive pricing method that varies by asset type, for example, last-sale prices for listed equities or the average of the highest independent bid and lowest independent offer determined on the basis of reasonable inquiry for over-the-counter fixed-income securities. Historically, advisers generally satisfied the “reasonable inquiry” requirement for fixed-income cross trades by collecting multiple broker-dealer quotes. After the adoption of rule 2a–5, however, most fixed-income securities do not meet the definition of having readily available market quotations.

Under the proposed amendments, this prescriptive pricing requirement would be replaced with two pricing options: NAV pricing and current market pricing. If a fund elects to use current-market pricing, the adviser would also be required to periodically review whether the unaffiliated pricing sources continue to produce prices that reasonably represent current market conditions, and to maintain documentation of the pricing sources, their independence, and the results of those reviews. Because the revised framework permits advisers to draw from a broader range of pricing sources beyond broker-dealer quotes, the effects of this flexibility may be most significant for level 2 securities and for advisers with substantial fixed-income activity.

Both pricing options would be available regardless of the type of security being cross traded. In contrast to the current prescriptive hierarchy—

Bessembinder et al., *Market Transparency, Liquidity Externalities, and Institutional Trading Costs in Corporate Bonds*, 82 J. Fin. Econ. 251 (2006).

under which many fixed-income cross trades historically relied almost exclusively on multiple broker-dealer quotes—the proposed pricing framework would allow a substantially wider range of pricing sources. Advisers could draw on evaluated prices, intraday vendor data, electronic-platform indications, and other observable inputs that reflect contemporaneous market conditions, rather than being limited to broker-dealer quotes, which for cross-trading purposes may have been accommodation quotes in practice—because the quoting dealer never intended to execute with the fund, dealers had no incentive to provide actionable or accurate prices—and which could also be difficult to source and operationally burdensome for less-liquid fixed-income securities.

Because the proposal gives registered funds two alternative pricing methods, each fund would select the option it reasonably determines fits its valuation processes and operational needs. A fund's preferred pricing method may depend on considerations such as the markets in which the fund invests, the fund's trading strategy (including whether intraday execution is important), and the size and structure of the fund complex. Under either pricing method, advisers would retain flexibility to select the pricing source or valuation input they reasonably determine is appropriate for the security, and this flexibility may assist advisers in evaluating compliance with the rule's conditions because it allows them to rely on pricing sources and observable inputs that are already incorporated into their valuation workflows under rule 2a–5, reducing the operational frictions and data-collection steps that would arise if the rule required a single prescriptive source in all circumstances.

a. NAV Pricing

i. Benefits

Using NAV pricing could simplify operations when the fund's existing valuation process already produces a price for that day. A registered fund could rely on that value for cross trades rather than gathering broker-dealer quotes, thereby reducing operational steps. Because NAV pricing leverages processes that funds already use for valuation, advisers would be able to use the same infrastructure for cross-trade pricing, and improvements in those valuation processes could similarly extend to cross-trade pricing. These simplification benefits may be particularly relevant for level 2

securities, which constitute a large share of fixed-income fund portfolios and are typically valued using observable inputs other than quoted prices in active markets for the particular security. For these securities, NAV pricing allows advisers to rely on established valuation workflows and pricing-service methodologies already subject to rule 2a–5 oversight, reducing the need to obtain real-time quotes for instruments that rarely trade intraday. NAV pricing would also provide certainty, familiarity, and transparency to fund investors regarding how cross trades will be valued. Because NAV pricing reflects the next-computed NAV rather than intraday price levels, NAV pricing could introduce timing-related differences when markets move between the execution time and the NAV strike; these differences are usually modest under normal market conditions but may be more pronounced during periods of elevated intraday volatility. When a fund uses the same pricing service for both NAV valuation and any intraday evaluated prices, we expect NAV-based and intraday evaluated prices to diverge only modestly, because both are derived from the same observable inputs and methodologies. The size of these benefits would vary across complexes primarily based on differences in the availability and timeliness of valuation inputs on the trade date, and—in the case of closed-end funds—whether a daily NAV is computed.

ii. Costs

Allowing registered funds to use the next-computed NAV to price a cross trade would impose minimal incremental costs for registered funds that already strike daily NAVs, because they can rely on their existing valuation processes. However, using the next-computed NAV introduces a potential timing-related economic cost: a fund executes the trade at one point in time but receives a price determined later, creating intraday price-risk exposure for both counterparties. In financial economics, this timing mismatch is analogous to execution risk—the risk that market values move between the trade decision and the pricing timestamp. At the same time, some portfolio managers already execute market-on-close orders in ordinary trading, indicating that this type of timing-related risk is familiar and, in some circumstances, already managed within existing trading practices. Although the magnitude of this risk may be modest under normal market conditions, it may be more material during periods of elevated volatility and

thus may represent a potential economic cost of NAV pricing under some circumstances. This timing risk is not symmetric across the two counterparties: if prices rise between trade execution and the NAV strike, the buying fund benefits at the expense of the selling fund, and if prices fall, the reverse is true; however, because subsequent price movements are unknowable at the moment the adviser places an NAV-priced cross trade, this asymmetry reflects an economic risk borne by both funds rather than a channel through which the adviser can intentionally time trades to favor one side. The proposed oversight conditions, including the CCO's quarterly and annual reviews, are intended to monitor whether any systematic patterns nonetheless arise. Because funds already record the price and supporting information for each cross trade under existing rule 17a–7, allowing funds to use the next-computed NAV would not introduce additional recordkeeping costs. And to the extent that broker-dealer quotes are non-actionable, uncompensated information requests, reducing reliance on such quotes is unlikely to impair broader broker-dealer relationships or execution quality for other transactions.

A fund that values a security at the bid price could, under NAV pricing, cross trade that security at the bid.²⁰⁶ If a cross trade occurs at the bid price, the selling fund would receive a price below a mid-market execution, with the difference accruing to the buying fund. Unlike the timing-related effects discussed above, which may favor either participant depending on subsequent price movements, any directional effect would arise only when both participating funds value the security at bid and therefore may use NAV pricing; if one fund values the security at mid and the other at bid, the cross trade could not be priced using NAV pricing under the proposal and current-market pricing would be required instead. The use of current market pricing may produce a price closer to mid and mitigate this concern. In addition, for a cross trade to occur under the proposal, the adviser must determine that it is in the best interest of each registered fund, which likewise may mitigate concerns about selling funds receiving prices below mid-market executions. We cannot estimate how many registered funds value securities at bid or the

²⁰⁶ Under the current rule, cross trades must be priced at the average of the highest current independent bid and lowest current independent offer (a mid-market price), which prevents execution at a bid-only valuation.

potential volume of affected trades. A selling fund may nevertheless benefit from avoiding market-impact costs, counterparty risk, liquidity risk, or other frictions associated with an open-market sale, which could offset some or all of the pricing difference in cases where both funds value at bid and the adviser determines that the NAV-priced trade is in each fund's best interest compared to reasonably available market alternatives.

NAV pricing could also give a fund's daily valuation of a security a transactional consequence it does not have today. Under the current framework, a stale or erroneous fair value affects a fund's reported NAV and the price at which its shares are issued and redeemed. Under NAV pricing, however, the same valuation would also determine the price of a cross trade with an eligible affiliate. If the valuation were later found to be incorrect, the fund would need to consider not only whether to correct its NAV under its existing error-correction policies, but also, depending on all the facts and circumstances, whether to reverse the trade or make the affected fund whole. We cannot estimate how often such circumstances might arise. The valuation processes required by rule 2a-5, including periodic testing of fair-value methodologies, are intended to reduce this risk.

NAV pricing also assumes that both participating funds assign the same value to a security. Affiliated funds may, at times, reach different valuations because they use different pricing vendors or methodologies or compute NAV at different times of day. In such cases, the funds would not be able to use NAV pricing and would instead need to price the transaction at current market price or decline the trade if current-market pricing is not reasonably available. Funds may therefore incur costs to establish procedures for identifying and considering valuation differences when funds otherwise would use NAV pricing to price a cross trade, and some otherwise beneficial cross trades may not occur. We expect such differences to be uncommon within fund complexes that apply consistent valuation policies, but we lack data on their frequency or magnitude.

b. Current Market Pricing

i. Benefits

The current market pricing method would allow registered funds to rely on a broader and more modern set of pricing inputs than under the current rule's hierarchy. In addition to actionable broker-dealer quotes,

advisers could use intraday evaluated prices from unaffiliated pricing vendors,²⁰⁷ and observable inputs made available through electronic trading platforms. This flexibility is particularly relevant for level 2 securities, which often lack quoted prices but have robust observable inputs—such as yield curves, spreads, or comparable-bond data—that vendors incorporate into evaluated prices. Allowing advisers to use these sources may avoid the need to solicit broker-dealer quotes as was historically the case for certain fixed-income securities under rule 17a-7, prior to the adoption of rule 2a-5, and may provide more contemporaneous prices in markets where dealer quotes are sparse or delayed. This approach can provide a more contemporaneous price than the next NAV computation, particularly when market conditions change during the trading day. Access to intraday pricing allows advisers to execute cross trades at the same point in time that they make trading decisions for other portfolio transactions, giving them a price that reflects prevailing market conditions rather than end-of-day valuations. This alignment with normal trading workflows may be important for fixed-income and equity trading decisions that are made and executed intraday. Using an intraday price can modestly reduce the risk that market movements between trade decision and end-of-day NAV introduce unintended gains or losses to one side of the cross trade. In addition, certain intraday pricing sources may include contextual information—such as bid- and asked-price data—that can assist an adviser in determining, for purposes of the best-interest analysis, that executing at the obtained price does not disadvantage the fund or its affiliate relative to executing in the market.

The benefits of intraday pricing depend on unaffiliated sources providing sufficiently frequent and reliable updates. Some pricing services offer intraday evaluated prices, but we lack information on the asset classes covered, the frequency of updates, and the quality of these values relative to end-of-day prices. Where reliable intraday prices are unavailable, an adviser seeking to execute a cross trade before the next NAV calculation may need to rely on other sources, such as broker-dealer quotes, which could limit expected operational savings. Advisers may also incur costs evaluating

intraday-pricing products, which, unlike the end-of-day evaluated-price services used for NAV calculations, may not already be in established use.

Relative to the current baseline, in which advisers often must solicit multiple broker-dealer quotes to satisfy the pricing hierarchy for fixed-income cross trades, allowing advisers to rely on a wider range of current-market pricing sources—such as intraday evaluated prices and other observable inputs—may reduce operational costs and improve pricing accuracy by capturing more contemporaneous market information than periodically available quotes that the quoting broker-dealer knows will not be acted upon. This cost reduction would not stem from broker-dealer quotes being “expensive” but from reducing the staff time and operational effort required to solicit multiple quotes, particularly in less liquid fixed-income securities where dealers may be slow to respond. Although executable dealer quotes reflect actual tradeable levels, intraday evaluated prices and other observable inputs may provide a more up-to-date indication of prevailing market conditions when markets move between quote requests or when quotes are intermittent.

The periodic-review requirement would help ensure that prices derived from unaffiliated sources remain reliable over time, particularly in markets where liquidity and observable inputs fluctuate. By helping identify pricing that is stale, inconsistent, or outside the adviser's established tolerance thresholds (such as deviations from expected ranges based on observable inputs) more quickly, this requirement may improve the accuracy and integrity of cross-trade pricing and reduce the risk that funds transact at off-market levels. Because advisers would also need to document the pricing sources, their independence, and the results of these reviews, the requirement may further strengthen pricing discipline and transparency, albeit with some additional operational burden.

The magnitude of these benefits would depend on how frequently a registered fund trades securities whose market indications change throughout the day or whose evaluated pricing sources update frequently, as well as the degree to which the registered fund opts to use current market pricing in its cross trades.

The distribution of these benefits would vary across advisers and fund complexes. Advisers that trade frequently in fixed-income and other level 2 securities would generally experience the largest gains because

²⁰⁷ Unaffiliated pricing sources would include vendors or broker-dealers unaffiliated with the fund, its adviser, its promoter, or its principal underwriter. The adviser would retain flexibility to select a source it reasonably determines would represent current market value.

they currently incur higher costs obtaining broker-dealer quotes under the existing hierarchy, and because observable inputs such as evaluated prices and spreads are more commonly available for these instruments than for less liquid securities, even when such inputs reflect prior-day or periodically updated data rather than continuous intraday changes. Large complexes with diverse fixed-income strategies also may benefit more from the expanded set of permissible pricing sources. By contrast, advisers primarily invested in level 1 securities, where quoted prices are readily available and updated continuously, may experience fewer incremental benefits from the current market pricing option.

ii. Costs

Although the increased flexibility may reduce operational costs associated with soliciting multiple broker-dealer quotes, some funds may still incur vendor fees if they need additional evaluated-price feeds to implement the method for certain securities. In instances where the adviser reasonably determines that broker-dealer quotes represent current market price, these vendor-related costs could be avoided because the proposal would continue to permit their use. The adviser would also be required to periodically review whether the unaffiliated pricing sources produce reasonable results, which may entail staff time and analytical oversight. Because evaluated prices can differ across vendors or lag evolving market conditions, advisers might need additional monitoring to identify and address potential discrepancies. For level 2 securities, where evaluated prices may incorporate a range of observable inputs such as spreads, curves, and comparable-bond data, these discrepancies may arise more frequently, requiring advisers to perform additional periodic checks or cross-vendor comparisons to assess whether selected pricing sources remain reliable. Using an unaffiliated pricing source would not eliminate potential conflicts of interest. Pricing services may have incentives to accommodate clients on whose business they depend. Moreover, the adviser selects the pricing source, determines whether its price reasonably represents current market conditions, and may challenge or replace the obtained prices. Without effective controls, these functions could allow the adviser to influence the cross-trade price indirectly. The proposal's periodic review requirement and the CCO's review are intended to limit this risk, but any remaining ability to influence vendor-provided pricing would

represent a potential cost of the method. Maintaining documentation of pricing sources, independence, and the results of periodic reviews would add to the operational workload. These costs could be partially mitigated because advisers already conduct certain vendor-pricing reviews for NAV valuation under rule 2a-5, and those processes may be leveraged for cross-trade pricing.

The proposed method would also give pricing services a more direct role in affiliated transactions. Today, an evaluated price is an input to a fund's fair-value determination and may be tested or adjusted under its rule 2a-5 valuation procedures. Under the proposal, that evaluated price could determine the price of a cross trade. Because pricing-service usage is concentrated—the five most frequently reported providers each serve around 4,000 or more funds—the proposal could increase funds' dependence on a small number of providers. This concentration could affect the terms on which services are offered and increase the consequences of service interruptions, pricing errors, or methodological weaknesses across multiple complexes. These effects may be mitigated because more than 5,000 funds obtain prices from at least four providers,²⁰⁸ and because the current-market-pricing option does not require use of pricing-service data, allowing advisers to rely instead on broker-dealer quotes or observable information from electronic trading platforms. We cannot estimate the magnitude of these potential impacts.

3. Transaction Costs and Fees

Under the current rule, cross trades must involve only cash payment against prompt delivery, and no brokerage commission or fee may be paid other than undefined "customary transfer fees." This ambiguity has created uncertainty regarding whether operational charges, such as settlement fees, custody fees, or platform charges, are permissible and may have led to divergent practices among complexes. At the same time, because the determination of what qualifies as *de minimis* depends on a fund's size and the context of the transaction, the proposal may allow some variation across complexes; however, these differences would reflect factual circumstances rather than interpretive uncertainty.

²⁰⁸ These figures come from the baseline discussion of pricing-service usage in section III.B.3, which notes that the five most frequently reported pricing providers each serve around 4,000 or more funds and that over 5,000 funds obtain prices from at least four providers.

Under the proposed amendments, remuneration generally would be prohibited, except the proposal would permit *de minimis* payments to unaffiliated service providers (*i.e.*, not first- or second-tier affiliates) for clearing, settlement, custody, recording, or reporting the transaction. These payments would need to be small and operationally necessary for executing the transaction.

a. Benefits

By expressly allowing *de minimis* administrative payments to unaffiliated parties, the proposal could reduce operational steps by decreasing reliance on individualized interpretations of "customary transfer fees." We do not anticipate that the proposal would materially increase or decrease the number or type of administrative fees charged, as these fees generally arise from ordinary settlement processes and the amendments are intended to clarify, rather than broaden, the range of permissible payments. Registered funds would spend less time reviewing routine settlement-related fees, although advisers would still need to exercise some judgment in confirming that a fee is *de minimis*. Reducing ambiguity around the "customary transfer fee" concept may also reduce compliance time spent evaluating whether a particular fee falls within that undefined category.

As discussed in section II.C, in some non-U.S. markets, funds are subject to mandatory settlement charges (such as stamp duties, transaction taxes, or local settlement fees). By allowing these existing charges to be treated as *de minimis* payments, the proposal may reduce a prior disincentive to engage in cross trades in certain non-U.S. markets where such fees are unavoidable. The proposed *de minimis* allowance would simply clarify that such existing charges may be paid when they arise as part of ordinary settlement processes. Likewise, permitting *de minimis* fees charged by electronic trading platforms—limited to clearing, settlement, custody, recording, or reporting—may similarly reduce a practical barrier to cross trading on platforms that impose administrative fees, while clarifying treatment of administrative charges associated with platforms that already facilitate settlement workflows.

The extent of these benefits would depend on how often a registered fund encounters small administrative fees when settling cross trades. Complexes that currently absorb operational inefficiencies to avoid potential non-compliance could experience greater improvements, while complexes that

already treat certain small fees as permissible might see more modest gains.

b. Costs

Under the proposal, the *de minimis* standard would apply on a per-trade basis. Although each payment is individually small, funds with higher volumes of cross trades may experience larger cumulative administrative outlays because the standard is applied to each transaction separately. These cumulative amounts would depend on a fund's trading volume and the markets in which it trades, but they would not alter the per-trade nature of the *de minimis* condition.

Because funds already need to review settlement-related fees under the existing "customary transfer fee" standard, the proposal would not introduce a new type of monitoring obligation; rather, it would shift that existing review to a clearer, more bounded *de minimis* framework. Registered funds would need to monitor administrative fees to confirm they remain *de minimis* and relate only to clearing, settlement, custody, recording, or reporting of the transaction. We expect that monitoring under a *de minimis* standard would be no more burdensome, and in many cases clearer, than evaluating whether a fee is "customary," because the proposal limits permissible payments to specific administrative categories and ties the analysis to a fact-bounded, transaction-specific threshold rather than an open-ended industry-custom standard. Monitoring for compliance with the *de minimis* standard may require personnel of the fund or its service providers to review invoices or system reports and verify that each payment fits within the proposed categories, but we acknowledge that the applicable standards, the scope of permissible fees, and the associated analysis may differ from current practice—including in foreign markets where settlement structures, mandatory charges, or local transfer fees can vary—so some monitoring steps may not align perfectly with the existing customary-fee review. These activities are generally similar to the review already performed under the current rule, while reflecting the proposal's clarified boundaries.

Funds or eligible affiliates that do not currently incur administrative fees when cross trading, because their existing cross trades occur in markets where such fees are not charged, would bear these costs to the extent they choose to begin making *de minimis* payments under the proposal. In practice, however, many registered

funds already incur similar fees during settlement processes, especially in non-U.S. markets where stamp duties, settlement fees, and other mandatory charges are imposed as part of ordinary trade settlement, and the proposal would clarify that such existing fees may be paid in connection with a cross trade rather than introduce new fee types. Actual cost impact would vary based on a fund's existing settlement arrangements and whether different settlement-related vendors or processes might be needed to handle clearing, settlement, custody, recording, or reporting.

Uncertainty may persist about what constitutes a *de minimis* fee across registered funds of different sizes. Larger registered funds may view a particular amount as *de minimis* relative to their trade sizes, whereas smaller registered funds could experience proportionally greater costs. Accordingly, the overall economic effect could vary across complexes.

Because the proposal would not define a specific amount or percentage as *de minimis*, funds would need to determine how the standard applies to particular fees. Some funds may incur costs documenting or obtaining legal advice about routine settlement charges that would not require separate analysis under a specified threshold. Others may avoid cross trades involving any fee to reduce the risk that the payment is later found inconsistent with the rule. In such cases, the cost would take the form of forgone cross trading benefits rather than additional expenses.

Determining whether a payment in a non-U.S. market relates to clearing, settlement, custody, recording, or reporting may require analysis of local law and market practice. Funds that cross trade non-U.S. securities may therefore incur costs obtaining advice from local counsel or service providers and updating that analysis as requirements change. These costs would be concentrated among complexes with substantial non-U.S. holdings and would generally arise for each relevant market rather than for each transaction.

The proposal would not specify which participant must bear a permitted payment. When both participants are funds, the allocation of that payment would determine how the cost is divided between two groups of shareholders, while the adviser making that decision acts for both funds. Although each payment would be small, consistently assigning fees to one participant could create recurring transfers between affiliated funds. Funds may therefore incur costs developing and documenting an

allocation methodology, and any unresolved discretion would add to the conflicts of interest discussed elsewhere in this section.

4. Best Interest Determination and Consistency With Fund Policies and Strategies

The current rule relies on board-approved procedures and quarterly board reviews to verify compliance with the rule's conditions, and these procedures do not require an evaluation of whether a particular cross trade is in the fund's best interest. Advisers already have existing fiduciary duties to act in the best interest of each client, including registered fund clients, but the current rule does not require a transaction-specific best-interest determination for each cross trade.²⁰⁹ Many advisers already consider whether a trade aligns with a fund's broader investment strategy, perform informal pre-trade checks or consider execution quality as part of their broader trading processes, but such practices vary across complexes and are not mandated by the rule.

Under the proposed amendments, an adviser would be required to determine that the cross trade would be in the best interest of the fund. In addition, as a condition of the rule, the transaction must be consistent with the fund's policies and investment strategies. Because this determination must reflect the particular characteristics of the fund and the security involved and the circumstances of the trade, advisers may need to tailor aspects of their analysis to the circumstances of each transaction, which may influence the associated economic effects.

a. Benefits

The proposal could encourage more deliberate pre-trade analysis by requiring that advisers compare the cross trade with reasonable execution alternatives, such as available market quotes, which may reduce the likelihood that a registered fund enters into a cross trade when trading in the market would yield more favorable terms. This more structured review also may improve advisers' ability to identify instances where trade-specific factors—such as liquidity conditions, anticipated execution quality, or signs of potential price impact—suggest that a cross trade is unlikely to provide a better outcome than external execution. In addition, by requiring advisers to make a documented, transaction-specific best-interest determination, the proposal

²⁰⁹ See Standard of Conduct Release, *supra* note 7.

may increase the *ex-ante* cost of improper practices such as cherry-picking, dumping, or parking, thereby discouraging such conduct.

Because of the express requirement that advisers evaluate best interest in connection with a cross trade, they may be more likely to identify instances where the proposed cross-trade price is not competitive with available external quotes.

For many advisers, the requirement would formalize review steps that are already part of existing trading practices, potentially resulting in more consistent documentation and more uniform application across trades. In complexes where pre-trade review practices are less developed or less consistently applied, the proposal could meaningfully strengthen the rigor and reliability of cross-trade decision-making. Tailoring the determination to the characteristics of the fund and the security may further enhance the accuracy of advisers' assessments, particularly in markets or asset classes where execution alternatives vary widely in quality. The extent of these benefits would vary depending on the robustness of an adviser's current pre-trade review processes. The costs section below discusses the transition and compliance burdens that may offset some of these gains.

b. Costs

Advisers would need additional time to make a best-interest determination for each cross trade and funds would need time to assess whether each cross trade is consistent with the fund's policies and investment strategies, although funds or advisers already performing similar analyses may experience smaller incremental costs. Costs may involve gathering information about external execution alternatives, such as indicative pricing, liquidity conditions, or available quotes, and comparing them to the proposed cross trade. Advisers also may incur incremental costs when tailoring their analysis to the specific characteristics of the fund or the security—for example, where market-based pricing inputs differ across asset classes or where the potential for market impact requires additional review. To the extent that portfolio management or trading personnel participate in these determinations, advisers may incur additional staff-time costs, including during periods when cross trades tend to occur in more concentrated windows. Advisers whose documentation is integrated into trading, order-management, or compliance systems also may incur one-time costs to modify those systems to capture the required

elements of the determination. Supervisory review might also increase to ensure these determinations are completed and recorded consistently.

In situations where external pricing information is limited or changing rapidly, performing the best interest determination could lengthen the time required to reach a trading decision, creating variation in burdens across securities and complexes. Firms whose internal processes currently rely on more generalized or informal assessments may experience additional transition costs as they adapt workflows, including the allocation of review responsibilities among personnel. When both sides of a cross trade are registered funds, the proposal requires separate best-interest determinations. Although the same personnel may conduct both reviews, each determination would need to reflect the circumstances of the specific fund. If the conclusions differ, the trade would not occur and the costs of making the determinations would not produce a completed transaction.

The proposed best-interest requirement also may need to be applied differently depending on a fund's trading methods and strategies. For example, advisers using fully automated or algorithmically implemented strategies may determine that they cannot perform the discretionary, transaction-specific review required under the best interest standard.

The proposed amendment would require advisers to prepare a transaction-specific record explaining why a cross trade is in the participating fund's best interest. Preparing this documentation imposes an incremental, per trade cost, and advisers may choose to avoid cross trades in situations where the expected savings relative to external execution are small. As a result, some cross trades that would have produced modest benefits under the expanded eligibility criteria may not occur. The Commission cannot estimate how often advisers might decline trades for this reason but recognizes that higher documentation costs could reduce the use of cross trading at the margin.

For cross trades in certain thinly traded level 2 fixed-income securities, the best-interest determination may partially offset the operational savings described in section III.C.2. That section identifies the elimination of the multi-dealer quote requirement as a potential benefit of the pricing provisions. However, because the best-interest determination requires the adviser to evaluate whether the proposed cross-trade price is reasonable relative to

external execution alternatives, there may be circumstances in which the best interest requirement causes an adviser to obtain additional market information—such as indicative dealer quotes or evaluated prices—beyond the information used to price the cross trade to support its best interest analysis. The extent to which this review would reintroduce quote-solicitation activity would depend on the adviser's existing valuation infrastructure and the liquidity of the security involved.

5. Oversight Requirements

Under the current rule, oversight is board-centric: the board adopts and updates procedures and determines each quarter whether cross trades complied with them. The current rule does not place any specific related compliance responsibility on the fund's CCO or anyone else. In practice, registered funds already have rule 38a-1 compliance programs that assign certain responsibilities to the CCO,²¹⁰ and the Commission staff has previously taken the position that a board may rely on a CCO representation that cross trades complied with the board-approved procedures,²¹¹ rather than performing transaction-level reviews of cross trades itself under rule 17a-7. Some registered funds also conduct post-trade testing or surveillance, but these practices differ significantly across complexes.

Under the proposed amendments, oversight would shift to a more structured, CCO-centered framework. The CCO would be required to conduct a quarterly compliance review of all cross trades and report the results to the board. In addition, the CCO would be required to perform an annual review designed to identify whether a registered fund may have been disadvantaged, an analysis that would include reviewing the timing and price of subsequent sales of securities purchased in cross trades, along with other information necessary to evaluate the trade. To facilitate this review, registered funds would need systems that can identify cross-traded securities

²¹⁰ Rule 38a-1 requires each registered fund to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Federal securities laws, administer those policies through the fund's CCO, and conduct an annual review of their adequacy and effectiveness. Rule 38a-1 provides flexibility for funds to tailor their compliance programs based on their facts and circumstances.

²¹¹ See IDC No-Action Letter (staff stating it would not recommend enforcement action if a fund's board relies on a quarterly written representation from the CCO that rule 17a-7 transactions complied with board-approved procedures, rather than the board itself determining compliance).

and retrieve information about any subsequent sales of securities purchased in cross trades. The existing board-level quarterly determination would be replaced, and the board's role would pivot to reviewing the CCO's quarterly and annual reports.

a. Benefits

The proposed amendments may offer several oversight-related benefits. Shifting the oversight function to a structured, CCO-centered review within the fund's existing oversight framework under rule 38a-1, could reduce certain operational burdens. Regular quarterly checks and an annual look-back may help protect investors by enabling earlier detection of issues or unusual or anomalous patterns in cross-trading activity that could itself signal a potential concern, especially where such monitoring is not currently formalized. Board oversight could become more focused on broad themes, such as conflict risks or persistent pricing patterns, thereby enabling directors to identify systemic issues more effectively and avoid time-consuming, low-value transaction-level reviews.²¹² Enhanced systems that can identify cross-traded securities and retrieve information about subsequent sales would support more effective annual reviews by the CCO and strengthen the fund's ability to detect whether it may have been disadvantaged. The scale of these benefits would depend on how frequently the registered fund engages in cross trading, the strength of existing surveillance tools, and how efficiently registered funds can automate tagging and reporting processes.

b. Costs

Registered funds would need systems capable of tagging and tracking each cross-traded security and producing analytics that compare cross-trade prices to subsequent market activity or other benchmarks. Depending on a fund's existing compliance and analytics infrastructure, the enhancements needed to support cross-trade reviews may overlap with systems already used for other regulatory or

trading-quality assessments, such as execution-quality analytics or portfolio-level performance and pricing metrics. In such cases, advisers may be able to build on existing systems rather than develop entirely new ones, although some additional functionality may still be required to support the proposed cross trade-specific reviews. The CCO would need additional time to complete the required reviews, and registered funds would need to maintain documentation supporting those reviews, such as pricing determinations, and review outcomes, in addition to their existing recordkeeping obligations. At the same time, because the proposed amendments would eliminate the board's quarterly determination, registered funds may experience offsetting reductions in board-level oversight costs, reflecting lower demands on director time relative to the current rule. Further, assigning these reviews to a full-time CCO with direct or regular access to trade-level data may improve expertise matching and enhance the fund's ability to detect issues compared to periodic transaction-level checks by the board.

If additional CCO time or staffing is not available, these obligations could divert attention from other compliance responsibilities. Alternatively, adding compliance staff would increase costs to the fund and its investors or the fund's adviser. Concentrating these reviews in a single officer may also lead funds or advisers to adjust compensation, insurance coverage, or recruitment efforts for the CCO to reflect the increased scope of responsibilities.

The magnitude of these costs would vary based on the volume and complexity of a fund's cross-trading activity and how closely its existing compliance systems approximate what the proposed amendments would require. In addition, identifying which portion of a later disposition relates to securities acquired through cross trades may require tax-lot-level tracking or supplementary records, particularly where funds use average-cost accounting conventions that do not distinguish among different acquisition methods. For fixed-income securities held to maturity, the required systems may impose costs without generating a comparable disposition price, reducing the usefulness of the resulting data for the annual analysis. Differences between cross-trade prices and subsequent disposition prices may also reflect interim market movements rather than disadvantage, requiring the fund CCO to evaluate these distinctions as part of each review period. Further, because the disadvantage analysis

occurs annually, any emerging pattern could persist for part of the year before detection, which may limit the effectiveness of this safeguard; this timing consideration is discussed more fully in section II.E. Additionally, shifting primary oversight responsibility from the board to the fund CCO may introduce governance-related costs. Under the proposal, only the fund CCO—not the adviser's CCO—would perform the quarterly and annual reviews and would prepare the required reports. Relative to other internal officers, fund CCOs have substantially fewer conflicts because they are subject to rule 38a-1's independence framework: they are approved, compensated, and removable only by the board, and must report directly and separately to the board at least annually. These features mitigate conflicts relative to relying on adviser personnel. At the same time, some information asymmetry may remain where the fund CCO relies on adviser systems or has corporate reporting lines within the adviser or an affiliated entity, which may require additional documentation or verification. While boards would continue to review quarterly and annual CCO reports, the move from direct determinations to report-based oversight may lessen transparency into transaction-level details. However, this shift is consistent with the compliance structure established under rule 38a-1 and may reduce low-value operational burdens for boards by allowing them to focus on higher-level oversight.

6. Reporting

Under current requirements, some registered funds report on Form N-CEN whether they relied on certain statutory or rule-based exemptions (including rule 17a-7) during the reporting year. This disclosure is limited to a yes/no indicator and does not provide any information about the volume, type, or characteristics of a fund's cross trades. Funds' financial statements also include related-party disclosures under Regulation S-X, which may capture cross trades in aggregated form, but these disclosures vary across complexes, are not presented in a standardized or structured format, and are not tagged or readily comparable across funds. As a result, while some information about affiliated transactions is currently available, there is no consistent, publicly available reporting that provides structured metrics specifically describing cross-trading activity or its composition by asset class. Advisers track cross trades internally for compliance and operational purposes, but these internal records are not

²¹² See COSO (2013) noting that effective internal control systems can "eliminate ineffective, redundant, or inefficient controls" (p. 2), that "ongoing evaluations . . . provide timely information" to identify issues and emerging risks (p. 5), and that boards provide high-level oversight of internal control systems rather than performing operational-level reviews (pp. 2,9). Committee of Sponsoring Organizations of the Treadway Commission (COSO), *Internal Control—Integrated Framework: Executive Summary* 1–20 (2013), available at https://www.coso.org/files/ugd/3059fc_1df7d5dd38074006bce8fd621a942cf.pdf.

reported in a uniform or machine-readable manner to the public or the Commission.

Under the proposed amendments, Form N–PORT and Form N–MFP filers that engaged in cross trades of portfolio investments in reliance on rule 17a–7 during the preceding twelve-month period would be required to report four data points for each asset type (or category of investment, in the case of Form N–MFP) in U.S. dollars. These data points are: (1) the aggregate value of portfolio investments the registered fund purchased under rule 17a–7, (2) the aggregate value of portfolio investments the registered fund sold under rule 17a–7, and (3) the aggregate value of portfolio investments the registered fund sold under rule 17a–7, and (4) the aggregate value of portfolio investments the registered fund sold. These data would be provided for the reporting period and would appear on the same filing and public availability schedule that applies to each form.

Some funds, such as BDCs, would not be subject to these standardized cross-trade reporting requirements. As a result, cross-trading activity in BDC portfolios would remain outside the scope of structured public reporting, limiting comparability between registered funds and BDCs and reducing the completeness of aggregate cross-trading information available to regulators and the public.

This approach would provide consistent, comparable information about the level and composition of cross-trading activity while avoiding trade-level reporting. It would give the Commission and the public, for the first time, standardized, machine-readable cross-trade metrics, improving transparency relative to the current regime of binary annual reporting and non-standardized financial statement footnotes.

a. Benefits

Standardized reporting would provide investors, regulators, and other market participants with insights into cross-trading activity across registered funds. Because funds do not currently disclose structured numerical information about their cross-trading activity, neither regulators nor the public can compare levels or patterns across funds today. The proposed structured monthly reporting, which includes four data points per asset type, would provide a more consistent, quantitative basis for such comparisons.²¹³ In addition,

because the reporting framework includes total purchases and total sales by asset class, the new structured data may also improve the Commission's ability to monitor reporting funds' overall trading activity across asset classes and over time, including during periods of market stress. The practical value of such comparability may depend on how frequently a given registered fund engages in cross trading, and on whether existing Form N–PORT asset-type categories provide sufficient granularity to distinguish among the types of securities involved in cross trades. Because the extent and nature of cross-trading opportunities vary across asset classes, the magnitude of cross-trading activity reported by filers will naturally differ across funds with different portfolio compositions. This contextual information may help market participants better interpret differences in reported cross-trading levels across funds.

Beyond cross-fund comparability, the reporting requirement would facilitate comparisons of the amount of aggregate cross-trading activity occurring in a given asset class to the amount of trading activity in external markets for that asset class. This may allow both market participants and regulators to assess how the informativeness of public markets for an asset class changes as the share of the asset class traded internally via cross trades changes.

Standardized reporting on Form N–PORT and Form N–MFP could also improve the Commission's ability to monitor the use of cross trading over time. Because the reporting would provide consistent, structured, and machine-readable data across filers, it may facilitate analyses designed to identify trends in the aggregate volume of cross trades, the asset classes in which cross trading is most prevalent, and how cross-trading activity evolves as funds adjust to the proposed amendments.

Reporting could also support retrospective evaluations of whether increased internalization of trades has implications for measures of liquidity or the informativeness of public

through the SEC's EDGAR system, investors use these disclosures extensively, and this engagement improves market-wide informational efficiency by enhancing price discovery and the accuracy of trading responses to earnings news. The study demonstrates that structured public disclosures do not only assist regulators but also generate broader market benefits by enabling investors to compare information across funds and incorporate it into trading decisions. Yichun He *et al.*, *Are Fund Disclosure Views Informative to the Stock Market?* (Dec. 20, 2024), available at <https://ssrn.com/abstract=4940230>.

transaction data.²¹⁴ While the aggregate, monthly nature of the Form N–PORT and Form N–MFP reporting would not provide real-time transparency or price-discovery benefits, it may nonetheless allow researchers and regulators to study whether, and to what extent, cross-trading activity relates to changes in publicly observed trading patterns in certain asset classes. Any such benefits would be indirect and depend on how the data are used, but the availability of consistent aggregate information may lower the cost of conducting such analyses.

Standardized public reporting may also modestly increase transparency around the extent to which funds use cross trading. Although any effect on investor behavior is likely limited given the lagged and aggregated nature of the disclosures, consistent public visibility into cross-trading volumes could provide some incremental disciplining effect at the margin. Market participants or examiners may take note of anomalous levels of reported cross-trading activity relative to peers, which may give advisers an additional incentive to avoid cross trading in situations where it is not in the best interest of investors. These effects are expected to be modest but may nonetheless contribute to greater public awareness of funds' cross-trading practices.

b. Costs

Registered funds would need to update reporting systems to capture and populate the new fields, assemble the data each month, and conduct internal verification prior to filing. Because funds are already required to maintain the underlying transaction-level information as part of their ordinary trading, accounting, and compliance processes—including data used for the CCO's required reviews—the incremental burden relates primarily to assembling and formatting existing data rather than generating new information, and may include modest increases in review effort to ensure the accuracy of the additional reported items.²¹⁵ The magnitude of these burdens will vary across funds depending on the extent of

²¹⁴ We use the term “internalization” in its standard economic sense to refer to executing a transaction internally rather than through external trading venues, thereby avoiding bid–ask spreads, dealer markups, and market-impact costs.

²¹⁵ See rule 31a–1(b)(1) and (b)(4) under the Investment Company Act (requiring funds to maintain detailed records of purchases and sales of securities and other trading-related records); and current rule 17a–7(g) (requiring funds to maintain written procedures and six-year records of each cross trade, including documentation used for compliance reviews).

²¹³ Evidence from He *et al.*, (2024) shows that when mutual fund disclosures are provided in a standardized, machine-readable structure, such as

their cross-trading activity and the degree to which their existing systems already capture and organize the relevant data.

In addition, the expansion of eligibility to level 2 securities may increase the number of cross trades executed by certain registered funds relative to the baseline. To the extent cross-trading volume increases, more funds would have cross-trade activity to report on Forms N-PORT and N-MFP, increasing the number of filers that must assemble and verify these values each month within their existing filings. The magnitude of any such increase would depend on each complex's trading activity, portfolio composition, and use of cross trading under the amended rule.

Because the two new data elements reporting a fund's total monthly gross purchases and total monthly gross sales by asset type would be publicly available under each form's existing filing and publication schedule, disclosure may impose costs beyond the direct costs associated with reporting holdings. These total gross purchase and sale aggregates—distinct from the rule 17a-7-specific purchase and sale amounts—could make the scale of trading activity within each asset type more visible, even in cases where end-of-month holdings show little net change, providing information that cannot be inferred solely from net month-end holdings.

For funds with highly concentrated strategies or exposure to very few asset types, monthly gross purchases and sales could provide incremental insight into repositioning or capacity constraints beyond what is already observable from quarterly holdings and public flow data. In such limited cases, market participants might be able to draw inferences that marginally affect the fund's future transaction costs. However, several features would help limit this risk: the data would be aggregated rather than transaction-specific, reported by asset type rather than security, and disclosed with a lag. We cannot estimate any remaining effect, which would depend on portfolio concentration and the extent to which reported activity could be linked to particular positions and be subsequently exploited by other market participants.

The scale of one-time system changes may also vary across fund complexes. Some registered funds may need only minor adjustments to existing Form N-PORT processes, whereas others might require broader data-integration work to aggregate cross-trade values by asset type. Routine effort would also differ depending on the number of portfolios

within a complex and the complexity of their holdings.

Reporting purchases and sales by asset type would require funds to map transactions from their portfolio-management, accounting, and compliance systems to the categories used on the applicable form. Because internal existing system categories may not align with the asset-type categories used on the form, funds would need to develop mapping conventions and determine how to treat transactions that do not resemble ordinary purchases or sales of portfolio securities.

7. Recordkeeping

Under the current rule, registered funds must permanently retain their cross-trading procedures and maintain six-year records of each cross trade and the materials used for board oversight. At the same time, existing requirements under rule 31a-1, rule 38a-1, and rule 2a-5 already obligate funds to maintain a broad set of transaction, compliance, and valuation-related records, including records in detail of all purchases and sales of securities, written policies and procedures, valuation materials, and documentation supporting oversight and testing. Because rule 38a-1 already requires retention of a fund's written policies and procedures, the permanent-retention requirement for cross-trading procedures in current rule 17a-7 is duplicative. Conversely, the existing six-year recordkeeping requirement under rule 17a-7 does not capture all the types of materials that would be needed under the proposed oversight framework, such as documentation supporting annual pattern- or disposition-based testing.

Under the proposed amendments, the permanent-retention requirement would be removed, and procedural recordkeeping would be aligned with rule 38a-1. Registered funds would be required to maintain all information and materials used in the CCO's quarterly and annual reviews for a period of at least six years, such as any subsequent transaction data or other information needed to evaluate whether a registered fund may have been disadvantaged, although, for disposition-related analyses occurring many years after an original cross trade, the fund's permanent transaction records retained under rule 31a-1 and rule 31a-2 would supply the necessary data. Therefore, while the proposed amendments would require funds to retain cross-trade-specific oversight materials for six years, the long-term records needed for evaluating subsequent dispositions are already preserved under existing rules, and the proposal would not extend rule

17a-7 retention obligations beyond six years.

a. Benefits

In connection with the best-interest requirement described in III.C.4, the proposed recordkeeping amendments would help ensure that the adviser's determinations and the information used to support them are retained in a consistent and reviewable manner. This documentation would assist the adviser, the CCO, and the Commission in assessing whether cross trades complied with the rule's conditions. It would also support the proposal's oversight and testing requirements—specifically, the CCO's annual testing obligation to evaluate whether a registered fund may have been disadvantaged, which includes reviewing subsequent-transaction prices and conducting pattern- or disposition-based analyses. Aligning the procedural retention requirement with that in rule 38a-1 would eliminate a duplicative retention obligation and simplify compliance administration. The extent of these efficiencies would vary. Complexes that already maintain detailed cross trade and pricing documentation might experience limited incremental benefit, while those with less comprehensive recordkeeping practices could see more meaningful reductions in review time.

By requiring funds to maintain more comprehensive materials supporting pricing, best-interest determinations, and quarterly and annual reviews, the proposed recordkeeping amendments may reduce one-off information requests in examinations and also facilitate remedial actions, such as reversing a trade or making a fund whole, as discussed in section II.E.3, where the retained records allow the adviser and CCO to identify and substantiate any disadvantage.

b. Costs

Registered funds would need to collect and retain all materials used in the CCO's quarterly and annual reviews, including pricing data, subsequent-transaction records, analytics, and any other information needed to determine whether a registered fund may have been disadvantaged. Retaining these materials for six years would increase storage needs, although the magnitude would depend on the volume of cross-trading activity and each fund's recordkeeping systems.

Uncertainty remains regarding how much additional work the annual review would require across complexes. Registered funds that already maintain disposition-price or pattern-analysis files may face limited incremental

burden, while those without such processes might need more time to build the necessary documentation and workflow infrastructure.

D. Aggregate Monetized Benefits and Costs

In this section, we quantify and present aggregate monetized benefits and costs across affected entities and over time. The monetized benefits include the estimated transaction-cost savings from cross trading corporate bonds and other level 2 fixed-income assets, based on cross-trade volumes and bid-ask spreads. These estimates do not include benefits from cross trading equity securities, because equity securities generally have readily available market quotations (level 1); any equity securities that are classified as level 2 are not separately quantified due to insufficient data. We also exclude benefits from cross trading municipal securities, because municipal cross trades have continued under existing staff no-action letters. Additional potential cost savings from cross trading other level 2 assets—including certain additional fixed-income instruments or loans—cannot be quantified with available data. As a result, the monetized cross-trading benefits reported in this section should be interpreted as a lower bound. We do not quantify any potential benefits associated with the new reporting

requirements on Forms N-PORT and N-MFP because we do not have data that would allow us to estimate the magnitude of these benefits—such as how standardized cross-trade reporting might affect investor decision-making, regulatory monitoring, or market liquidity.

We also quantify and include the monetized compliance costs associated with the proposed amendments to rule 17a-7, as well as the recurring internal and external costs associated with additional reporting requirements under Forms N-PORT and N-MFP, as described in the PRA. These estimates assume that each affected entity realizes the full amount of monetized benefits and costs shown; in practice, benefits and costs may vary depending on existing practices and how those practices change under the proposed amendments.

1. Aggregate Monetized Benefits and Costs Across Affected Entities

Tables 4 and 5 report the benefits and costs, respectively, that are monetized in this economic analysis, aggregated across all affected entities. To aggregate these monetized effects, we use estimates of the number of affected parties and burdens under the Paperwork Reduction Act in section IV. Because cross trading under rule 17a-7 is optional, the actual benefits and costs realized may differ from the aggregates

presented here if some funds choose not to engage in cross trading.

We estimate that the total aggregate annual monetized benefit is \$173,018,571. The aggregate monetized benefit reflects estimated transaction-cost savings from cross trading between registered funds within the same fund family and their affiliates. As noted above, the estimate excludes potential benefits from cross trades in asset classes for which usable data are not available—including Level 2 equities, municipal securities that continue to be eligible under existing staff no-action letters, and other Level 2 instruments or loans. It also does not include any benefits that could arise from the new reporting requirements on Forms N-PORT and N-MFP. Moreover, the estimated transaction-cost savings do not include potential cost savings from cross trades involving BDCs. BDCs do not file on Form N-CEN or Form N-PORT, and therefore the available data do not permit estimating their cross-trading activity or the associated transaction-cost savings. Accordingly, the quantified estimates presented here reflect only those affected entities for which usable reporting data exist.

Because the monetized estimate captures only a subset of the potential benefits of the amended framework, the estimate likely understates the full range of benefits to investors and advisers.

TABLE 4—AGGREGATE MONETIZED BENEFITS FROM CROSS TRADING
[2026 dollars]

Security	
U.S. Treasury	\$21,749,470
Corporate Bonds	89,766,548
Other Mortgage-Related Securities	4,251,630
Other Asset-Backed Securities	2,658,918
International Fixed income	43,640,933
Bank Loans	10,787,089
Commercial Paper or CDs	163,983
Total	173,018,571

Notes: Annual benefits represent estimated transaction-cost savings from cross trading. Savings are calculated as cross-trade dollar volume multiplied by the relevant bid-ask spread for trades between two registered funds, and cross-trade dollar volume multiplied by half the spread for trades in which only one side is a registered fund. For all asset classes except corporate-bond cross trades between two registered funds, annual cross-trade volumes come from the ICI cross-trading survey, which reports 2020 fixed-income cross-trade activity by asset class. The ICI survey assumes that these 2020 cross trades would not be available following the implementation of rule 2a-5, and therefore the full 2020 volumes are used in estimating annual savings. For corporate-bond trades in which both sides are mutual funds (excluding money market funds), annual savings are based on SEC calculations using observed declines in quarterly cross trading following rule 2a-5. Average quarterly volumes fell from approximately \$6.24 billion (2019 Q2–2022 Q3) to \$0.85 billion (2022 Q4–2024 Q2), a reduction of about \$5.39 billion. Post-rule quarterly transaction-cost spreads—derived from the WRDS Bond Database—are applied to this decline to estimate the annual savings had pre-rule cross-trading levels continued. All other estimates use normal-market spreads, excluding stressed market conditions (March and April 2020), from the ICI survey's "normal year" methodology. If, instead of normal-market bid-ask spreads, we applied the ICI survey's stressed-market spreads from March and April 2020 to the same cross-trade volumes, the resulting aggregate annual monetized benefit would exceed \$320 million (2026 dollars). This reflects the significantly wider spreads observed during those months, which magnify the transaction-cost savings associated with internal cross trading.

We estimate that the total aggregate initial monetized cost is \$15,867,600

and the total aggregate annual monetized cost is \$13,695,310.

TABLE 5—AGGREGATE MONETIZED COSTS
[2026 dollars]

	Initial cost per affected entity	Annual cost per affected entity	Estimated number of affected entities	Aggregate initial cost	Aggregate annual cost
	(A)	(B)	(C)	(D) [(A) × (C)]	(E) [(B) × (C)]
Rule 17a–7: Internal time costs	^a \$22,668	^b \$5,667	^c 700	\$15,867,600	\$3,966,900
Rule 17a–7: External cost	N/A	^d 1,548	700	N/A	1,083,600
Form N–PORT: Internal time costs (software users) ..	N/A	^e 462	^h 4,726	N/A	2,183,412
Form N–PORT: Internal time costs (vendor users)	N/A	^f 462	^h 8,778	N/A	4,055,436
Form N–PORT: External cost (software users)	N/A	^g 100	^h 4,726	N/A	472,600
Form N–PORT: External cost (vendor users)	N/A	^g 200	^h 8,778	N/A	1,755,600
Internal time cost (Form N–MFP)	N/A	ⁱ 459	^j 318	N/A	145,962
External annual cost (Form N–MFP)	N/A	ⁱ 100	^j 318	N/A	31,800
Total				15,867,600	13,695,310

Notes:

^a The initial internal cost per affected fund (\$22,668) reflects the PRA-estimated 12 initial internal burden hours for the proposed amendments to rule 17a–7, monetized using the PRA’s blended \$1,889 hourly wage rate. These hours correspond to initial implementation activities associated with the amended rule’s oversight and recordkeeping provisions and are performed by financial managers, lawyers, and fund board members, consistent with the occupational mix underlying the blended rate.

^b The annual internal cost per affected fund (\$5,667) reflects the PRA-estimated 3 hours of ongoing annual internal burden for the proposed amendments to rule 17a–7, monetized at the PRA’s blended \$1,889 hourly wage rate. The blended rate incorporates financial managers, lawyers, and fund board members, as described in the PRA wage-rate methodology.

^c The estimate of 700 registrants for rule 17a–7 is drawn from the PRA, which identifies 700 registered funds and BDCs expected to rely on the amended rule.

^d The external annual cost per fund of \$1,548 for rule 17a–7 is based on the PRA assumption of 2 hours of outside legal services at \$774 per hour.

^e For Form N–PORT filers using software (4,726 funds), the annual internal cost of \$462 per fund reflects 1 hour of internal burden at the \$462 wage rate, as described in the PRA table.

^f For Form N–PORT filers using third-party vendors (8,778 funds), the annual internal cost of \$462 per fund likewise reflects 1 hour of internal burden at the \$462 wage rate.

^g The external annual cost per software-using Form N–PORT filer (\$100) and per vendor-using filer (\$200) are drawn from the PRA estimates of increased external cost burdens for each filer type.

^h The estimated numbers of Form N–PORT filers—4,726 software users and 8,778 vendor users—are based on PRA estimates that 35% and 65%, respectively, of the 13,504 total Form N–PORT filers fall into these categories.

ⁱ The annual internal cost per Form N–MFP filer (\$459) reflects 1 hour of internal burden at the blended \$459 hourly wage rate described in the PRA, which incorporates financial managers, accountants/auditors, database administrators, and financial/investment analysts. The annual external cost per filer (\$100) is the PRA-estimated increase in external service-provider costs associated with reporting cross-trade-related information.

^j The estimate of 318 affected money market funds required to file Form N–MFP is based on March 2026 Form N–MFP filings, as reported in the PRA.

2. Present Values and Annualized Values of Aggregate Monetized Benefits and Costs

Consistent with the requirements of Executive Order 12866, the Commission reports estimated total monetized benefits and costs for all affected entities in two additional ways specified in OMB Circular A–4.²¹⁶ The two

presentations are intended to address the fact that the various benefits and costs of the proposed amendments would not accrue at the same point in time; rather, benefits and costs that accrue sooner are generally more valuable than those that occur later in time.²¹⁷

We report (1) the present values of expected benefits and costs that are monetized aggregated across all affected entities, over a 10-year time horizon, starting in 2026, as well as (2) the annualized values over the same time horizon that are derived from the present values. This time horizon represents the period over which the principal benefits and costs that are monetized are expected to accrue.²¹⁸

The present values and annualized values account for the timing of benefits and costs through discounting, which is a procedure that accounts for the time value of money.²¹⁹

Table 6 reports the present values of the aggregate monetized benefits and costs from Tables 4 and 5, combining initial and annual monetized benefits and costs. The analysis uses annual real discount rates of 3% and 7% over a 10-

²¹⁶ See E.O. No. 12866 (Sept. 30, 1993), 58 FR 51735, 51741 (Oct. 4, 1993) (requiring agencies to provide an analysis of benefits, costs, and regulatory alternatives to OIRA for significant regulatory actions); OMB, Circular A–4, at 31–34, 45 (Sept. 17, 2003) (providing guidance to agencies regarding compliance with E.O. 12866); see also E.O. No. 14215 (Feb. 18, 2025), 90 FR 10447, 10448 (Feb. 24, 2025) (requiring independent agencies to comply with E.O. No. 12866). In addition, E.O. 14192 requires agencies to provide their best approximation of the total costs or savings associated with each new regulation or repealed regulation consistent with the analyses required by E.O. 12866. See E.O. No. 14192 (Jan. 31, 2025), 90 FR 9065, 9066 (Feb. 6, 2025). For purposes of approximating the total cost savings and costs under E.O. 14192, the Commission uses the annualized monetized benefits and costs using a real discount rate of 7%. See Table 7 and accompanying discussion.

²¹⁷ See Circular A–4, at 32.

²¹⁸ See *id.* at 31 (stating that “[t]he ending point should be far enough in the future to encompass all the significant benefits and costs likely to result from the rule”). For the purposes of this analysis, we assume the effective date of the rule, as well as the start year for the analysis’s time horizon, is 2026. The analysis uses calendar years and

accounts for the compliance periods included in the release (see note a in Table 6).

²¹⁹ See *id.* at 32 (“The Rationale for Discounting”) & 45 (“Treatment of Benefits and Costs over Time”); see also OIRA, REGULATORY IMPACT ANALYSIS: A PRIMER, at 11 (Aug. 15, 2011), available at https://www.reginfo.gov/public/jsp/Utilities/circular-a-4_regulatory-impact-analysis-a-primer.pdf (“To provide an accurate assessment of benefits and costs that occur at different points in time or over different time horizons, an agency should use discounting. Agencies should provide benefit and cost estimates using both 3% and 7% annual discount rates expressed as a present value as well as annualized.”); Harvey S. Rosen & Ted Gayer, Public Finance 151 (8th ed. 2008) (defining present value as “the value today of a given amount of money to be paid or received in the future”).

year time horizon, starting in 2026.²²⁰ We estimate that the present value of total monetized benefits is \$1,497,858,170 using a 3% discount rate and \$1,257,023,044 using a 7% discount rate. We estimate that the present value of total monetized costs is \$134,430,780 using a 3% discount rate and \$115,367,441 using a 7% discount rate.

TABLE 6—PRESENT VALUE OF AGGREGATE MONETIZED BENEFITS AND COSTS OVER 10 YEARS FROM 2026 TO 2035
[2026 Dollars]

Estimated effects ^a	3% Real discount rate	7% Real discount rate
Benefits	\$1,497,858,170	\$1,257,023,044
Costs	134,430,780	115,367,441

Note:

^a For each discount rate, the present value calculations are based on the aggregate monetized annual benefit reported in Table 4 and the aggregate monetized annual costs reported in Table 5. The analysis assumes: (i) all monetized costs are recurring annual costs and no one-time monetized implementation costs are incurred; (ii) the monetized benefit reflects a recurring annual benefit beginning in 2026; and (iii) monetized benefits and costs occur in a steady stream over the 10-year time horizon from 2026 through 2035. Consistent with Circular A–4, the calculations use mid-year discounting and apply real discount rates of 3% and 7% to convert the annual streams of monetized benefits and costs into present values.

Table 7 reports annualized aggregate monetized benefits and costs using real discount rates of 3% and 7% over a 10-year horizon.²²¹ The lump sum present values of aggregate monetized benefits and costs reported in Table 6 are converted in Table 7 into a constant stream of annualized benefits and costs over a 10-year time horizon, starting in 2026.²²² Annualized benefits and costs

may differ from an aggregation of the recurring monetized annual benefits and costs discussed earlier in the Economic Analysis because they incorporate the timing of benefits and costs, through discounting, and combine one-time and recurring benefits and costs.²²³ Because the monetized benefits are assumed to be constant each year over the analysis horizon, the annualized monetized

benefits equal the yearly benefit amount. Accordingly, annualized total monetized benefits are estimated to be \$173,018,571 per year using both the 3% and 7% discount rates. We estimate that annualized total monetized costs are \$15,528,187 per year using a 3% discount rate and \$15,879,351 per year using a 7% discount rate.

TABLE 7—ANNUALIZED AGGREGATE MONETIZED BENEFITS AND COSTS OVER 10 YEARS FROM 2026 TO 2035
[2026 Dollars]

Estimated effects ^a	3% Real discount rate	7% Real discount rate
Benefits	\$173,018,571	\$173,018,571
Costs	15,528,187	15,879,351

Notes:

^a For each discount rate, the annualized values are calculated by dividing the corresponding present values in Table 6 by the sum of discount factors over the time horizon. The discount factor in year *t* of the time horizon is equal to $1/(1 + \text{discount rate})^{(t-0.5)}$.

E. Efficiency, Competition, and Capital Formation

The Commission considers the potential effects of its rules on efficiency, competition, and capital formation. This section describes the mechanisms through which the amendments could influence these areas. Potential channels include changes in how registered funds execute transactions, advisers' internal resource allocation, changes in how information is incorporated into public prices, and

shifts in investor portfolio allocations in response to changes in net returns.

1. Efficiency

The proposed amendments may facilitate operational efficiency in two respects. First, by permitting cross trades of level 2 securities, the proposed amendments would allow registered funds with offsetting trading needs to internalize transactions that would otherwise be executed through external trading venues. When a registered fund internalizes a transaction, it avoids certain trading-related frictions,

including bid–ask spreads, markups, and market-impact costs.²²⁴ The extent of this efficiency would depend on how frequently registered funds have complementary trading needs in level 2 securities, where most of these frictions arise. Second, the proposed pricing conditions may reduce the operational steps required to price a cross trade. Under the current rule, cross trading in non-exchange-traded fixed-income securities—*i.e.*, securities that trade over-the-counter rather than on an exchange—historically required gathering multiple bids and offers from

²²⁰ This approach is consistent with OMB Circular A–4. See A–4, at 31–34 (stating that, “[f]or regulatory analysis, [agencies] should provide estimates of net benefits using both 3 percent and 7 percent” discount rates and discussing why those rates are reasonable default rates). Also, we use a mid-year discount rate. See OMB, Circular A–94, at 21–22 (Oct. 19, 1992) (stating that, “When costs and benefits occur in a steady stream, applying mid-year discount factors is more appropriate.”).

²²¹ This approach is consistent with the recommended treatment of benefits and costs over time in Circular A–4. See *id.* at 45 (“You should

present annualized benefits and costs using real discount rates of 3 and 7 percent”).

²²² For each discount rate, the annualized monetized benefits (costs, respectively) in Table 4 represent the constant annual stream of benefits (costs, respectively) whose present value over the time horizon equates the corresponding present value in Table 6. See note a, Table 7 for additional calculation details.

²²³ The annualized benefits and costs present these values over the 10-year time horizon, starting in 2026.

²²⁴ See, e.g., Harris (2003), Chapters 13–14 (dealer spreads and markups) and Chapters 14 & 21

(market-impact costs as transaction costs). Harris identifies the bid–ask spread, dealer markups, and price-impact effects as the core frictions faced when executing in public markets, all of which internalization avoids. Harris’s discussion of internalization, however, addresses broker–dealer internalization of customer order flow; the concept is cited here only for its description of trading frictions, not for its application to cross trades between advisory clients. Larry Harris, *Trading and Exchanges: Market Microstructure for Practitioners* (1st ed. 2003).

broker-dealers through reasonable inquiry, which is a process that some assert had become more difficult as dealer willingness to provide such quotes declined. Under the proposed rule, a fund using NAV pricing would determine the cross-trade price within its existing valuation process, which is already subject to rule 2a–5 governance, rather than conducting a separate pricing exercise. A fund using current market pricing that relies on the same pricing source for both cross-trade pricing and NAV computation may be able to leverage due-diligence processes already maintained for that vendor, potentially combining that review with existing rule 2a–5 oversight. For complexes whose valuation and pricing systems already support level 2 observable inputs, these pricing provisions may lower administrative demands on compliance and trading staff.

The proposed amendments would also introduce new compliance steps that do not exist under the current rule. These include a pre-trade best-interest determination by the adviser for each cross trade, a periodic reasonableness review of current-market prices by the adviser, a quarterly CCO compliance review covering all cross trades during the preceding quarter, and an annual CCO review that includes disposition-price analysis of securities purchased in cross trades. Each of these steps would require real resources (e.g., personnel time, recordkeeping infrastructure, and, in some cases, systems development) that funds do not currently expend in connection with cross trading. The magnitude of these costs would depend on the frequency and volume of cross-trading activity, the per-trade cost of making and documenting the best-interest determination, and the extent to which funds can integrate the new oversight steps into compliance processes already maintained under rule 38a–1 and rule 2a–5, as well as an adviser's obligations under the antifraud provisions of section 206 of the Advisers Act.

The amendments may promote allocative efficiency by reducing the transaction costs that registered funds incur when adjusting their portfolios to reflect intended risk and return profiles. Most fixed-income securities have been ineligible for cross trading since the September 2022 compliance date of rule 2a–5. As a result, registered funds seeking to rebalance or otherwise adjust their fixed-income holdings must execute those transactions through external trading venues, incurring transaction costs even where an affiliated fund would be interested in

taking the other side of the trade. By permitting cross trades of level 2 securities, the amendments may allow portfolio managers to reduce these frictions and maintain allocations that more closely reflect each fund's intended investment objectives and strategies. The timing of any such gains would depend on whether a fund's existing valuation and pricing systems already support level 2 observable inputs. Funds that already maintain these capabilities may realize gains more quickly than funds that choose to update their systems to support observable inputs.

A countervailing consideration is that level 2 securities, unlike level 1 securities, do not have readily available market quotations and are instead valued using observable inputs, either directly or indirectly. To the extent that the cross-trade price for a level 2 security does not accurately reflect the security's value, the cross trade may not move the security to the fund that most values it at a fair market price, which could reduce rather than improve allocative outcomes. The proposed pricing conditions, best-interest determination requirement, and CCO oversight provisions are designed to mitigate this risk, but their effectiveness in practice is uncertain and would depend on the quality and consistency of the pricing sources used.

Because the amended framework may make it easier for advisers to internalize certain offsetting transactions, some trades that would otherwise occur in public markets may instead be executed internally. To the extent this internalization occurs, and to the extent that market participants would otherwise have learned from the transaction, if conducted in the open market, due to information gleaned from the trading activity of the affiliated fund or the trade's counterparty (e.g., a broker-dealer), the informational efficiency of prices could be reduced. In addition, reduced post-trade transparency in the market for level 2 securities such as corporate bonds due to such internalization may increase the transaction costs for trades that do continue to occur in public markets, which could result in less efficient investment allocations for investors.²²⁵

The proposed reporting requirements on Form N–PORT and Form N–MFP, which would require registered funds to

²²⁵ See, e.g., Edwards et al. (2007), showing that the increase in post-trade transparency facilitated by the introduction of TRACE reporting of corporate bond trades decreases transaction costs for investors. Amy K. Edwards et al., *Corporate Bond Market Transaction Costs and Transparency*, 62 J. Fin. 1421–1451 (2007).

disclose aggregate cross-trading volumes by asset class, may partially offset the reduction in publicly observable transaction-level information by providing market participants with data on the scale of cross-trading activity relative to total trading activity in each asset class. The extent of this offset is uncertain and would depend on whether aggregate volume data are sufficient to inform participants' assessments of liquidity and pricing in the relevant markets. We discuss the cost implications of reduced observable pricing information in more detail in section III.C.1.b.

2. Competition

The amendments may affect competition among registered fund advisers and fund complexes through two mechanisms that operate in opposite directions. The first mechanism could lead to greater concentration of competitive advantage among larger fund complexes. Advisers with larger complexes and higher volumes of level 2 fixed-income trading are likely to have more frequent opportunities to internalize offsetting transactions and, therefore, more opportunities to realize the cost reductions the proposed amendments are designed to permit.²²⁶ If those cost reductions are reflected in execution quality or net returns to fund shareholders, they may attract additional investor flows, increasing assets under management and further expanding the set of internalization opportunities available to larger complexes.²²⁷ Larger fund complexes also may be able to leverage economies of scale in complying with the rule's

²²⁶ See, e.g., Berk & Green (2004), explaining how fund size and investor flows can reinforce competitive advantages among larger fund complexes. Jonathan B. Berk, & Richard C. Green, *Mutual Fund Flows and Performance in Rational Markets*, 112 J. Pol. Econ. 1269 (2004).

²²⁷ Prior research finds that greater scale can lower the costs borne by fund investors. Tufano & Sevick (1997) show that structural factors consistent with scale efficiencies are associated with lower shareholder fees; Baumol et al. (1990) provide foundational evidence of economies of scale in mutual-fund operations; Latzko (1999) similarly notes scale economies in U.S. mutual-fund operations and advisory-fee setting; and Lopez Rago (2026) finds that fees fall after mergers, suggesting that increases in operational scale are associated with lower investor fees. William J. Baumol et al., *The Economics of Mutual Fund Markets: Competition Versus Regulation* (Kluwer Academic Publishers 1990); Peter Tufano, & Matthew Sevick, *Board Structure and Fee-Setting in the U.S. Mutual Fund Industry*, 46 J. Fin. Econ. 321 (1997). David A. Latzko, *Economies of Scale in Mutual Fund Administration*, 22 J. Fin. Res. 331 (1999); Ricardo Lopez Rago, *When Funds Merge: What Happens to Fees? Evidence from Acquiring Mutual Funds and ETFs*, SEC Staff White Paper (2026) available at <https://www.sec.gov/files/dera-wp-funds-mergers-2602.pdf>.

oversight and reporting requirements relative to smaller fund complexes, adding to this competitive advantage. This feedback between cost savings, net returns, and asset growth is a recognized feature of the asset-management industry and could allow scale-advantaged registered fund advisers to deepen their competitive position relative to smaller advisers that have fewer cross-trading opportunities. To the extent this mechanism operates, it could contribute to greater concentration within the registered-fund industry or shift the competitive balance among fund complexes of different sizes. The magnitude of any such effects is uncertain, but the direction of the mechanism suggests that larger complexes may benefit more than smaller advisers from the amended framework. The magnitude of any such competitive effect is uncertain and would depend on how frequently advisers of different sizes are able to generate offsetting cross-trade opportunities, and on the extent to which cost reductions ultimately benefit investors in the form of higher net returns or indirectly benefit advisers by supporting higher AUM-based fee revenue through improved performance or reduced pressure to lower advisory fees.

The second mechanism runs in the opposite direction. Several features of the proposed amendments may reduce some frictions currently associated with implementing cross-trading programs. The proposed pricing conditions would replace the current reasonable-inquiry standard (which some assert has become increasingly difficult to satisfy as dealer willingness to provide quotes has declined)²²⁸ with two pricing methods that leverage existing valuation and vendor infrastructure. The proposed shift from board-level quarterly compliance determinations to CCO-conducted reviews would align cross-trading oversight with compliance infrastructure that funds already maintain under rule 38a–1. To the extent these changes enable advisers that previously found the compliance costs of cross trading prohibitive,

including advisers with fewer resources or less developed internal systems, the resulting expansion in participation could increase competitive pressure on execution quality, pricing discipline, and governance practices across the industry. This pro-competitive effect would partially offset the scale-advantage mechanism described above.

The magnitude of any scale-advantage mechanism would depend on the distribution of cross-trading opportunities across fund complexes of different sizes, the extent to which cost reductions are reflected in net returns, and the degree to which those returns attract incremental investor flows. The magnitude of the pro-competitive mechanism would depend on whether the proposed pricing conditions and oversight framework meaningfully reduce the barriers to implementing a cross-trading program, and on the extent to which advisers that previously found those barriers prohibitive would in fact begin cross trading under the amended framework. Data on both of these questions are needed to assess each mechanism, and the Commission requests comment on both.

3. Capital Formation

The amendments may influence capital formation through several economic mechanisms, though these effects are uncertain and, to the extent they occur, are expected to arise only incrementally. Relative to the approximately \$47 trillion in total assets held by registered funds, the estimated \$173 million in annual transaction-cost savings represents a very small reduction in industrywide expenses. Using asset-weighted average expense ratios for registered funds, of 0.30% and 0.32%,²²⁹ aggregate annual expenses are

roughly between \$140 billion to \$150 billion. The estimated savings therefore amount to about 0.1 percent of total annual expenses, or approximately one basis point. If internalizing trades reduces transaction costs for registered funds and advisers, and if some portion of those savings is reflected in higher net returns for fund investors, investors could experience higher after-fee performance. This could lead some households to adjust the allocation of their existing savings toward registered funds. Because reallocations among savings vehicles do not change the total supply of household savings, this channel alone would not be expected to alter the aggregate amount of capital available to issuers. Higher net returns could also, in principle, lead some households to increase the level of their saving. Empirical research generally finds that household saving responds only weakly to changes in investment returns;²³⁰ accordingly, even if the amendments modestly increase after-fee performance, the expected incremental effect on aggregate household saving—and thus on the supply of investable funds—is likely to be limited. To the extent any such response does occur, additional saving could place downward pressure on the cost of capital for firms by increasing the supply of investable funds, although the magnitude of this effect is expected to be small.

Reallocations of household savings could also shift investment toward assets that finance productive activity. If investors move funds from deposits or other lower-yield securities into registered funds that invest in corporate bonds or equities, increased demand for those securities could place downward pressure on required yields at the margin, thereby potentially lowering issuers' borrowing costs. This mechanism would operate only if transaction-cost reductions are passed through to investors in the form of higher net returns and if those higher returns induce the reallocations described above. At the same time, as discussed in the subsection on efficiency above, increased internalization may reduce the amount of transaction-level information reflected in public prices, which could, in turn, reduce price informativeness

objective category, of ETF assets multiplied by the corresponding index- or active-ETF expense ratio, to (ii) total ETF assets.

²³⁰ See B. Douglas Bernheim, *Taxation and Saving*, in 3 *Handbook of Public Economics*, 1173 (Alan J. Auerbach & Martin Feldstein eds., 2002), reviewing evidence that household saving exhibits only weak or near-zero sensitivity to changes in after-tax returns.

²²⁸ Several noted that satisfying the current rule's reasonable-inquiry requirement has become more difficult as dealers have grown less willing to provide quotes solely for purposes of internal cross trades. See, e.g., MarketAxess Letter (dealers "increasingly unwilling to provide bids and offers when they believe such pricing is requested solely in support of an internal cross"); FIMSAC Recommendations (obtaining multiple bids and offers for fixed-income securities is "difficult to impossible in most circumstances"); SIFMA AMG Letter (reduced dealer willingness to quote has made existing pricing requirements "impractical"); Letter from BondCliQ (Apr. 19, 2021) (dealers reluctant to provide non-actionable quotes).

²²⁹ SEC calculations based on data from the Investment Company Institute, *2026 Investment Company Fact Book and Data Tables* (<https://www.icifactbook.org/26-fb-data-tables.html>). The combined expense-ratio range is derived by weighting long-term mutual fund expense ratios and ETF expense ratios by their respective asset shares. Long-term mutual fund assets by investment objective are taken from Table 3 of the Fact Book data files (equity, hybrid, and bond mutual funds), and the corresponding asset-weighted mutual fund expense ratios are taken from Figure 6.1. The mutual-fund component is calculated as the ratio of (i) the sum, across each mutual fund category, of the category's assets multiplied by its expense ratio, to (ii) total long-term mutual fund assets. ETF assets by investment objective are taken from Table 11 of the Fact Book data files, and ETF expense ratios for index and actively managed ETFs are taken from Figure 6.5. Because ETF assets are not reported by both objective and strategy, the ETF portion is represented as a range. The lower bound is calculated by applying index-ETF expense ratios to total ETF assets, and the upper bound is calculated by applying active-ETF expense ratios to those same assets. In both cases, the ETF expense-ratio range is formed as the ratio of (i) the sum, across each ETF

and place upward pressure on required returns. The magnitude of each of these effects is uncertain and would depend on the factors described above. Because these channels operate through distinct mechanisms, we describe their effects qualitatively and separately.

F. Reasonable Alternatives

This section discusses reasonable alternatives to the proposed amendments, focusing on different approaches the Commission could have taken in designing the cross-trading conditions, pricing framework, and reporting requirements. For each alternative, we outline how the approach would operate and consider its potential economic effects.

1. Allowing Cross Trades in Any Security

As an alternative to the proposed rule permitting cross trades in securities with readily available market quotations or that are valued based on observable inputs, the Commission could have proposed allowing cross trades in any security without regard to the availability of market-based or observable pricing inputs. In this alternative, registered funds would have maximum flexibility to internalize trades, which would expand the set of transactions where registered funds could avoid external trading costs. To the extent that registered funds holding securities without observable inputs compute their NAVs on a daily basis, a valuation would already be computed as part of the fund's NAV process and could serve as the cross-trade price under this alternative.

Because this alternative would also permit cross trades in assets without observable inputs, its principal incremental effect would involve level 3 securities, where valuation uncertainty is greater, and transaction data are generally not observable regardless of execution venue. Permitting cross trades in these securities could therefore increase the risk of economically meaningful valuation dispersion across accounts. Valuation dispersion, for these purposes, refers to pricing differences large enough to shift value between participating accounts where valuations rely heavily on subjective, non-observable inputs, such differences may be more difficult to detect and resolve.²³¹ Compliance and monitoring

processes could require greater investment and verifying the fairness of prices in illiquid or bespoke assets without observable inputs could become more challenging. The wider discretion afforded under this alternative could heighten the importance of managing advisers' incentives around trade direction, given that pricing for many newly eligible securities is highly subjective. This alternative could have the greatest incremental effect on BDCs, which generally hold a higher concentration of level 3 assets than registered funds and therefore would experience a larger expansion of securities eligible for cross trading under this approach. Finally, the broader scope of permissible trades under this alternative would introduce additional complexity for fund oversight personnel and fund boards.

Considering the greater valuation subjectivity associated with level 3 securities, this alternative may also necessitate additional safeguards beyond those in the proposal. For example, the Commission could require trade-by-trade board (or board committee) approval for cross trades in such securities, or enhanced documentation, escalation, and post-trade review processes to verify pricing fairness. These additional measures would aim to mitigate the heightened risk of valuation dispersion and adviser conflicts that would accompany permitting cross trades in securities without observable inputs.

This alternative could also affect competitive conditions if advisers differ in their ability to support more complex valuation or monitoring processes, and changes in the availability of transaction information may influence broader informational efficiency in the markets.

2. Alternative Approaches to Pricing Cross Trades

As an alternative to the two-method pricing framework proposed in the amendments, the Commission could have proposed a fully prescriptive single-method pricing requirement or, in contrast, a principles-based pricing regime that relies primarily on adviser discretion. At the most prescriptive end, the Commission could have proposed that all cross trades be valued using a single uniform method. For example, the Commission could have mandated use of the NAV price or for registered funds that do not compute NAV on a daily basis or for which a current NAV

is not available at the time of execution, a price determined consistent with the procedures and methodologies used under rule 2a–5 for determining fair value (or, for securities with readily available market quotations, at current market value). A uniform pricing mandate would provide greater consistency in the required pricing approach across advisers and complexes and could reduce oversight and compliance burdens for registered funds already computing daily NAVs. It may also simplify monitoring for boards, examiners, and investors, given that all trades would rely on a single, standardized workflow. At the same time, however, a pricing regime limited to NAV or values determined consistently with a fund's NAV processes under rules 2a–4 and 2a–5 could constrain cross-trading activity for registered funds that rely on intraday information to make a best interest determination regarding whether an intraday cross trade is appropriate. For certain securities, advisers may conclude that the mandated method does not adequately reflect time-sensitive or security-specific information, and therefore may decide not to engage in cross trades even when such trades could otherwise be efficient.²³² A uniform pricing requirement may also have distributional effects if advisers with portfolios that align poorly with the mandated method, such as closed-end funds that do not calculate NAV daily, face operational adjustments or reduced pricing accuracy.

At the opposite end of the spectrum, the Commission could have proposed a principles-based pricing regime under which advisers set cross-trade prices according to board-approved valuation policies without any prescribed pricing method in the rule. For example, advisers could be permitted to select among intraday evaluated prices, executable dealer quotes, pricing-service feeds, or model-based estimates, or even adviser-originated prices, with the selection made based on the adviser's judgment of prevailing market conditions and the pricing information available at the time. The adviser would be required to document the basis for each pricing selection.

²³¹ Academic research on corporate bond OTC markets shows that when securities lack reliable observable pricing, execution prices can vary widely across investors due to search frictions, dealer bargaining power, and limited transparency (conditions that can produce economically meaningful valuation disparities). See Maureen

O'Hara et al., *The Execution Quality of Corporate Bonds*, 130 J. Fin. Econ. 308–326 (2018); and Hendrik Bessembinder et al., *Capital Commitment and Illiquidity in Corporate Bonds*, 73 J. Fin. 1615–1661 (2018).

²³² Academic evidence indicates that corporate bond pricing and execution mechanisms that perform well in some contexts can be less reliable in others, given heterogeneity in market structure and liquidity across instruments, trade sizes, and conditions. See Terrence Hendershott & Ananth Madhavan, *Click or Call? Auction versus Search in the Over-the-Counter Market*, 70 J. Fin. 419–447 (2015); see also Raphael Schestag et al., *Measuring Liquidity in Bond Markets*, *Rev. Fin. Stud.* 1170–1219 (2016).

This could provide adaptability across market conditions and asset classes and allow advisers to incorporate the most relevant inputs available at the time of the trade. However, greater flexibility would likely require more robust controls and oversight to manage adviser discretion, particularly because, although advisers would still be subject to a best-interest obligation, the alternative would rely on adviser-performed pricing-reasonableness checks at the time of the trade rather than on periodic reasonableness reviews required under the proposed rule. Differences in advisers' valuation procedures and resources could also reduce comparability across registered funds and complicate investor assessments.

3. Trade-Level Reporting Alternatives for Cross Trades

As alternatives to the proposed reporting amendments, the Commission considered two distinct reporting frameworks for cross-trading activity: (1) public trade-level reporting of each cross trade, and (2) confidential trade-level reporting submitted only to the Commission.

Under the first alternative, the Commission could have required registered funds to provide anonymized trade-level reporting of each cross trade to a publicly available transaction-reporting mechanism, similar to the way corporate and municipal bond trades are currently reported to the TRACE and RTRS systems. Such a reporting system could capture and publish information such as the timing, price, and volume of each cross trade while shielding the identity of the fund complexes or accounts involved in the transaction. Public trade-level reporting would give investors and third-party analysts insight into the use of cross trades across registered funds. It would also provide additional pricing signals to the market that may enhance the informational efficiency of market prices for cross-traded securities and improve valuation models for those securities. Trade-level reporting would allow both market participants and regulators to monitor and evaluate the prices at which cross trades occur, providing a potential disciplining effect that might help ensure that registered funds and their advisers effect cross trades at prices that are most favorable under the circumstances for each fund to both sides of the transaction. In addition, if regulators were given private access to the identities of the counterparties involved in a cross trade along with the publicly available pricing information, it could improve

monitoring of pricing quality and adherence to cross-trading conditions. However, generating trade-level submissions would require additional operational investment. Registered funds would need to implement systems capable of capturing, validating, and reconciling trade-level records on an ongoing basis. High-volume complexes could face higher recurring burdens, while smaller registered funds might experience relatively higher costs per trade, potentially discouraging the use of cross trades altogether.²³³ These costs could be mitigated to the extent that the systems developed and maintained by funds to comply with the proposed rule's recordkeeping requirements could be leveraged for trade-level reporting purposes. Finally, adopting a trade level reporting mechanism would also raise separate operational, design, and cost considerations not contemplated by the proposed reporting amendments. For example, while registered funds have existing infrastructure for reporting on Forms N-POR and N-MFP, funds and their advisers are not currently connected to systems like TRACE and RTRS. As a result, there would be costs associated with creating such connections, including operational, legal, and technology costs and potential costs associated with engaging a third-party vendor.²³⁴

Under the second alternative, the Commission could have proposed requiring registered funds to provide detailed trade-level reports of each cross trade exclusively to the Commission on a confidential basis. This alternative could be structured either as a substitute for the proposed aggregate reporting or as a complement to it, in which case both requirements would apply simultaneously. Under this approach, regulators would retain access to rich trade-level data for oversight and analysis. Confidential trade-level reporting would provide regulators with granular supervisory data—including the timing, pricing, counterparty identity, and volume of individual cross trades—that aggregate monthly reporting does not supply. This additional detail could enhance the Commission's ability to detect pricing anomalies, identify patterns of potential

self-dealing, and assess compliance with the rule's conditions at the transaction level. Confidential submission would also reduce reputational risk for registered funds engaging in unusually large or uncommon cross trades, because the transaction-level detail would not be publicly available.

The incremental costs of this alternative relative to the proposed aggregate reporting would stem primarily from the operational requirements of trade-level data capture and submission. Registered funds would need systems capable of generating, validating, and transmitting individual transaction records rather than monthly aggregates, and high-volume complexes would face recurring burdens proportional to their cross-trading activity. The submission mechanism itself would also require design and implementation investment beyond what the proposed reporting amendments contemplate, since the form is not currently structured for this type of transaction-level reporting. Finally, confidential trade-level reporting could expose funds to the risk that this data is inadvertently exposed to external parties. To the extent that confidential trade-level reporting were adopted in addition to the proposed aggregate public disclosure, these costs would be additional to the costs of the proposed amendments, rather than a substitute for them.

If adopted as a substitute for the proposed aggregate public reporting, confidential trade-level reporting would reduce public transparency.²³⁵ Investors, researchers, and third-party analysts would have limited insight into registered funds' cross-trading practices, and the informational benefits of standardized reporting would be narrower. To the extent that public disclosure of cross-trading activity would also help improve price informativeness in public markets for securities that are cross traded, a less transparent option would forego such benefits.

G. Request for Comment

We seek comment on the economic analysis, including whether the analysis has: (1) identified all benefits and costs, including all effects on efficiency, competition, and capital formation; (2) given due consideration to each benefit and cost, including each effect on efficiency, competition, and capital

²³³ See Hendrik Bessembinder et al., *supra* note 205, finding that transaction-level transparency enhances monitoring and market quality but imposes substantial data-processing and reporting burdens, especially for high-volume institutions. See also Maureen O'Hara, *High Frequency Market Microstructure*, 116 J. Fin. Econ. 257–270 (2015) explaining that granular trade data require intensive validation, sequencing, and reconciliation, increasing operational costs for reporting entities.

²³⁴ See, e.g., SIFMA AMG Letter, Dimensional Letter.

²³⁵ See, e.g., Luigi Zingales, *The Future of Securities Regulation*, 47 J. Acct. Rsch. 391–425 (2009) (arguing that public transparency improves market discipline and external monitoring, whereas confidential disclosure limits informational benefits to external users).

formation; and (3) identified and considered reasonable alternatives to the proposed amendments. We request and encourage any interested person to submit comments regarding the proposed amendments, our analysis of the potential effects of the proposed rule, and other matters that may have an effect on the proposed rule. We request that commenters identify sources of data and information as well as provide data (with documentation) and information to assist us in analyzing the economic consequences of the proposed amendments. If available, we request that commenters provide examples to illustrate answers. In addition to our general request for comments on the economic analysis associated with the proposed amendments, we request specific comments on the following aspects of the proposal:

71. How do commenters expect the expanded scope of eligible level 2 securities to affect trading practices or operational processes? Please describe any anticipated changes under different market conditions.

72. How do funds anticipate using NAV pricing versus current-market pricing? Are there circumstances in which one approach may be more operationally feasible or cost-effective than the other?

73. What types of data sources or pricing inputs do funds expect to rely on when determining prices under the current-market-pricing option? If available, please describe any expected changes in costs or procedures associated with maintaining these sources.

74. To what extent might a change in the number of trades executed internally versus externally affect the availability of observable pricing information for level 1 and level 2 securities? If possible, please provide data or examples.

75. Are there particular asset classes or market segments where changes in public trade volume could have more noticeable effects on the reliability of pricing inputs used for valuation or risk management?

76. How do funds expect the proposed quarterly and annual review structure to affect ongoing compliance processes? Please describe anticipated resource needs or system changes.

77. What types of operational adjustments, if any, might be required to assemble and report the proposed cross-trade information on Form N-PORT and Form N-MFP? If available, please provide estimates of associated costs or time requirements.

78. Do commenters have data or examples that could assist in

quantifying potential transaction-cost savings associated with cross trades of level 2 securities? If so, please describe the methodology used.

79. How might the proposed amendments influence trading efficiency, operational workflows, or fund-level resource allocation? Please describe any expected variation across fund size, strategy, or asset classes.

IV. Paperwork Reduction Act

A. Introduction

Certain provisions of the proposed amendments contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995 (the “PRA”).²³⁶ We will submit the proposed collections of information to the Office of Management and Budget (“OMB”) for review in accordance with the PRA.²³⁷ The proposed amendments would change the current collection of information burdens of rule 17a-7, Form N-PORT, and Form N-MFP under the Investment Company Act.

The titles for the existing collections of information are “Rule 17a-7—Exemption of Certain Purchase or Sale Transactions Between an Investment Company and Certain Affiliated Persons Thereof” (OMB control number 3235-0214), “Rule 30b1-9 and Form N-PORT” (OMB control number 3235-0730), and “Rule 30b1-7 (17 CFR 270.30b1-7) under the Investment Company Act of 1940, ‘Monthly report for money market funds’ and Form N-MFP, ‘Monthly schedule of portfolio holdings of money market funds’” (OMB control number 3235-0657). 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. Each requirement to record information constitutes a collection of information requirement under the PRA. These collections of information would provide information to the Commission. The Commission staff would also use the collection of information in its examination and oversight programs. We discuss below the collection of information burdens associated with the proposed amendments.²³⁸

B. Rule 17a-7

Rule 17a-7 provides an exemption from section 17(a) of the Investment Company Act for purchases and sales of

securities between registered funds and eligible affiliates. The exemption is subject to conditions intended to reduce the likelihood of overreaching.

The current rule requires that the fund maintain and preserve permanently a written copy of the procedures adopted by the board. Under the rule, the board is required to determine, at least on a quarterly basis, that all affiliated transactions effected during the preceding quarter in reliance on the rule were made in compliance with these established procedures. The rule requires the fund to maintain written records of this board determination and each rule 17a-7 transaction for a period of not less than six years.²³⁹

We propose amendments to rule 17a-7 to, among other things, expand the securities eligible to be cross traded, modernize how cross trades are priced and overseen, and revise related recordkeeping requirements. The proposed rule would remove from rule 17a-7 the requirement to maintain and preserve permanently a written copy of the registered fund’s cross-trading procedures.²⁴⁰ Consistent with the current rule, registered funds would be required to maintain and preserve written records of cross trades for at least six years and include records on each cross trade. A fund also would be required to keep records of the information or materials the CCO used to determine whether cross trades were effected in compliance with the conditions of the proposed rule as part of its quarterly review and whether any such transaction, or pattern of transactions, may have disadvantaged the fund relative to eligible affiliates as part of its annual review. That would include information or materials related to other transactions or information necessary to evaluate those cross trades, including, as is consistent with the oversight requirement in the proposal, documentation showing that the CCO considered the timing and price of any subsequent sale of a security purchased in a cross trade. Further, the proposed amendments would require the fund to

²³⁹ Current rule 17a-7(g) requires the written record of the affiliated transaction to include the following information: a description of the security purchased or sold, the identity of the person on the other side of the transaction, the terms of the purchase or sale transaction, and the information or materials upon which the board determined that the purchase or sale complied with the procedures set by the board.

²⁴⁰ This change would remove duplication with the requirements of rule 38a-1, which requires registered funds to maintain a copy of their policies and procedures reasonably designed to prevent violation of the Federal securities laws that are in effect or were in effect at any time during the last five years. See rule 38a-1(d)(1).

²³⁶ 44 U.S.C. 3501–3521.

²³⁷ 44 U.S.C. 3507(d); 5 CFR 1320.11.

²³⁸ As discussed in more detail above, we anticipate that the economic effects of this proposal would be deregulatory in nature. See section III.D, *supra*.

keep records of the CCO's report to the fund's board on the results of the required reviews, with one type of report required at least quarterly, and the other type of report required at least annually.

The respondents to these collections of information would be registered investment companies and business development companies that make cross trades in compliance with rule 17a-7. We estimate that there are 700 such registrants.²⁴¹ Compliance with rule

17a-7 is required to obtain or retain the ability to cross trade certain securities.

In the most recent PRA submission for rule 17a-7, the Commission estimated the annual aggregate burden to comply with the current collection of information requirements is 2,230 burden hours and an external cost burden estimate of \$1,659,120.

We are adjusting upwards the collection of information burden in connection with the proposed amendments to rule 17a-7. Table 8 below summarizes our initial and

ongoing annual burden estimates associated with the proposed amendments. The figures reflect our estimates of burden hours and costs averaged across funds that are estimated to engage in cross trading, recognizing that a fund's burdens hours and costs will depend on the frequency at which the fund engages in cross trading. The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act.

TABLE 8—RULE 17a-7 PRA ESTIMATES

	Initial internal burden hours	Internal annual burden hours ¹	Wage rate ²	Internal time costs	Annual external cost burden
PROPOSED AMENDMENTS TO RULE 17a-7					
Proposed amendments to rule 17a-7	12	7 hours ³	× \$1,889	\$13,223	⁴ \$1,548
Number of registrants		× 700		× 700	× 700
Total new annual burden of amendments		4,900 hours ...		\$9,256,100	\$1,083,600
Total Estimated Burdens, Including Proposed Amendments					
Current burden estimates		2,230 hours ...			\$1,659,120
Revised burden estimates		7,130 hours ...			\$2,742,720

Certain products and sums do not tie due to rounding.

Notes:

1. Includes initial burden estimates annualized over a 3-year period.

2. The \$1,889 wage rate reflects current estimates of 0.60 of the hourly rate for a financial manager ($\$730 \times 0.6 = \$438$), 0.30 of the hourly rate for a lawyer ($\$774 \times 0.3 = \$232$) and 0.10 of the hourly rate for a fund board of directors (assuming an average of 9 directors per board) ($\$12,186 \times 0.1 = \$1,219$) in the securities industry. To estimate the \$12,186 hourly rate for a fund board of directors, Commission staff used an occupational hourly rate of \$1,354 for Chief Executives to estimate the hourly rate for a single director and assumed an average of 9 directors per board. To calculate the occupational hourly rates used in this release, the Commission uses the May 2025 occupational mean hourly wage data from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics (BLS) for "Securities, Commodity Contracts, and Other Financial Investments and Related Activities" (NAICS 523). See *Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, <https://www.bls.gov/oes/>; see also *Standard Occupational Classification*, U.S. Bureau of Labor Statistics, <https://www.bls.gov/soc/> (describing occupational classification system used by BLS); Exec. Off. of the President, Off. of Mgmt. & Budget, North American Industry Classification System (2022), available at https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf (describing the industry classification system used by BLS and other agencies). The mean hourly wage for each occupation is multiplied by an employment cost index (ECI) factor of 1.0227, calculated as one plus the percentage change in the seasonally adjusted ECI wages and salaries of private industry workers from the second quarter of 2025 (ECI=173.563), which contains the May 2025 OEWS reference period, to the first quarter of 2026 (ECI=177.498), which is the date of the most recently available ECI observations when the occupational hourly rates used in this release were calculated. See *Employment Cost Index*, U.S. Bureau of Labor Statistics, Seasonal Data 2001-Present, available at <https://www.bls.gov/eci/tables.htm>. The adjusted mean hourly wage is then multiplied by a nonwage cost adjustment factor of 5.734, which accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as the average over 2016–2025 of the ratio of the Bureau of Economic Analysis's gross output for the NAICS 523 to total wages across all occupations for the NAICS 523 in the OEWS data. See *Gross Output by Industry*, U.S. Bureau of Economic Analysis, <https://www.bea.gov/data/industries/gross-output-by-industry>; *Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, <https://www.bls.gov/oes/>. For example, the \$774 occupational hourly rate for lawyers is calculated as $\$131.91 \times 1.0227 \times 5.734$, or approximately \$774 (where \$131.91 is the May 2025 mean hourly wage for lawyers in NAICS 523). The final product is the occupational hourly rate. See generally *Updated Methodology for Calculating Occupational Hourly Rates* (Dec. 19, 2025), available at <https://www.sec.gov/files/method-occupational-hourly-rates.pdf>.

3. Our proposed estimates reflect an increase in initial burden of 12 hours, annualized over a 3-year period, (12 hours/3 = 4 hours), and an increase of ongoing annual burden of 3 hours.

4. The \$1,548 external cost burden is based on 2 hours of time spent on rule 17a-7 records and an estimated \$774 per hour cost for outside legal services.

C. Form N-PORT

Form N-PORT requires registered management investment companies (except for money market funds and small business investment companies) and ETFs that are organized as UITs to

report portfolio holdings information in a structured, XML data language. The form is filed electronically using the Commission's electronic filing system, EDGAR. We propose to amend Form N-PORT to require certain registered funds

to provide additional information about their cross trade-related purchase and sale activity.

The respondents to these collections of information would be management investment companies (other than

²⁴¹ This estimate is based on the 674 registrants as of December 2020, before rule 2a-5 went into effect, that indicated on their Form N-CEN filings that at least one of their funds/series rely on rule 17a-7. We round this to 700 registrants to recognize that the estimate based on Form N-CEN may be

under-inclusive (e.g., it does not include BDCs that relied on rule 17a-7). In the most recent PRA submission for rule 17a-7, the Commission estimated that there are 446 registrants that relied on the current rule. We estimate that the proposed amendments would result in approximately an

additional 254 registrants relying on the rule, resulting in the total estimate of 700. This figure reflects the number of registrants that we estimate would rely on proposed rule 17a-7. The number of funds/series that may rely on the rule would differ.

money market funds and small business investment companies) and ETFs that are organized as unit investment trusts. We estimate that there are 13,504 such funds required to file on Form N-PORT.²⁴² The proposed collections of information are mandatory for the identified types of funds. Certain information reported on the form is kept confidential.²⁴³

In the most recent PRA submission for Form N-PORT, the Commission estimated the annual aggregate compliance burden to comply with the current collection of information requirements in Form N-PORT is

2,000,834 burden hours and an external cost burden estimate of \$177,742,893.²⁴⁴

We estimate that registered funds prepare and file their reports on Form N-PORT either by: (1) licensing a software solution and preparing and filing the reports in house; or (2) retaining a service provider to provide data aggregation, validation, and/or filing services as part of the preparation and filing of reports on behalf of the fund. We estimate that 35% of funds subject to the Form N-PORT filing requirements license a software solution and file reports on Form N-PORT in house, and the remaining 65% retain a service provider to file reports on behalf of the fund.

We are adjusting upward the collection of information burden in connection with the proposed amendments to report cross-trade information. Table 9 below summarizes our annual burden estimates associated with the proposed amendments to Form N-PORT. The figures reflect our estimates of burden hours and costs averaged across all reporting funds, recognizing that a fund's burdens hours and costs will depend on whether the fund engages in cross trading. The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act.

TABLE 9—FORM N-PORT PRA ESTIMATES

	Internal annual burden hours	Wage rate ¹	Internal time costs	Annual external cost burden ²
PROPOSED AMENDMENTS TO FORM N-PORT				
Funds that license a software solution to prepare Form N-PORT.	1 hour	× \$462	\$462	\$100
Number of funds ³	× 4,726 .....	.....	× 4,726	× 4,726
Funds that retain the services of a third-party vendor to prepare Form N-PORT.	1 hour	× \$462	462	200
Number of funds ³	× 8,778 .....	.....	× 8,778	× 8,778
Total new annual burden of amendments	13,504 hours .....	.....	6,238,848	2,228,200
Total Estimated Burdens, Including Proposed Amendments				
Current burden estimates	2,070,316 hours .....	.....	.....	177,742,893
Revised burden estimates	2,083,820 hours .....	.....	.....	179,971,093

Certain products and sums do not tie due to rounding.

Notes:

¹ The \$462 wage rate reflects current estimates of the blended hourly rate for an accountant and auditor (\$330), paralegal and legal assistant (\$281), and attorney (\$774) in the securities industry. For additional information on the methodology used to calculate this rate, please see the explanation in Table 8, note 2.

² Our proposed estimates reflect an increase of external cost of \$100 for funds that license a software solution to prepare Form N-PORT reports and an increase of external cost of \$200 for funds that retain the services of a third-party vendor to prepare Form N-PORT reports.

³ Based on Commission filings, we estimate that there are 13,504 funds that file reports on Form N-PORT. We estimate that 35% of these funds (or 4,726) would license a software solution to prepare Form N-PORT while 65% (or 8,778) would rely on a third-party vendor.

D. Form N-MFP

Form N-MFP requires every registered investment company that is regulated as a money market fund under rule 2a-7 to report portfolio holdings in a structured, XML data language. The form is filed electronically using the Commission's electronic filing system, EDGAR. We propose to amend Form N-

MFP to require money market funds to provide additional information about their cross trade-related purchase and sale activity.

The respondents to these collections of information would be money market funds. We estimate that there are 318 such funds required to file on Form N-MFP.²⁴⁵ The proposed collections of

information are mandatory for the identified types of funds.

In the most recent PRA submission for Form N-MFP, the Commission estimated the annual aggregate compliance burden to comply with the current collection of information requirements in Form N-MFP is 46,000

²⁴² This estimate of the number of registered funds required to file on Form N-PORT is based on data from filings with the Commission as of Dec. 31, 2025.

²⁴³ See General Instruction F of Form N-PORT.

²⁴⁴ The most recent Form N-PORT PRA submission was approved in 2024 (OMB Control No. 3235-0730). In 2024, the Commission adopted amendments to Form N-PORT that require funds to file monthly reports within 30 days of month end and that provide for publication of monthly reports with additional delay. While these amendments

have not gone into effect, the approved PRA estimates reflect those amendments. As a result, the current burden estimates reflect the burden hours and external costs associated with a requirement for registered funds to file monthly reports with the Commission within 30 days of month end. In connection with the 2024 amendments, the Commission did not estimate additional burdens associated with changing the publication frequency of Form N-PORT reports. In 2026, the Commission proposed changes that, among other things, would provide registered funds with additional time to file monthly Form N-PORT reports and restore a

quarterly publication frequency. See Form N-PORT Reporting Release, *supra* note 116. As the proposed cross trading reporting requirements would follow the same timeframes as generally required for Form N-PORT, if we were to adopt the Form N-PORT proposal, we also expect that the proposed cross trading reporting items would be reported and made public at the amended timeframes.

²⁴⁵ This estimate of the number of registered funds required to file on Form N-MFP is based on data from filings with the Commission for filings received through March 2026.

burden hours and an external cost burden estimate of \$2,881,428.²⁴⁶

We are adjusting upward the collection of information burden in connection with the proposed amendments to report cross trade-related information. Table 10 below

summarizes our annual burden estimates associated with the proposed amendments to Form N-MFP. The figures reflect our estimates of burden hours and costs averaged across all reporting funds, recognizing that a

fund's burdens hours and costs will depend on whether the fund engages in cross trading. The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act.

TABLE 10—FORM N-MFP PRA ESTIMATES

	Internal annual burden hours	Wage rate ¹	Internal time costs	Annual external cost burden ²
PROPOSED AMENDMENTS TO FORM N-MFP				
Reporting for Money Market Funds	1 hour	× \$459	\$459	\$100
Estimated Number of Money Market Funds ³	× 318 .....	.....	× 318	× 318
Total new annual burden of amendments	318 hours .....	.....	145,962	31,800
Total Estimated Burdens, Including Proposed Amendments				
Current burden estimates	46,000 hours .....	.....	.....	2,881,428
Revised burden estimates	46,318 hours .....	.....	.....	2,913,228

Certain products and sums do not tie due to rounding.

Notes:

¹ This represents a blended hourly rate of \$459 for a Financial Manager (\$730 per hour), Accountant and Auditor (\$330 per hour), Database Administrator (\$375 per hour), and Financial and Investment Analyst (\$399 per hour). The blended hourly rate was calculated as $(\$730 + \$330 + \$375 + \$399)/4 = \$459$, as rounded to the nearest whole dollar. For additional information on the methodology used to calculate this rate, please see the explanation in Table 8, note 2.

² Our proposed estimates reflect an increase of external cost of \$100 to prepare Form N-MFP reports.

³ This estimate is based on Form N-MFP filings as of March 2026.

E. Request for Comment

We request comment on whether these estimates are reasonable. Pursuant to 44 U.S.C. 3506(c)(2)(B), the Commission solicits comments in order to: (1) evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (2) evaluate the accuracy of the Commission's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) determine whether there are ways to enhance the quality, utility, and clarity of the information to be collected; and (4) determine whether there are ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Persons wishing to submit comments on the collection of information requirements of the proposed amendments should direct them to the OMB Desk Officer for the Securities and Exchange Commission, [MBX.OMB.OIRA.SEC_desk_officer@](mailto:MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov)

omb.eop.gov, and should send a copy to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, using any of the methods in the **ADDRESSES** section, with reference to File No. S7-2026-36. OMB is required to make a decision concerning the collections of information between 30 and 60 days after publication of this release; therefore a comment to OMB is best assured of having its full effect if OMB receives it within 30 days after publication of this release. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7-2026-36, and be submitted to the Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736.

V. Initial Regulatory Flexibility Analysis

The Commission has prepared the following Initial Regulatory Flexibility Analysis ("IRFA") in accordance with section 3(a) of the Regulatory Flexibility Act ("RFA").²⁴⁷ It relates to the proposed amendments to rule 17a-7, Form N-PORT, and Form N-MFP.

A. Reason for and Objectives of the Rule and Form Amendments

The Commission proposes to modernize and enhance rule 17a-7 primarily by expanding the types of securities that are eligible to be cross traded, updating the rule's pricing conditions, and replacing the rule's current board oversight requirements with a framework that is intended to allocate oversight responsibility in an effective manner and enhance investor protection. The amendments also include changes to the rule's recordkeeping requirements and provisions regarding certain payments in connection with cross trades. In addition, the Commission proposes to amend Form N-PORT and Form N-MFP to require registered funds that engaged in cross trades in reliance on rule 17a-7 during the preceding twelve-month period to report aggregate information, by asset class (or category of investment, in the case of Form N-MFP), about the value of securities a registered fund bought or sold, as well as the value of securities bought or sold in cross trades, during the reporting period.²⁴⁸ The objectives of the amendments are to broaden registered funds' abilities to engage in cross trades that are beneficial to funds and their shareholders (*e.g.*, by

²⁴⁶ The most recent Form N-MFP PRA submission was approved in 2023 (OMB Control No. 3235-0657).

²⁴⁷ 5 U.S.C. 603(a).

²⁴⁸ See *supra* note 111 for differences between the forms.

avoiding certain transaction costs) while enhancing investor protections around these activities through effective oversight and additional transparency. Each of these objectives is discussed in detail in section II above.

B. Legal Basis

The Commission proposes the rule and form amendments contained in this document under the authority set forth in the Investment Company Act, particularly sections 6(c), 8, 17, 24, 30, 31, and 38 [15 U.S.C. 80a–1 *et seq.*].

C. Small Entities Subject to Rule and Form Amendments

For purposes of Commission rulemaking in connection with the Regulatory Flexibility Act, an investment company is a small entity if, together with other investment companies in the same group of related investment companies, it has net assets of \$50 million or less as of the end of its most recent fiscal year.²⁴⁹ Commission staff estimates that, as of December 31, 2025, there are approximately 62 registered funds that are small entities. This includes 20 registered open-end mutual funds (including 1 money market fund), 7 registered ETFs, 34 registered closed-end funds, and 1 UIT that are small entities. Additionally, as of the same date, there are approximately 5 BDCs that are small entities.

D. Projected Reporting, Recordkeeping, and Other Compliance Requirements

The proposed amendments include reporting, recordkeeping, and other compliance requirements that would apply to small entities that rely on rule 17a–7 to conduct cross trades. We lack reliable data to estimate how many of the registered funds and BDCs that are small entities would choose to engage in cross trades under the proposed amendments. Because rule 17a–7 is an exemptive rule, registered funds are not required to engage in cross-trading activity. As a result, we expect that a registered fund—including a small entity—would choose to conduct cross trades under the proposed amendments to the extent that the benefits of cross trading (e.g., the avoided transaction costs) would justify the regulatory costs (e.g., the reporting, recordkeeping, and other compliance costs). We recognize

that, due to economies of scale, smaller funds may be less likely to rely on rule 17a–7 to engage in cross trading as a general matter. This is because smaller funds may be less likely to benefit from cross trading (for example, due to fewer trading opportunities with eligible affiliates relative to larger funds). Due to the potential for smaller benefits, small entities likewise may be less willing to experience regulatory costs to be able to cross trade.

1. Reporting

Under the proposed amendments to Form N–PORT and Form N–MFP, registered funds that report on the forms and that engaged in cross trades of portfolio investments in reliance on rule 17a–7 during the preceding twelve-month period would be required to report the aggregate value of portfolio investments purchased or sold during the reporting period, calculated on a gross basis, and by asset type (or category of investment, in the case of Form N–MFP). Such registered funds also would be required to report the aggregate value of portfolio investments purchased or sold in cross trades in reliance on rule 17a–7 during the reporting period, by asset type (or category of investment). This information would assist investors, the Commission, and its staff in understanding the volume and nature of cross-trading activity across the registered fund industry. Further, the transparency provided by the reporting may help mitigate the potential conflicts of cross trading.

This reporting requirement would impose burdens on all Form N–PORT and Form N–MFP reporting funds that engage in cross trading, including those that are small entities. The specifics of these burdens are discussed in the Economic Analysis and Paperwork Reduction Act sections above. These sections also discuss the professional skills associated with complying with these requirements. The costs of compliance with the forms' reporting requirements would vary based on whether a registered fund engages in cross trading and, if so, the scope of those activities (e.g., whether occurring in a single asset class or across multiple asset classes). As discussed above, we expect that registered funds that are small entities are less likely to engage in cross trades than larger funds. However, to the extent that small entities engage in cross trades, the compliance costs of Form N–PORT and Form N–MFP reporting likely would not be meaningfully different for smaller versus larger funds.

2. Recordkeeping

Registered funds that conduct cross trades under rule 17a–7 currently are required to maintain certain records related to their cross trades. In addition to requiring maintenance of those records, the proposed amendments would amend the recordkeeping requirements to require registered funds to maintain records of the information or materials the CCO uses to make the required determinations in connection with its quarterly and annual reviews and the CCO's reports to the board. The proposed amendments are designed to show compliance with the proposed amendments to rule 17a–7, help establish that a cross trade was in the best interests of the registered fund (rather than giving special treatment to affiliated party), and provide important information about cross-trading activity to Commission staff in connection with examinations.

The proposed recordkeeping amendments would impose burdens on all funds, including those that are small entities. We discuss the specifics of these burdens in the Economic Analysis and Paperwork Reduction Act sections above. These sections also discuss the professional skills associated with complying with these requirements. Small entities that currently rely on rule 17a–7 would already have recordkeeping systems related to their cross trades, but small entities that would newly engage in cross trades under the proposed rule may not have recordkeeping systems related to cross trades. As a result, the burdens of the recordkeeping requirements may differ between small entities based on whether they previously engaged in cross trading under the rule. Further, while small entities would already have recordkeeping systems related to their cross trades, those systems may need to be updated to the extent that the proposed amendments require different records from current practice. We would expect larger funds or funds that are part of a large fund complex to incur higher costs related to the new recordkeeping requirements in absolute terms relative to a smaller fund or a fund that is part of a smaller fund complex. However, we would expect a smaller fund to find it more costly, per dollar managed, to comply with the proposed recordkeeping requirements because it would not be able to benefit from a larger fund complex's economies of scale.

3. Oversight Requirements

The proposed amendments would require the fund's CCO, rather than the

²⁴⁹ See 17 CFR 270.0–10(a). The Commission has a pending proposal addressing the definition under the Investment Company Act of small organization and small business for purposes of the Regulatory Flexibility Act. The Commission encourages commenters to review the proposal to determine whether it might affect their comments on this IRFA. See Small Entity Proposing Release, *supra* note 134.

fund's board, periodically to review the fund's cross trades, while still requiring oversight by the fund's board. Specifically, the proposed amendments would require a registered fund's CCO to conduct quarterly and annual reviews and to report the results of those reviews to the board. The quarterly review would involve a review of all cross trades during the period to determine their compliance with the rule. The annual review would involve a review of cross trades during the period, and other transactions by the fund or information necessary to evaluate the cross trades (including timing and price of any subsequent sales of securities purchased in cross trades), to determine if cross trades may have disadvantaged the registered fund relative to the eligible affiliate. The proposed amendments would eliminate provisions in the current rule that place additional requirements on fund boards, including to make at least quarterly determinations that cross trades were done in compliance with the fund's procedures and to adopt cross-trade procedures. The proposed amendments are designed to better align oversight requirements to business responsibilities, reduce burden on fund boards, and remove duplication with rule 38a-1.

The proposed CCO review and board reporting amendments would impose burdens on all funds, including those that are small entities. We discuss the specifics of these burdens in the Economic Analysis and Paperwork Reduction Act sections above. These sections also discuss the professional skills associated with complying with these requirements. We anticipate that the burdens associated with the proposed CCO review and board reporting requirements would vary depending on the volume and scope of a fund's cross-trading activities. To the extent that registered funds that are small entities engage in smaller volumes of cross trades relative to larger funds, as we anticipate would generally be the case, the burdens of the CCO review and board reporting requirements for small entities should likewise be smaller.

E. Duplicative, Overlapping, or Conflicting Federal Rules

The Commission has not identified any Federal rules that duplicate, overlap, or conflict with the proposed amendments.

F. Significant Alternatives

The RFA directs the Commission to consider significant alternatives that would accomplish our stated objectives, while minimizing any significant

economic impact on small entities. We considered the following alternatives for small entities in relation to the proposed requirements to enhance the benefits of the proposal for small entities: (1) establishing different requirements that take into account the resources available to small entities; (2) exempting small entities from all or part of the requirements; (3) clarifying, consolidating, or simplifying requirements under the proposed rule for small entities; and (4) using performance rather than design standards.

Although we are not proposing different requirements for small entities, including consolidated or simplified requirements specifically for small entities, some aspects of the proposal, such as the ability to use NAV pricing to price cross trades, may help reduce compliance costs for small entities. Many registered funds, including many that are small entities, already compute their NAVs on a daily basis and have existing processes around these valuations. Rather than requiring a separate process for determining the price of cross trades, the proposed rule would allow registered funds to leverage their existing valuation processes to price cross trades. We are not proposing to allow only small entities to use NAV pricing because we view it as a fair and appropriate way to price cross trades generally, regardless of fund size.

With respect to consolidated or simplified requirements, we considered simplifying the oversight framework in the proposed rule for small entities. For example, rather than requiring separate quarterly and annual reviews, we considered requiring small entity CCOs to review and report to the board at least annually whether cross trades conducted during the review period complied with the rule and may have disadvantaged the fund relative to eligible affiliates. This annual review and report cadence would align with other review and reporting obligations for fund CCOs under rule 38a-1 and may reduce burdens on small entities by requiring less frequent reviews and reports to the fund's board. If small entities engage in cross trades infrequently and in small sizes, this annual review cadence may be effective at addressing conflict of interest and overreach concerns without undermining investor protection. However, the size of a registered fund does not necessarily dictate the frequency and volume of its cross trades. As a result, there is a risk that an annual review requirement would not be effective for all small entities, particularly those that engage in cross

trading at some frequency. Thus, we propose the same oversight requirements for all registered funds, regardless of size, but request comment on whether the oversight requirements should be consolidated or simplified for small entities.

The conditions necessary to rely on proposed rule 17a-7, and the associated reporting and recordkeeping requirements, are designed to allow registered funds to engage in a broader range of cross trades where such trades are beneficial to fund shareholders, while preventing cross trades that involve overreaching or other investor protection concerns. We are not proposing to exempt small entities from some or all these requirements because the investor protection benefits should apply to investors in smaller funds as well as investors in larger funds. We considered exempting registered funds that are small entities from the proposed requirement to report aggregate cross trading on Form N-PORT and Form N-MFP. If small entities engage in cross trades infrequently and in small sizes, the value of the reported information would be less significant than for larger funds that cross trade more frequently and in larger amounts. At the same time, the size of a registered fund does not necessarily dictate the frequency and volume of its cross trades. In addition, even though a small entity's cross-trading activity is likely small relative to the overall market, that does not mean the activity is insignificant to the fund itself. Because we propose to mitigate the costs of Form N-PORT and Form N-MFP reporting by requiring aggregate cross-trading information, and because a small entity may engage in levels of cross trades that are significant in the context of that particular fund, we propose to require small entities to report cross-trading information on Form N-PORT and Form N-MFP. However, we are requesting comment on whether small entities should be excluded from the proposed amendments to these forms.

With respect to the use of performance rather than design standards, the proposed rule includes a mix of performance and design standards. For instance, the proposed rule includes performance standards in the current market pricing provision and in the provisions regarding CCO reviews. These provisions identify the objectives that funds must achieve (*e.g.*, using a price that reasonably represents the current market price, and reviewing cross trades for compliance with the rule) without mandating the particular approach to achieving the objectives. The proposed rule also includes some

design standards. For example, the proposed rule identifies the scope of securities that registered funds could cross trade under the rule. As discussed above, limiting the scope of securities under the rule is designed to prevent overreaching and ensure that there is independent pricing information about securities that registered funds are permitted to cross trade. We are not proposing to use solely performance standards in the proposed rule because cross trades involve conflicts of interest, and thus the conditions of the proposed rule must be specifically designed to protect investors from the overreaching that can result from such conflicts.

G. Request for Comment

The Commission requests comments regarding this IRFA. We request comments on the number of small entities that may be affected by our proposed amendments and whether the proposed amendments would have any effects not considered in this analysis. We request that commenters describe the nature of any effects on small entities subject to the rules and forms, and provide empirical data to support the nature and extent of such effects. We also request comment on the proposed compliance burdens and the effect these burdens would have on smaller entities.

VI. Congressional Review Act

For purposes of Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (also known as the Congressional Review Act),²⁵⁰ the Commission must seek OMB's determination whether a final regulation constitutes a "major" rule. Under the Congressional Review Act, a rule is considered "major" where, if adopted, it results in or is likely to result in:

- An annual effect on the economy of \$100 million or more;
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment, or innovation.²⁵¹

To help inform OMB's determination as to whether any final rule that results from the proposal would be a "major rule," the Commission solicits comment and data on:

- The potential effect on the U.S. economy on an annual basis;
- Any potential increase in costs or prices for consumers or individual industries; and
- Any potential effect on competition, investment, or innovation.

Commenters are requested to provide empirical data and other factual support for their views to the extent possible, to inform OMB's determination regarding whether any final rule following this proposal is likely to be a "major rule" for the purposes of the Congressional Review Act.

VII. Other Matters

This action is an economically significant regulatory action under section 3(f)(1) of Executive Order 12866 and has been reviewed by OMB, consistent with Executive Order 14215. This action, if finalized as proposed, is expected to be an Executive Order 14192 deregulatory action.

Statutory Authority

The Commission proposes the amendments to rule 17a-7 under the authority set forth in the Investment Company Act, particularly sections 6(c), 17, 31, and 38 thereof [15 U.S.C. 80a-6(c), 80a-17, 80a-30, and 80a-37]. The Commission proposes amendments to Form N-PORT and Form N-MFP under the authority set forth in the Investment Company Act, particularly sections 8, 24, 30, and 38 thereof [15 U.S.C. 80a-8, 80a-24, 80a-29, and 80a-37].

List of Subjects in 17 CFR Parts 270 and 274

Investment companies, Reporting and recordkeeping requirements, Securities.

Text of Rule and Form Amendments

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

PART 270—RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

- 1. The authority for part 270 continues to read, in part, as follows:

Authority: 15 U.S.C. 80a-1 *et seq.*, 80a-34(d), 80a-37, 80a-39, 1681w(a)(1), 6801-6809, 6825, and Pub. L. 111-203, sec. 939A, 124 Stat. 1376 (2010), unless otherwise noted.

* * * * *

- 2. Amend § 270.17a-7 by revising to read as follows:

§ 270.17a-7 Exemption of certain purchase or sale transactions between an investment company and certain affiliated persons thereof.

(a) *Exemption for certain cross trades.* If the conditions of paragraph (b) of this section are satisfied, a purchase or sale transaction between a fund and an eligible affiliate is exempt from section 17(a) of the Act.

(b) *Conditions.*

(1) The transaction is a purchase or sale of a security for which market quotations are readily available or that would be valued by the fund based on inputs that are observable, either directly or indirectly.

(2) The transaction is effected at the independent current market price of the security. For purposes of this paragraph, the "independent current market price" is:

(i) The value the fund ascribes to the security in its next computation of the fund's current net asset value under section 2(a)(41) of the Act (15 U.S.C. 80a-2(a)(41)) and §§ 270.2a-4 and 270.2a-5 on the business day on which the transaction occurs; or

(ii) The price determined by the fund's investment adviser to reasonably represent the current market price for the security using one or more unaffiliated pricing sources, provided that the adviser periodically reviews the reasonableness of prices used under this paragraph (b)(2)(ii).

(3) The transaction involves no consideration, other than cash payment against prompt delivery of a security, and no remuneration is paid in connection with the transaction, other than *de minimis* payments to unaffiliated parties for services provided for clearing, settlement, custody, recording, or reporting of the transaction.

(4) The transaction is consistent with the fund's policies and investment strategies, as recited in its registration statement and reports filed under the Act.

(5) The fund's investment adviser determines prior to the transaction that it is in the best interest of the fund.

(6) The fund's board of directors satisfies the fund governance standards defined in § 270.0-1(a)(7).

(7) The fund's chief compliance officer:

(i) Reviews no less frequently than quarterly all transactions during the preceding quarter that were effected under this section to determine their compliance with this section;

(ii) Reviews no less frequently than annually transactions during the preceding period that were effected under this section, as well as other transactions by the fund or information necessary to evaluate transactions effected under this section (including the timing and price of a subsequent sale of a security purchased under this section), to determine whether any such transaction, or pattern of transactions, may have disadvantaged the fund relative to the eligible affiliate(s); and

(iii) Reports to the fund's board of directors no less frequently than

²⁵⁰ See 5 U.S.C. chapter 8.

²⁵¹ See 5 U.S.C. 804(2) (defining "major rule").

quarterly on the results of the review under paragraph (b)(7)(i) of this section and no less frequently than annually on the results of the review under paragraph (b)(7)(ii) of this section.

(c) *Recordkeeping.* The fund must maintain and preserve for a period not less than six years from the end of the fiscal year in which any transactions effected under this section occurred, the first two years in an easily accessible place, a written record of:

(1) Each transaction, setting forth a description of the security purchased or sold, the identity of the eligible affiliate on the other side of the transaction, and the terms of the purchase or sale transaction;

(2) The information or materials upon which the determination described in paragraph (b)(7)(i) of this section was made, including information or materials used to determine that each condition under paragraph (b)(1) through (6) of this section was satisfied with respect to each transaction;

(3) The information or materials upon which the determination described in paragraph (b)(7)(ii) of this section was made, including information or materials related to other transactions or information reviewed under paragraph (b)(7)(ii) of this section; and

(4) The reports to the fund's board of directors provided under paragraph (b)(7)(iii) of this section.

(d) *Definitions.* For purposes of this section:

Eligible affiliate means, with respect to a fund:

(i) Another fund that is an affiliated person, or an affiliated person of an affiliated person, of such fund; and

(ii) A person that is an affiliated person, or an affiliated person of an affiliated person, of the fund solely by reason of having a common investment adviser, investment advisers that are affiliated persons of each other, common directors, and/or common officers.

Fund means a registered investment company, including any separate series thereof.

Unaffiliated means a person other than:

(i) An affiliated person or promoter of, or principal underwriter for, a fund; or

(ii) Any affiliated person of such person, promoter, or principal underwriter.

PART 274—FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940

■ 3. The general authority citation for part 274 continues to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b), 78l, 78m, 78n, 78n-1, 78o(d), 80a-8, 80a-24, 80a-26, 80a-29, and sec. 939A, Pub. L. 111-203, 124 Stat. 1376, unless otherwise noted.

■ 4. Amend Form N-PORT (referenced in § 274.150) by adding new Item B.12.

Note: Form N-PORT is attached as Appendix A to this document. Form N-PORT will not appear in the Code of Federal Regulations.

■ 5. Amend Form N-MFP (referenced in § 274.201) by adding new Item A.23.

Note: Form N-MFP is attached as Appendix B to this document. Form N-MFP will not appear in the Code of Federal Regulations.

By the Commission.

Dated: October 9, 2026.

Vanessa A. Countryman,
Secretary.

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

Appendix A—Form N-PORT

Form N-PORT

* * * * *

Item B.12. Cross-Trading Information. Has the Fund engaged in cross trades of portfolio investments in reliance on rule 17a-7 [17 CFR 270.17a-7] during the preceding twelve-month period? [Y/N] If yes, provide the following to the nearest cent in U.S. dollars for each asset type category specified in Item C.4.a. For purposes of this Item, aggregate value means the value of portfolio investments purchased or sold calculated on a gross basis, without netting any purchases and sales. Do not include portfolio investments that the

Fund held until maturity in the aggregate value of portfolio investments the fund sold.

a. The aggregate value of portfolio investments the Fund purchased under rule 17a-7 during the reporting period;

b. The aggregate value of portfolio investments the Fund purchased during the reporting period;

c. The aggregate value of portfolio investments the Fund sold under rule 17a-7 during the reporting period; and

d. The aggregate value of portfolio investments the Fund sold during the reporting period.

* * * * *

Appendix B—Form N-MFP

Form N-MFP

* * * * *

Item A.23. Cross-Trading Information. Has the fund engaged in cross trades of portfolio securities in reliance on rule 17a-7 [17 CFR 270.17a-7] during the preceding twelve-month period?

☐ Yes ☐ No

If Yes, answer Item A.23.a through d. Provide the following to the nearest cent in U.S. dollars for each category of investment as specified in Item C.6. For purposes of this Item, aggregate value means the value of portfolio securities purchased or sold calculated on a gross basis, without netting any purchases and sales. Do not include portfolio securities that the fund held until maturity in the aggregate value of portfolio securities the fund sold.

a. The aggregate value of portfolio securities the fund purchased under rule 17a-7 during the reporting period:

b. The aggregate value of portfolio securities the fund purchased during the reporting period:

c. The aggregate value of portfolio securities the fund sold under rule 17a-7 during the reporting period:

d. The aggregate value of portfolio securities the fund sold during the reporting period:

* * * * *

[FR Doc. 2026-21037 Filed 10-14-26; 8:45 am]

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