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

GOVERNMENT ACCOUNTABILITY OFFICE

4 CFR Part 28

Personnel Appeals Board; Procedural Rules

AGENCY: Government Accountability Office Personnel Appeals Board, Government Accountability Office.

ACTION: Final rule.

SUMMARY: The Government Accountability Office Personnel Appeals Board (PAB or Board) is amending several significant changes to its existing regulations to streamline and modernize case processing before the Board. The General Accounting Office Personnel Act of 1980 provides authority to make these changes.

DATES: This rule is effective as of December 24, 2026.

FOR FURTHER INFORMATION CONTACT: Kimberly McLeod, Executive Director, or Molly Dennison, Solicitor, 202–512–6137, *pab@gao.gov.*

SUPPLEMENTARY INFORMATION: The Board is codifying a process to submit pleadings and to execute service of process through electronic means. The Board will also begin requiring the submission of a petition form to ensure the Board is appraised of the crucial case-related information at the beginning of the case. The Board is also eliminating the automatic commencement of discovery upon the issuance of notice of petition to allow the administrative judge to tailor the process on a case-by-case basis.

The Board has implemented local rules for practice to aid *pro se* parties and representatives who are unfamiliar with PAB processes. The local rules and petition form are available for viewing on the PAB website at *www.pab.gao.gov.*

The Board has removed §§ 28.46–28.50 relating to subpoenas issued by the Board. The Board has also clarified language related to issuing of stays of personnel actions. The Board has also clarified the class certification process.

The Board received two sets of comments on the proposed rule. The Board carefully reviewed and considered all the comments and addresses them in this final rule.

The Government Accountability Office (GAO) is not subject to the Administrative Procedure Act and accordingly the PAB is not required by law to seek comments before issuing a final rule. The Board is authorized by Congress, pursuant to 31 U.S.C. 751–755, to hear and decide cases brought by GAO employees, applicants for employment, and unions concerning various personnel matters, including adverse or performance-based actions, claims of discrimination, alleged prohibited personnel practices, and labor-management relations. The Board also exercises oversight authority over GAO's Equal Employment Opportunity (EEO) program. The Board's procedural regulations applicable to GAO appear at 4 CFR parts 27 and 28. The Board is revising these regulations to maximize administrative efficiency, streamline processes, and modernize litigation processes to provide electronic means for communication, filing, and service.

Background: On August 7, 2026, PAB published a proposed rule in which it proposed to amend various sections to 4 CFR part 28.

Summary of Comments: Interested persons were invited to submit comments on PAB's proposed rule by September 8, 2026. The Board received comments from two individuals. In adopting this final rule, PAB has carefully considered all comments received. A summary of the more significant comments concerning the proposed rule is set forth below.

Automatic Start on Discovery Clock

One commenter expressed concern with the elimination of 4 CFR 28.42(d)(1), ''[r]equests for discovery shall be served within 30 days after the service list is served by the Board on all parties.'' The commenter noted that this amounted to a change that altered the process from the MSPB timeline contained in 5 CFR 1201.73(d)(1). The commenter also expressed concerns that this change would prevent parties from being able to fully engage in the discovery process.

The Board believes the elimination of an automatic start to discovery will benefit all parties. The discovery process can be lengthy, expensive, and time-consuming. It may also be confusing for *pro se* individuals. The proposed rule protects the interests of *pro se* individuals who may not be familiar with the regulations and thus are more likely to inadvertently miss the deadline to initiate discovery in the prosecution of their claims, leaving them without a vital tool for gathering evidence for their cases. It is also important to note that the PAB's broad jurisdiction encompasses cases governed by varying administrative processes, *e.g.,* Equal Employment Opportunity (EEO), labor-management relations, as well as agency disciplinary and other appeals. Hence, the PAB's discovery rules must also be flexible enough to accommodate its broad jurisdiction. Under these circumstances, the PAB determined that the discovery process will provide more value if there is an opportunity to review the matters at issue and allow parties to discuss their unique needs with the administrative judge via an initial status conference, before setting a discovery schedule.

The proposed rule is not a means for a party to avoid discovery. Instead, this change provides protections to *pro se* parties and flexibility to PAB administrative judges. Concern that such a change would drop PAB protections below the MSPB baseline, directly breaching 31 U.S.C. 753, is unfounded as the express wording of 5 CFR 1201.73, governing MSPB discovery, also subjects the initiation of discovery deadlines to the discretion of the judge. Therefore, it is reasonable for the PAB to allow the administrative judge an opportunity to hold an initial conference with parties before setting a discovery schedule.

Local Rules

Commenters expressed concern that *pro se* individuals would have trouble finding the filing, formatting, and length requirements if they were moved from the regulations to the Local Rules. PAB believes that this move will aid *pro se* individuals. First, the process at GAO for addressing employment and personnel concerns involves a higher level of engagement and assistance to potential petitioners before filing than executive branch administrative forums. All potential petitioners have an

opportunity to consult with a legal office dedicated to assisting them through the process, the PAB/OGC. This engagement will provide ample opportunity for individualized discussion and counseling on the process, including referral to the Local Rules and relevant regulations. Additionally, administrative judges retain their discretion to accept nonconforming filings or simply allow the party to refile correctly.

Subpoenas and Third-Party Witnesses

The commenters expressed concerns about the removal of the regulations related to the PAB issuing subpoenas. One commenter stated that such a removal now amounts to the PAB process ''fail[ing] the statutory equivalence test of 31 U.S.C. 753(a) [sic].''

The change regarding subpoenas is not a violation of the direction to GAO contained in 31 U.S.C. 753(e), requiring that GAO's process should ''provid[e] for officer and employee appeals consistent with sections 7701 and 7702 of title 5 . . . [of the CFR]'' *Id.* Neither section cited from Title 5 addresses or requires administrative hearings to provide for subpoenas. In fact, it is worth noting that these statutes are silent on the subject and in doing so, do not grant the executive tribunals subpoena enforcement authority.

The Board's removal of the subpoena process from its regulations does not result in creating a purely voluntary discovery process as commenters suggest. GAO and other Federal agencies recognize each other's administrative processes and generally, as employers, compel the participation of third parties who are still employed by the federal government. The Board retains full sanction authority to address uncooperative parties or a failure to follow judges' orders.

The PAB further believes this change does not run afoul of the procedural requirements contained in 31 U.S.C. 753(e) as it is required to provide processes as outlined in 5 U.S.C. 7701–02 as these statutes do not reference the issuance of subpoenas. The PAB has no congressionally delegated authority to issue enforceable subpoenas but may issue an adverse inference sanction when the agency has failed to make a good faith effort to produce third party witnesses.

List of Subjects in 4 CFR Part 28

Administrative procedure, Claims processing, Government employees, Class certification.

For the reasons stated in the preamble, GAO amends 4 CFR part 28 as follows:

PART 28—GOVERNMENT ACCOUNTABILITY OFFICE PERSONNEL APPEALS BOARD; PROCEDURES APPLICABLE TO CLAIMS CONCERNING EMPLOYMENT PRACTICES AT THE GOVERNMENT ACCOUNTABILITY OFFICE

■ 1. The authority citation for part 28 continues to read as follows:

Authority: 31 U.S.C. 753.

■ 2. Amend § 28.4 by revising paragraphs (b) and (d) to read as follows:

§ 28.4 Computation of time.

* * * * *

(b) Whenever a party has the right or is required to do some act within a prescribed period after the service of a notice or other document upon them and the notice is served electronically, the time shall be computed as described in paragraph (a) of this section. If the notice is served by mail, five (5) days shall be added to the prescribed period.

* * * * *

(d) To compute a deadline the Board will consider a day to end after 11:59 p.m. Eastern Time. Administrative Judges can choose to alter the applicable time zone at their discretion.

§ 28.8 [Amended]

■ 3. Amend § 28.8 in paragraph (a) by removing the text ''Board's Executive Director, Director of EEO Oversight, Solicitor,''.

■ 4. Amend § 28.9 by revising paragraph (b) to read as follows:

§ 28.9 Procedures; general.

* * * * *

(b) All pleadings, motions, or supporting memoranda filed with the Board shall comply with the formatting and organization requirements contained in the Board's local rules on the PAB website at *https://pab.gao.gov.* The Board or the administrative judge may permit a deviation from the local rules upon a showing of good cause.

■ 5. Amend § 28.11 by:
■ a. In paragraphs (b)(1) and (2), removing the text ''30 days'' and adding, in its place, the text ''45 days'';
■ b. Revising paragraph (b)(4);
■ c. Adding paragraph (b)(5);
■ d. Revising paragraph (c) and paragraph (d) introductory text; and
■ e. Adding paragraphs (d)(7)(i) and (ii) and a heading for paragraph (e).

The revisions and additions read as follows:

§ 28.11 Filing a charge with the Office of General Counsel.

* * * * *

(b) * * *

(4) Charges relating to continuing violations must be filed within 45 days of at least one act or incident contributing to the continuing violation.

(5) Charges relating to unfair labor practices shall be filed in accordance with the rules set forth in § 28.121.

(c) *How to file.* Charges may be filed with the Office of General Counsel by email or by U.S. Mail.

(1) A charge may be filed by sending the charge as an attachment to an email addressed to *pabogc@gao.gov.* When filed electronically, the filing date is the date and time the email is delivered to the *pabogc@gao.gov* mailbox.

(i) In the event a charge is mistakenly sent to the *pab@gao.gov* mailbox instead of the *pabogc@gao.gov* mailbox, the Office of General Counsel may treat the filing as if it had been sent to the *pabogc@gao.gov* mailbox for timeliness purposes.

(ii) [Reserved]

(2) A charge may be filed by U.S. Mail addressed to the Office of General Counsel, Personnel Appeals Board, Room 1562, 441 G Street NW, Washington, DC 20548. When filed by mail, the postmark shall be the date of filing.

(d) *What to file.* A written charge must be filed with the Office of General Counsel. A charge may be submitted in any written form (Office of General Counsel charge form, letter, memorandum, etc.). The charging party should include in any charge the following information:

* * * * *

(7) * * *

(i) An electronic filing may include any of the following forms of signature:

(A) An electronic signature using a government or other private secure electronic signature;

(B) Signer may type ''/s/'' followed by the typed name of the person; or

(C) A scanned pen/ink signature of the person signing the charge.

(ii) [Reserved]

(e) *Attorney's fees.* * * *

■ 6. Amend § 28.18 by:
■ a. Revising paragraphs (c) and (d)(6) and (7);
■ b. Adding paragraph (d)(8); and
■ c. Revising paragraph (f).

The revisions and addition read as follows:

§ 28.18 Filing a petition with the Board.

* * * * *

(c) *How to file.* (1) Petitions shall conform to the specifications and

instructions laid out in the local rules for the Personnel Appeals Board, which are posted and publicly available on the PAB's website (*https://pab.gao.gov*).

(2) Generally, it is required for all parties to file electronically. However, the Board or administrative judge may permit an exception for good cause. A petition filed electronically must be filed in accordance with the Board's local rules.

(3) A petition filed by mail shall be addressed to the Personnel Appeals Board, Room 1566, 441 G Street NW, Washington, DC 20548. When filed by mail, the postmark shall be the date of filing for all submissions to the Board and should contain a statement and any relevant documentation to demonstrate good cause for not filing electronically in accordance with paragraph (c)(2) of this section.

(d) * * *

(6) Name and address of the representative, if any, who will act for the petitioner in any further stages of the matter, and a designation of representative signed by the petitioner;

(7) Signature of the petitioner and petitioner's representative (if any), as directed by § 28.20; and

(8) Any additional information directed by the local rules.

* * * * *

(f) *Non-EEO class actions.* One or more persons may file a petition as representatives of a class in any matter within the Board's jurisdiction except any class petition solely based upon claims of prohibited discrimination covered under § 28.95 shall be processed pursuant to the special procedures set forth under § 28.97.

(1) *Petition.* The judge will hear the case as a class petition if they find that a class petition is the fairest and most efficient way to adjudicate the petition, and that the representative of the parties will adequately protect the interests of all parties.

(2) *What to file.* In addition to the information required under paragraph (d) of this section, any class petition shall:

(i) State clearly that it is being filed as a class petition.

(ii) Set forth a description of the scope of the common class claims.

(iii) Set forth an explanation as to whether and how the proposed class agent(s) are typical representatives of the common class claims.

(iv) State whether the putative class includes persons covered by applicable collective bargaining agreements to which GAO is a party.

(v) State whether the proposed class requests a hearing on class certification.

(3) *Timing.* When a class petition is filed, the deadline to file individual petitions is tolled for the claims set forth under paragraph (f)(2)(ii) of this section. However, if the judge denies the class certification request, individuals affected by the decision may file individual petitions within 30 days following the date of the decision denying class certification. Each individual petitioner is responsible for keeping informed of the status of a class petition.

(4) *Notice.* The Clerk of the Board will publish notices of pending class certification upon receipt of a class petition.

■ 7. Amend § 28.20 by:

■ a. Revising the section heading and paragraphs (a), (b), and (d); and

■ b. Adding paragraphs (e) and (f).

The revisions and additions read as follows:

§ 28.20 Pleadings, service, and response.

(a) *Matters excluded from e-filing.* E-filing is not required to file a request to hear a case as a class action or any opposition thereto e-filing may not be used to file a pleading that contains classified information. Refer to the local rules on the PAB website at *https://pab.gao.gov* for instructions on how to proceed if relevant case materials contain classified information.

(b) *Service.* (1) The Board will serve the petition upon the parties to the proceeding. The Board will attach an official Service List indicating the names, addresses, and email addresses of the parties to the proceeding and/or their designated representatives as they have been provided to the Board. The email address contained on the service list will be the party's registered email address for the duration of the case unless changed in accordance with paragraph (b)(2) of this section and the Board's local rules. The Board will not serve copies of any pleadings, motions, or other submissions by the parties after the initial petition.

(2) The parties shall serve on each other one copy of all pleadings other than the initial petition. Service shall be made by email to the parties' and/or their representatives' registered email address as contained on the service list. Service shall be by email unless good cause has been shown and the administrative judge has granted a request to conduct service by mail. Each pleading must be accompanied by a certificate of service specifying how and when service was made. It shall be the duty of all parties to notify the Board and one another in writing of any changes in the names, addresses and email addresses on the service list.

(3) The Board may serve documents via traditional means—postal mail, facsimile, commercial or personal delivery at its discretion. Parties and their representatives are responsible for ensuring that the Board always has their current postal mailing addresses, even when they are e-filers.

* * * * *

(d) *Size limitations.* Size limitations are set forth in the Board's local rules.

(e) *Signatures.* (1) All filings must contain the signature of the filing party or the filing party's designated representative.

(2) A filing made through a person's registered email address, authorized by that person and containing one of following methods listed will constitute a valid signature:

(i) An electronic signature using a government or other private secure electronic signature;

(ii) Signer may type ''/s/'' followed by the typed name of the person; or

(iii) A scanned pen/ink signature of that person.

(f) *Date electronically filed documents are filed and served.* (1) The date of filing for pleadings filed electronically is the date of the electronic submission. All pleadings filed electronically are time stamped with Eastern Time.

(2) Documents issued by the Board are deemed received on the date of electronic transmission.

■ 8. Amend § 28.21 by:

■ a. Revising paragraph (b); and

■ b. In paragraph (c)(3), adding ''by the administrative judge'' after ''will be granted''.

The revision reads as follows:

§ 28.21 Amendments to petitions and motions practice.

* * * * *

(b) *Motions practice.* (1) When an action is before an administrative judge, motions of the parties shall be filed with the Clerk of the Board and shall be in writing except for oral motions made during the hearing. Motions shall be filed in accordance with § 28.20. Responses to written motions must be filed within 20 days of service of the motion unless the administrative judge requires a shorter time, or an extension has been requested and granted.

(2) A party filing a motion for extension of time, a motion for postponement of a hearing, or any other procedural motion must first contact the other party to determine whether there is any objection to the motion and must state in the motion whether the other party has any objection.

(3) All written submissions shall be served simultaneously upon the other parties to the proceeding in accordance

with § 28.20(b). A certificate of service must be attached stating the method of service and listing the parties served. Further submissions by either party may be filed only with the approval of the administrative judge or the full Board.

(4) All written motions and responses thereto shall include a proposed order, where applicable.

(5) Motions for extension of time will be granted only upon a showing of good cause.

(6) The administrative judge may allow oral argument on the motion at his or her discretion.

* * * * *

§ 28.25 [Amended]

■ 9. Amend § 28.25 in paragraph (a) by removing ''shall instead'' adding in its place ''shall also''.

■ 10. Amend § 28.42 by:

■ a. Revising paragraphs (a) introductory text and (a)(2);

■ b. In paragraph (a)(3), adding ''or any Federal employee'' after ''GAO'';

■ c. In paragraph (b), removing the last sentence; and

■ d. Revising paragraphs (d)(1), (2), and (5).

The revisions read as follows:

§ 28.42 Discovery procedures and protective orders.

(a) *Seeking discovery generally.* The administrative judge shall notify the parties of the right to seek discovery prior to the hearing and may issue such discovery orders as are appropriate. Both parties are entitled to reasonable development of evidence on matters relevant to the issues raised in the petition, but the administrative judge and/or the Board's local rules on the PAB website at *https://pab.gao.gov* may limit the quantity and timing of discovery. Evidence may be developed through interrogatories, depositions, and requests for admissions, stipulations or production of documents. Examples of grounds for objection to produce evidence include requests for information that is readily available, irrelevant to the matter, overburdensome to produce, repetitious of previous requests, or protected by privilege. For purposes of discovery under this part, a party includes an intervenor.

* * * * *

(2) The notice shall specify the time and place of the taking of the deposition.

* * * * *

(d) * * *

(1) The administrative judge shall notify the parties of the commencement and time limits to initiate discovery.

(2) A party or nonparty shall respond to a discovery request within 20 days after service of the request on the party or nonparty. Deposition witnesses shall give their testimony at the time and place stated in the notice of deposition-taking unless the parties agree otherwise.

* * * * *

(5) Discovery shall be completed by the time designated by the administrative judge.

■ 11. Remove the undesignated center heading preceding § 28.46.

§§ 28.46 through 28.50 [Removed and Reserved]

■ 12. Remove and reserve §§ 28.46 through 28.50.

■ 13. Amend § 28.56 by:

■ a. In paragraph (b), removing ''will be conducted as'' and adding in its place ''is'';

■ b. In paragraph (c), removing ''will be'' and adding in its place ''are'';

■ c. In paragraph (d), removing ''the original of each such exhibit to the court reporter, two copies to the administrative judge, plus one copy for each opposing party that is separately represented'' and adding in its place ''their exhibits in accordance with the Board's local rules on the PAB website at *https://pab.gao.gov* and the orders of the administrative judge'';

■ d. In paragraph (e), removing ''bringing the proper number of copies of an exhibit to the hearing'' and adding in its place ''for providing their own exhibits and complying with Board's local rules and the orders of the administrative judge''; and

■ e. Revising paragraphs (f) and (g).

The revisions read as follows:

§ 28.56 Hearing procedures, conduct and copies of exhibits.

* * * * *

(f) Multipage exhibits shall be paginated and formatted in accordance with the Board's local rules.

(g) Prior to commencement of the hearing, and at the direction of the administrative judge, the parties shall submit a list of witnesses they expect to call at hearing to the administrative judge and the opposing party.

■ 14. Revise § 28.60 to read as follows:

§ 28.60 Briefs.

(a) *Length.* Briefs shall conform to the length requirements contained in the Board's local rules on the PAB website at *https://pab.gao.gov* unless otherwise directed by the administrative judge. Motions to file extended briefs shall be granted only for good cause shown.

(b) *Format.* Every brief must conform to the formatting requirements contained in the Board's local rules unless otherwise directed by the administrative judge.

■ 15. Revise § 28.133 to read as follows:

§ 28.133 Stay proceedings.

(a) If the General Counsel believes that a proposed personnel action is arising out of a prohibited personnel practice, the General Counsel may request the issuance of an initial stay, not to exceed 30 days. The initial stay request shall be submitted prior to the effective date of the proposed personnel action, be in writing, and specify the nature of the action to be stayed and the basis for the General Counsel's belief. The Board's Office of General Counsel shall serve a copy of the request on the GAO.

(b) The assigned Board member shall issue a ruling on the initial request prior to the effective date of the proposed personnel action but not more than three (3) business days following the initial stay request. The request shall be granted unless the Board member determines that the request either:

(1) Fails to satisfy the requirements of paragraph (a) of this section; or

(2) On its face, conclusively establishes that the proposed personnel action did not arise out of an alleged prohibited personnel practice as specified by the General Counsel.

(c) The Board's General Counsel may request additional stays for the following reasons:

(1) For the purpose of allowing additional time to pursue its investigation; or

(2) For the purpose of staying the proposed personnel action that is the subject of a petition before the Board until a final decision is rendered.

(d) Requests for stays under paragraph (c) of this section shall be received by both the Board and GAO no less than 10 days before the expiration of any stay then in effect. Any response from GAO to the request shall be received by both the Board and the Board's Office of General Counsel no less than three days before the expiration of any stay then in effect. Any request for stay under this paragraph (d) shall be decided by the Board member who issued the prior stay under paragraphs (a) and (b) of this section, unless the Board Chair determines that it should be decided by the full Board. The Board member, or the full Board, may require further briefing, oral argument, submission of affidavits or other documentary evidence, or may conduct an evidentiary hearing before rendering a decision. Any stay then in effect may be extended, sua sponte, for a period not to exceed 30 days to enable the Board

member, or full Board, a reasonable opportunity to render a decision.

(e) A stay under paragraph (c)(1) of this section may be issued if the Board member, or the full Board, determines that under all of the circumstances the interests of justice would be served by providing more time for the Board's Office of General Counsel to pursue the investigation. However, the duration of a stay under paragraph (c)(1) of this section shall not exceed the amount of time reasonably necessary to acquire sufficient information to support a request normally not more than 60 days.

(f) In determining whether to grant a stay under paragraph (c)(2) of this section, the Board member, or the full Board, shall:

(1) Assess the evidence adduced by each side as to whether the proposed personnel action arises out of an alleged prohibited personnel practice as specified by the Board's General Counsel;

(2) Assess the nature and gravity of any harm that could inure to each side if the request for permanent stay is either granted or denied; and

(3) Balance the assessments conducted under paragraphs (f)(1) and (2) of this section.

(g) A motion to vacate a stay order may be filed at any time. A stay order issued by the Board en banc may not be vacated by a single Board member.

(h) Any order issued by a member of the Board granting or denying, in whole or in part, a stay request under paragraph (c) of this section shall be subject to review by the full Board on the filing and service of a notice of appeal, accompanied by a supporting brief, within 10 days of the service of that order. Responsive briefs shall be filed and served within 10 days of service of the appeal.

Kimberly McLeod,

Executive Director, Personnel Appeals Board, U.S. Government Accountability Office.

[FR Doc. 2026–23866 Filed 11–23–26; 8:45 am]

BILLING CODE 1610–02–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 19

Notification of Inflation Adjustments for Civil Money Penalties

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Notification of monetary penalties 2026.

SUMMARY: This document announces the Office of the Comptroller of the Currency's (OCC) maximum civil money penalties for 2026 as adjusted for inflation. The inflation adjustments are required to implement the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

DATES: The adjusted maximum amount of civil money penalties in this document are applicable to penalties assessed on or after January 10, 2025, for conduct occurring on or after November 2, 2015.

FOR FURTHER INFORMATION CONTACT: Tad Thompson, Counsel, or Collin Berger, Attorney, Chief Counsel's Office, (202) 649–5490, Office of the Comptroller of the Currency.

SUPPLEMENTARY INFORMATION: This document announces the maximum amount of each civil money penalty (CMP) within the OCC's jurisdiction to administer to account for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (the 1990 Adjustment Act),[1] as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (the 2015 Adjustment Act).[2] Under the 1990 Adjustment Act, as amended, Federal agencies must make annual adjustments to the maximum amount of each CMP they administer. The Office of Management and Budget (OMB) is required to issue guidance to Federal agencies no later than December 15 of each year providing an inflation adjustment multiplier (*i.e.,* the inflation adjustment factor agencies must use) applicable to CMPs assessed in the following year. The agencies are required to publish their CMPs, adjusted pursuant to the multiplier provided by the OMB, by January 15 of the applicable year.

To the extent an agency codified a CMP amount in its regulations, the agency would need to update that amount by regulation. However, if an agency codified a formula for making the CMP adjustments, then subsequent adjustments can be made solely by notice.[3] In 2018, the OCC published a final regulation that removed the CMP amounts from its regulations while updating the CMP amounts for inflation through the notice process.[4]

On April 17, 2026, the OMB issued guidance to affected agencies on implementing the required annual adjustment.[5] That guidance advised that there would be no updated cost-of-living inflation multiplier for 2026 and that agencies would continue using the 2025 CMP levels.[6] Consistent with the guidance, the OCC will continue using the CMPs as listed in the 2025 CMP notice [7] and reprinted below for purposes of the maximum amount of CMPs that may be assessed by the OCC in 2026.[8] There were no new statutory CMPs administered by the OCC during 2025.[9]

The following charts provide again the inflation-adjusted CMPs for use beginning on January 10, 2025, as announced in the 2025 CMP notice.[10] These CMPs will continue to apply through 2026. The CMPs listed below are pursuant to 12 CFR 19.240(b), for conduct occurring on or after November 2, 2015:

[1] Public Law 101–410, Oct. 5, 1990, 104 Stat. 890, codified at 28 U.S.C. 2461 note.

[2] Public Law 114–74, Title VII, section 701(b), Nov. 2, 2015, 129 Stat. 599, codified at 28 U.S.C. 2461 note.

[3] *See* OMB Memorandum M–18–03, Implementation of the 2018 Annual Adjustment Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, at 4, which permits agencies that have codified the formula to adjust CMPs for inflation to update the penalties through a notice rather than a regulation.

[4] 83 FR 1517 (Jan. 12, 2018) (final rule); 83 FR 1657 (Jan. 12, 2018) (2018 CMP Notice).

[5] OMB Memorandum M–26–11, Cancellation of Penalty Inflation Adjustments for 2026, Regarding the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (Apr. 17, 2026).

[6] There is no inflation adjustment multiplier for 2026 due to the absence of cost-of-living data for October 2025. *See id.*

[7] *See* 90 FR 1848 (Jan. 10, 2025).

[8] Penalties assessed for violations occurring prior to November 2, 2015, will be subject to the maximum amounts set forth in the OCC's regulations in effect prior to the enactment of the 2015 Adjustment Act.

[9] The Guiding and Establishing National Innovation for U.S. Stablecoins Act, Public Law 119–27, July 18, 2025, 139 Stat. 419, has not yet reached its effective date, so its CMP provisions are not addressed in this notice. *See* 12 U.S.C. 5901 note (effective date), 5905(b)(5) (CMPs).

[10] *See supra* note 7.

PENALTIES APPLICABLE TO NATIONAL BANKS

U.S. Code citation	Description and tier (if applicable)	Maximum penalty amount (in dollars) [1]
12 U.S.C. 93(b)	Violation of Various Provisions of the National Bank Act:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
12 U.S.C. 164	Violation of Reporting Requirements:	
	Tier 1	5,026
	Tier 2	50,265
	Tier 3	[2] 2,513,215
12 U.S.C. 481	Refusal of Affiliate to Cooperate in Examination	12,567
12 U.S.C. 504	Violation of Various Provisions of the Federal Reserve Act:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
12 U.S.C. 1817(j)(16)	Violation of Change in Bank Control Act:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
12 U.S.C. 1818(i)(2) [3]	Violation of Law, Unsafe or Unsound Practice, or Breach of Fiduciary Duty:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
12 U.S.C. 1820(k)(6)(A)(ii)	Violation of Post-Employment Restrictions: Per violation	413,388
12 U.S.C. 1832(c)	Violation of Withdrawals by Negotiable or Transferable Instrument for Transfers to Third Parties: Per violation.	3,650
12 U.S.C. 1884	Violation of the Bank Protection Act	365
12 U.S.C. 1972(2)(F)	Violation of Anti-Tying Provisions regarding Correspondent Accounts, Unsafe or Unsound Practices, or Breach of Fiduciary Duty:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
12 U.S.C. 3110(a)	Violation of Various Provisions of the International Banking Act (Federal Branches and Agencies):	57,435
12 U.S.C. 3110(c)	Violation of Reporting Requirements of the International Banking Act (Federal Branches and Agencies):	
	Tier 1	4,596
	Tier 2	45,946
	Tier 3	[2] 2,297,385
12 U.S.C. 3909(d)(1)	Violation of International Lending Supervision Act	3,126
15 U.S.C. 78u–2(b)	Violation of Various Provisions of the Securities Act, the Securities Exchange Act, the Investment Company Act, or the Investment Advisers Act:	
	Tier 1 (natural person)—Per violation	11,823
	Tier 1 (other person)—Per violation	118,225
	Tier 2 (natural person)—Per violation	118,225
	Tier 2 (other person)—Per violation	591,127
	Tier 3 (natural person)—Per violation	236,451
	Tier 3 (other person)—Per violation	1,182,251
15 U.S.C. 1639e(k)	Violation of Appraisal Independence Requirements:	
	First violation	14,435
	Subsequent violations	28,866
42 U.S.C. 4012a(f)(5)	Flood Insurance: Per violation	2,730

[1] The maximum penalty amount is per day, unless otherwise indicated.
[2] The maximum penalty amount for a national bank is the lesser of this amount or 1 percent of total assets.
[3] These amounts also apply to CMPs in statutes that cross-reference 12 U.S.C. 1818, such as 12 U.S.C. 2804, 3108, 3349, 4309, and 4717 and 15 U.S.C. 1607, 1693o, 1681s, 1691c, and 1692l.

PENALTIES APPLICABLE TO FEDERAL SAVINGS ASSOCIATIONS

U.S. Code citation	CMP description	Maximum penalty amount (in dollars) [1]
12 U.S.C. 1464(v)	Reports of Condition:	
	1st Tier	5,026
	2nd Tier	50,265
	3rd Tier	[2] 2,513,215
12 U.S.C. 1467(d)	Refusal of Affiliate to Cooperate in Examination	12,567
12 U.S.C. 1467a(r)	Late/Inaccurate Reports:	
	1st Tier	5,026
	2nd Tier	50,265
	3rd Tier	[2] 2,513,215

PENALTIES APPLICABLE TO FEDERAL SAVINGS ASSOCIATIONS—Continued

U.S. Code citation	CMP description	Maximum penalty amount (in dollars) [1]
712 U.S.C. 1817(j)(16)	Violation of Change in Bank Control Act:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
12 U.S.C. 1818(i)(2) [3]	Violation of Law, Unsafe or Unsound Practice, or Breach of Fiduciary Duty:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
12 U.S.C. 1820(k)(6)(A)(ii)	Violation of Post-Employment Restrictions: Per violation	413,388
12 U.S.C. 1832(c)	Violation of Withdrawals by Negotiable or Transferable Instruments for Transfers to Third Parties: Per violation.	3,318
12 U.S.C. 1884	Violation of the Bank Protection Act.	365
12 U.S.C. 1972(2)(F)	Violation of Provisions regarding Correspondent Accounts, Unsafe or Unsound Practices, or Breach of Fiduciary Duty:	
	Tier 1	12,567
	Tier 2	62,829
	Tier 3	[2] 2,513,215
15 U.S.C. 78u–2(b)	Violations of Various Provisions of the Securities Act, the Securities Exchange Act, the Investment Company Act, or the Investment Advisers Act:	
	1st Tier (natural person)—Per violation	11,823
	1st Tier (other person)—Per violation	118,225
	2nd Tier (natural person)—Per violation	118,225
	2nd Tier (other person)—Per violation	591,106
	3rd Tier (natural person)—Per violation	236,451
	3rd Tier (other person)—Per violation	1,182,251
15 U.S.C. 1639e(k)	Violation of Appraisal Independence Requirements:	
	First violation	14,435
	Subsequent violations	28,866
42 U.S.C. 4012a(f)(5)	Flood Insurance: Per violation	2,730

[1] The maximum penalty amount is per day, unless otherwise indicated.
[2] The maximum penalty amount for a Federal savings association is the lesser of this amount or 1 percent of total assets.
[3] These amounts also apply to statutes that cross-reference 12 U.S.C. 1818, such as 12 U.S.C. 2804, 3108, 3349, 4309, and 4717 and 15 U.S.C. 1607, 1681s, 1691c, and 1692l.

Adam J. Cohen,

Senior Deputy Comptroller and Chief Counsel, Office of the Comptroller of the Currency.

[FR Doc. 2026–23851 Filed 11–23–26; 8:45 am]

BILLING CODE 4810–33–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–13828; Project Identifier AD–2026–01191–T; Amendment 39–23529; AD 2026–24–05]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: The FAA is superseding Airworthiness Directive (AD) 2026–21–08, which applied to certain The Boeing Company Model 737–700, –700C, –800, and –900ER series airplanes. AD 2026–21–08 required a detailed inspection of the left- and right-side form-in-place (FiP) gasket at the engine fuel shutoff valve access panel for correct sealant installation, a fluid leak test of the engine fuel shutoff valve access panels for any leak, and applicable on-condition actions. Since the FAA issued AD 2026–21–08, the FAA has determined that the compliance time exception specified in paragraph (h) of AD 2026–21–08 omits reference to a certain date. This AD retains all of the requirements of AD 2026–21–08 and adds the omitted reference to the compliance time exception specified in paragraph (h) of this AD. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective December 1, 2026.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of December 1, 2026 (91 FR 67448, October 27, 2026).

The FAA must receive comments on this AD by December 24, 2026.

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

- *Federal eRulemaking Portal:* Go to *regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* 202–493–2251.
- *Mail:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.
- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

AD Docket: You may examine the AD docket at *regulations.gov* by searching for and locating Docket No. FAA–2026–13828; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, any comments received, and other information. The street address for Docket Operations is listed above.

Material Incorporated by Reference:

- For Boeing material identified in this AD, contact Boeing Commercial Airplanes, Attention: Contractual & Data Services (C&DS), 2600 Westminster Blvd., MC 110–SK57, Seal Beach, CA

90740–5600; telephone 562–797–1717; website *myboeingfleet.com.*

• 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. It is also available at *regulations.gov* under Docket No. FAA–2026–13828.

FOR FURTHER INFORMATION CONTACT: Erica Bayles, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 907–271–5844; email: *erica.e.bayles@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written data, views, or arguments about this final rule. Send your comments using a method listed under the **ADDRESSES** section. Include ''Docket No. FAA–2026–13828 and Project Identifier AD–2026–01191–T'' at the beginning of your comments. The most helpful comments reference a specific portion of the final rule, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend this final rule because of those comments.

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

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this AD contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this AD, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ''PROPIN.'' The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this AD. Submissions containing CBI should be sent to Erica Bayles, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 907–271–5844; email: *erica.e.bayles@faa.gov.* Any commentary that the FAA receives that is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

The FAA issued AD 2026–21–08, Amendment 39–23497 (91 FR 67448, October 27, 2026) (AD 2026–21–08), for certain The Boeing Company Model 737–700, –700C, –800, and –900ER series airplanes. AD 2026–21–08 required a detailed inspection of the left- and right-side FiP gasket at the engine fuel shutoff valve access panel for correct sealant installation, a fluid leak test of the engine fuel shutoff valve access panels for any leak, and applicable on-condition actions. AD 2026–21–08 was prompted by a leak through the FiP gasket at the engine fuel shutoff valve access panel found during a leak check. An investigation found that the fairing requirements of the engine fuel shutoff valve access panel caused thin regions of the FiP gasket, which caused the manufacturer to apply non-permitted sealant after the initial FiP gasket had cured, resulting in an uneven sealing surface on the engine fuel shutoff valve access panel and leak. The FAA issued AD 2026–21–08 to address incorrect or missing sealant installation. The unsafe condition, if not addressed, could result in fuel leaking onto the engine exhaust nozzle and a possible fire on the ground.

Actions Since AD 2026–21–08 Was Issued

Since the FAA issued AD 2026–21–08, the FAA has determined that there is an error in the compliance time exception specified in paragraph (h) of AD 2026–21–08. The FAA omitted reference to the Revision 1 date of Boeing Alert Requirements Bulletin 737–57A1359 RB in the compliance time exception specified in paragraph (h) of AD 2026–21–08. The FAA has added reference to the Revision 1 date of Boeing Alert Requirements Bulletin 737–57A1359 RB in the compliance time exception specified in paragraph (h) of this AD.

FAA's Determination

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

Material Incorporated by Reference Under 1 CFR Part 51

This AD requires Boeing Alert Requirements Bulletin 737–57A1359 RB, Revision 1, dated June 25, 2026, which the Director of the Federal Register approved for incorporation by reference as of December 1, 2026 (91 FR 67448, October 27, 2026). 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.

AD Requirements

Although this AD does not explicitly restate the requirements of AD 2026–21–08, this AD retains all of the requirements of AD 2026–21–08. Those requirements are referenced in the material referenced previously, which in turn is referenced in paragraph (g) of this AD.

This AD adds the omitted reference to the compliance time exception specified in paragraph (h) of this AD. This AD requires accomplishing the actions specified in the material already described, except for any differences identified as exceptions in the regulatory text of this AD.

Justification for Immediate Adoption and Determination of the Effective Date

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

The FAA is superseding AD 2026–21–08 to correct an error in paragraph (h) of AD 2026–21–08. The FAA omitted reference to the Revision 1 date of Boeing Alert Requirements Bulletin 737–57A1359 RB in the compliance time exception specified in paragraph (h) of AD 2026–21–08. This AD requires using the effective date of this AD, instead of the original issue date or the Revision 1 issue date of Boeing Alert Requirements Bulletin 737–57A1359 RB, which provides operators additional time to complete the required actions. The FAA has determined that the change imposes no additional burden on any operator. The FAA has made no other changes to the requirements published in AD 2026–21–08.

Accordingly, notice and opportunity for prior public comment are unnecessary, pursuant to 5 U.S.C. 553(b). In addition, for the foregoing reason(s), the FAA finds that good cause

exists pursuant to 5 U.S.C. 553(d) for making this amendment effective in less than 30 days.

Regulatory Flexibility Act

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

Costs of Compliance

The FAA estimates that this AD affects 1,030 airplanes of U.S. registry. The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspection and leak test (retained actions from AD 2026–21–08).	2 work-hours × $85 per hour = $170	$0	$170	$175,100

The new requirements of this AD add no additional economic burden.

The FAA estimates the following costs to do any necessary replacements that would be required based on the results of the inspection. The agency has no way of determining the number of aircraft that might need these replacements:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replacement	2 work-hours × $85 per hour = $170	Negligible	$170

The FAA has received no definitive data on which to base the cost estimates for the on-condition repairs specified in this AD.

The FAA has included all known costs in its cost estimate. According to the manufacturer, however, some or all of the costs of this AD may be covered under warranty, thereby reducing the cost impact on affected operators.

Authority for This Rulemaking

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

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

Regulatory Findings

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

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

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

(2) Will not affect intrastate aviation in Alaska.

List of Subjects in 14 CFR Part 39

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

The Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive (AD) 2026–21–08, Amendment 39–23497 (91 FR 67448, October 27, 2026); and

■ b. Adding the following new AD:

2026–24–05 The Boeing Company: Amendment 39–23529; Docket No. FAA–2026–13828; Project Identifier AD–2026–01191–T.

(a) Effective Date

This airworthiness directive (AD) is effective December 1, 2026.

(b) Affected ADs

This AD replaces AD 2026–21–08, Amendment 39–23497 (91 FR 67448, October 27, 2026) (AD 2026–21–08).

(c) Applicability

This AD applies to The Boeing Company Model 737–700, –700C, –800, and-900ER series airplanes, certificated in any category, as identified in Boeing Alert Requirements Bulletin 737–57A1359 RB, Revision 1, dated June 25, 2026.

(d) Subject

Air Transport Association (ATA) of America Code 57, Wings.

(e) Unsafe Condition

This AD was prompted by a leak through the form-in-place (FiP) gasket at the engine fuel shutoff valve access panel found during a leak check. An investigation found that the fairing requirements of the engine fuel shutoff valve access panel caused thin regions of the FiP gasket, which caused non-permitted sealant to be applied after the initial FiP gasket had cured, resulting in an uneven sealing surface on the engine fuel shutoff valve access panel and leak. The FAA is issuing this AD to address incorrect or missing sealant installation. The unsafe condition, if not addressed, could result in fuel leaking onto the engine exhaust nozzle and a possible fire on the ground.

(f) Compliance

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

(g) Required Actions

Except as specified by paragraph (h) of this AD: At the applicable times specified in the ''Compliance'' paragraph of Boeing Alert Requirements Bulletin 737–57A1359 RB, Revision 1, dated June 25, 2026, do all applicable actions identified in, and in accordance with, the Accomplishment Instructions of Boeing Alert Requirements Bulletin 737–57A1359 RB, Revision 1, dated June 25, 2026.

Note 1 to paragraph (g): Guidance for accomplishing the actions required by this AD can be found in Boeing Alert Service Bulletin 737–57A1359, Revision 1, dated June 25, 2026, which is referred to in Boeing Alert Requirements Bulletin 737–57A1359 RB, Revision 1, dated June 25, 2026.

(h) Exceptions to Requirements Bulletin Specifications

Where the Compliance Time columns of the tables in the ''Compliance'' paragraph of Boeing Alert Requirements Bulletin 737–57A1359 RB, Revision 1, dated June 25, 2026, refer to the original issue date or the Revision 1 date of Requirements Bulletin 737–57A1359 RB, this AD requires using the effective date of this AD.

(i) Credit for Previous Actions

This paragraph provides credit for the actions specified in paragraph (g) of this AD, if those actions were performed before the effective date of this AD using Boeing Alert Requirements Bulletin 737–57A1359 RB, dated October 3, 2025, except as specified by paragraphs (i)(1) through (3) of this AD:

(1) Where Table 1 and Table 2 in the Compliance and Accomplishment Instructions paragraphs of Boeing Alert Requirements Bulletin 737–57A1359 RB, dated October 3, 2025, specifies ''Do a fluid leak test of the engine fuel shutoff valve access panel for any leak. If any leak is found, do all applicable on-condition corrective action(s) and repeat the leak test until no leak is found'', this AD requires replacing that text with ''Do a fluid leak test of the engine fuel shutoff valve access panel for any leak. If any leak is found, replace the FiP gasket and repeat the leak test until no leak is found''.

(2) Where step 4.b. of Appendix A in Boeing Alert Requirements Bulletin 737–57A1359 RB, dated October 3, 2025, specifies ''If any water leaks from the engine fuel shutoff valve access panel in less than two minutes, the fluid leak test has failed'', this AD requires replacing that text with ''If any water leaks from the engine fuel shutoff valve access panel in less than two minutes, the fluid leak test has failed. Replace the FiP gasket in accordance with Figure 3 and repeat the leak test until no leak is found''.

(3) Where step 4.b. of Appendix B in Boeing Alert Requirements Bulletin 737–57A1359 RB, dated October 3, 2025, specifies ''If any water leaks from the engine fuel shutoff valve access panel in less than two minutes, the fluid leak test has failed'', this AD requires replacing that text with ''If any water leaks from the engine fuel shutoff valve access panel in less than two minutes, the fluid leak test has failed. Replace the FiP gasket in accordance with Figure 4 and repeat the leak test until no leak is found''.

(j) Alternative Methods of Compliance (AMOCs)

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

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

(k) Additional Information

(1) For more information about this AD, contact Erica Bayles, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 907–271–5844; email: *erica.e.bayles@faa.gov.*

(2) Material identified in this AD that is not incorporated by reference is available at the address specified in paragraph (l)(4) of this AD.

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) 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.

(3) The following material was approved for IBR on December 1, 2026 (91 FR 67448, October 27, 2026).

(i) Boeing Alert Requirements Bulletin 737–57A1359 RB, Revision 1, dated June 25, 2026.

(ii) [Reserved]

(4) For Boeing material identified in this AD, contact Boeing Commercial Airplanes, Attention: Contractual & Data Services (C&DS), 2600 Westminster Blvd., MC 110 SK57, Seal Beach, CA 90740–5600; telephone 562 797 1717; website *myboeingfleet.com.*

(5) 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.

(6) 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 November 20, 2026.

Lona C. Saccomando,

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

[FR Doc. 2026–23926 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–7239; Project Identifier MCAI–2025–01804–R; Amendment 39–23524; AD 2026–23–07]

RIN 2120–AA64

Airworthiness Directives; Airbus Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain Airbus Helicopters Model H160–B helicopters. This AD was prompted by a determination that a gap without fire-resistant sealant (sealant) may be present in the cargo bay near the fuel segregation box. This AD requires inspecting for any missing sealant and, depending on findings, corrective action. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective December 29, 2026.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of December 29, 2026.

ADDRESSES:

AD Docket: You may examine the AD docket at *regulations.gov* under Docket No. FAA–2026–7239; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

Material Incorporated by Reference:

• For European Union Aviation Safety Agency (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.*

• 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. It is also available at *regulations.gov* under Docket No. FAA–2026–7239.

FOR FURTHER INFORMATION CONTACT: Waqar Shah, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946–4120; email: *waqar.h.shah@faa.gov*.

SUPPLEMENTARY INFORMATION:

Background

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to certain Airbus Helicopters Model H160–B helicopters. The NPRM was published in the **Federal Register** on August 14, 2026 (91 FR 52551). The NPRM was prompted by an MCAI, issued by EASA, which is the Technical Agent for the Member States of the European Union. EASA issued EASA AD 2025–0279, dated December 10, 2025 (EASA AD 2025–0279) (also referred to as the MCAI). The MCAI states that it has been determined that a gap without sealant may be present in the cargo bay near the fuel segregation box on certain helicopters. This condition, if not detected and corrected, could jeopardize the fire-resistant characteristic of the cargo compartment, which could result in reduced control of the helicopter in case of fire.

In the NPRM, the FAA proposed to require inspecting for any missing sealant and, depending on findings, corrective action. The FAA is issuing 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–2026–7239.

Discussion of Final Airworthiness Directive

Comments

The FAA received no comments on the NPRM or on the determination of the costs.

Conclusion

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 reviewed the relevant data, considered any comments received, and determined that air safety requires adopting this AD as proposed. Accordingly, the FAA is issuing this AD to address the unsafe condition on these products. Except for minor editorial changes, this AD is adopted as proposed in the NPRM. None of the changes will increase the economic burden on any operator.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2025–0279, which specifies procedures for inspecting the frame four right side upper corner of the cargo bay for any missing sealant, and if there is any missing sealant, applying sealant.

This material is reasonably available because the interested parties have access to it through their normal course of business or by means identified in the **ADDRESSES** section.

Costs of Compliance

The FAA estimates that this AD affects 13 helicopters of U.S. registry.

The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect for missing sealant	1 work-hour × $85 per hour = $85	$0	$85	$1,105

The FAA estimates the following costs to do any repairs that will be required based on the results of the inspection. The agency has no way of determining the number of helicopters that might need these repairs.

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Apply sealant	1 work-hour × $85 per hour = $85	$78	$163

Authority for This Rulemaking

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

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

Regulatory Findings

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

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

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

(2) Will not affect intrastate aviation in Alaska, and

(3) Will 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 Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

2026–23–07 Airbus Helicopters: Amendment 39–23524; Docket No. FAA–2026–7239; Project Identifier MCAI–2025–01804–R.

(a) Effective Date

This airworthiness directive (AD) is effective December 29, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to all Airbus Helicopters Model H160–B Helicopters, certificated in any category, that were delivered before October 21, 2025.

(d) Subject

Joint Aircraft System Component (JASC) 2550, Cargo compartments.

(e) Unsafe Condition

This AD was prompted by a determination that a gap without fire-resistant sealant (sealant) may be present in the cargo bay near the fuel segregation box. The FAA is issuing this AD to detect and correct missing sealant. The unsafe condition, if not addressed, could jeopardize the fire-resistant characteristic of the cargo compartment, which could result in reduced control of the helicopter in case of fire.

(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 2025–0279, dated December 10, 2025 (EASA AD 2025–0279).

(h) Exceptions to EASA AD 2025–0279

(1) Where EASA AD 2025–0279 refers to its effective date, this AD requires using the effective date of this AD.

(2) Where EASA AD 2025–0279 requires compliance in terms of flight hours, this AD requires using hours time-in-service.

(3) This AD does not adopt the ''Remarks'' section of EASA AD 2025–0279.

(i) No Reporting Requirement

Although the material referenced in EASA AD 2025–0279 specifies to submit certain 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 Waqar Shah, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946–4120; email: *waqar.h.shah@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 2025–0279, dated December 10, 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 November 16, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–23873 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–7232; Project Identifier AD–2026–00784–E; Amendment 39–23516; AD 2026–22–14]

RIN 2120–AA64

Airworthiness Directives; CFM International, S.A. Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is superseding Airworthiness Directive (AD) 2018–26–01 for all CFM International, S.A. (CFM) Model CFM56–7B engines. AD 2018–26–01 required initial and repetitive ultrasonic inspections or eddy current inspections of certain fan blades for crack indications and, depending on the results of the inspections, replacement with parts eligible for installation. Since the FAA issued AD 2018–26–01, CFM issued updated service material providing improvements to the ultrasonic inspection procedures and expanding the inspection area. This AD requires initial and repetitive ultrasonic inspections or eddy current inspections of certain fan blades for crack indications and, depending on the results of the inspections, replacement with parts eligible for installation. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective December 29, 2026.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of December 29, 2026.

ADDRESSES:

AD Docket: You may examine the AD docket at *regulations.gov* under Docket No. FAA–2026–7232; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200

New Jersey Avenue SE, Washington, DC 20590.

Material Incorporated by Reference:

• For CFM International material identified in this AD, contact CFM International, S.A., GE Aviation Fleet Support, 1 Neumann Way, M/D Room 285, Cincinnati, OH 45215; phone: (877) 432–3272; email: *aviation.fleetsupport@ge.com.*

• You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 1200 District Avenue, Burlington, MA 01803. For information on the availability of this material at the FAA, call (817) 222–5110. It is also available at *regulations.gov* under Docket No. FAA–2026–7232.

FOR FURTHER INFORMATION CONTACT: Alexei Marqueen, Aviation Safety Engineer, FAA, 2200 South 216th Street, Des Moines, WA 98198; phone: (781) 238–7178; email: *alexei.t.marqueen@faa.gov.*

SUPPLEMENTARY INFORMATION:

Background

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to supersede AD 2018–26–01, Amendment 39–19531 (83 FR 66090, December 26, 2018) (AD 2018–26–01). AD 2018–26–01 applied to all CFM Model CFM56–7B engines. The NPRM was published in the **Federal Register** on July 31, 2026 (91 FR 48314). The NPRM was prompted by the manufacturer issuing updated service material providing improvements to the ultrasonic inspection procedures and expanding the inspection area. In the NPRM, the FAA proposed to require initial and repetitive ultrasonic inspections or eddy current inspections of certain fan blades for crack indications and, depending on the results of the inspections, replacement with parts eligible for installation. The FAA is issuing this AD to address the unsafe condition on these products.

Discussion of Final Airworthiness Directive

Updated Material

Since the NPRM was published, the manufacturer has published CFM International CFM56–7B Service Bulletin (SB) S/B 72–1033, Revision 06, dated August 14, 2026 (CFM56–7B SB 72–1033, Revision 6). This material provides updated figures and instruction clarifications and allows previous credit for required actions performed in accordance with CFM International SB CFM56–7B S/B 72–1033, Revision 05, dated July 28, 2026 (CFM56–7B SB 72–1033, Revision 5). This material also updates the minimum acceptable engine shop manual revision for eddy current inspection credit from Rev 67 and later revisions to Rev 65 and later revisions, applicable to inspections completed on or after the effective date of CFM56–7B SB 72–1033, Revision 6. None of these changes affect the substantive requirements proposed in the NPRM and all other information is the same as CFM56–7B SB 72–1033, Revision 5 in the NPRM. The FAA has revised the final rule to reference CFM56–7B SB 72–1033, Revision 6, as the appropriate source of material for the ultrasonic inspection of the affected fan blades and to give full credit for any inspection done in accordance with CFM56–7B SB 72–1033, Revision 5, prior to the effective date of the final rule.

Comments

The FAA received comments from nine commenters. The commenters were the Air Line Pilots Association, International (ALPA), Alaska Airlines, American Airlines, Delta Air Lines, Inc (DAL), The Foundation for Aviation Safety, Turkish Airlines (THY), United Airlines, and two individual commenters. ALPA and an individual commenter supported the NPRM without change. The following presents the comments received on the NPRM and the FAA's response to each comment.

Request To Update Reference to Service Material

Alaska Airlines and United Airlines requested that the FAA address the pending release of CFM56–7B SB 72–1033, Revision 6. Specifically, Alaska Airlines requested that the final rule be updated to require inspections in accordance with revision 6 rather than revision 5 of the service bulletin. United Airlines requested clarification on whether the FAA intends to issue a subsequent AD incorporating revision 6 of the service bulletin or proceed with the NPRM incorporating revision 5, and whether continued compliance with revision 5 will remain acceptable until any future regulatory action is taken.

The FAA agrees with the requests. CFM issued revision 6 of CFM56–7B SB 72–1033 on August 14, 2026, and the FAA has updated paragraphs (h), (j), and (n) of this AD to reflect this change. The FAA has also updated paragraph (k) of this AD to provide credit for the actions that are required by paragraph (h) of this AD if those actions were performed before the effective date of this AD using CFM56–7B SB 72–1033, Revision 5. Please see the Updated Material section above for more information.

Request To Clarify Notes and Revise Service Material

American Airlines requested that the FAA clarify that the caution and note statements in paragraphs 3.C and 3.D of CFM56–7B SB 72–1033, Revision 5, are informational only and are not intended to be treated as required for compliance (RC). Specifically, American Airlines requested that the FAA revise the note statements associated with the calibration verification process as follows: ''*Note:* The calibration response from the SDH should demonstrate acceptable stability and repeatability sufficient to satisfy the calibration requirements of this procedure. The method used to establish and verify repeatability may be determined by the qualified inspector, provided the RC calibration and verification criteria specified in this service bulletin are successfully achieved.'' American Airlines noted that, as written, the notes could be interpreted as imposing additional procedural requirements regarding how repeatability must be achieved or demonstrated for a valid inspection. American Airlines also pointed out that FAA Advisory Circular 20–176A states that notes are informational in nature and generally unenforceable, and notes should not contain critical steps necessary to accomplish a procedure. Based on this guidance, American Airlines states that they do not believe that the method of couplant application, restrictions on the application technique, or required fan blade orientation during inspection constitute critical steps that warrant RC designation. American Airlines also noted that the service material already contains calibration and verification requirements that validate inspection effectiveness and ensure test integrity, and operators have successfully performed the ultrasonic inspection process in accordance with the service material for approximately 8 years. American Airlines stated that they believe the specific method of couplant application and blade orientation should remain at the discretion of the qualified inspector, provided all calibration and verification requirements are satisfactorily completed.

The FAA disagrees with the request to revise the notes within the service material but agrees to clarify that any notes or caution statements are not mandated by this AD and are at the discretion of the operator provided all other calibration and verification requirements are satisfied and

completed. The FAA also notes that the FAA does not control service bulletin content. The FAA did not change this AD as a result of these comments.

Request To Provide Credit for Previous Actions

American Airlines requested that the FAA provide credit for previous actions if the ultrasonic inspections required by the NPRM were accomplished in accordance with revisions later than CFM56–7B SB 72–1033, Revision 5. American Airlines also requested that the FAA provide credit if the disposition and repair actions that require parts to be sent to an approved repair facility or the manufacturer were accomplished in accordance with CFM CFM56–7B Engine Shop Manual, Revision 67, dated July 15, 2026, or later revision. American Airlines noted that the current language will unnecessarily burden operators by requiring repetitive global alternative methods of compliance (AMOCs) requests solely to utilize later-approved instructions.

The FAA partially agrees with the request. The FAA disagrees with the request to allow credit for later revision of the service material because referring to documents that do not exist at the time the AD is published violates Office of the Federal Register (OFR) regulations regarding approval of materials ''incorporated by reference'' in rules. These OFR regulations require that either the service document be submitted for approval by the OFR as ''referenced'' material, in which case it may be simply called out in the text of an AD, or the service document contents be published as part of the actual AD language. An AD may reference only the specific service document that was submitted and approved by the OFR for ''incorporation by reference.'' In order for operators to use later revisions of the referenced document (issued after the publication of the AD), either the FAA must revise the AD to reference the specific later revisions, or operators must request the approval of their use as an alternative method of compliance (under the provisions of paragraph (l) of this AD). As described above, the FAA has revised the final rule to reference CFM56–7B SB 72–1033, Revision 6, as the appropriate source of material for the ultrasonic inspection of the affected fan blades and to give full credit for any inspection done in accordance with CFM56–7B SB 72–1033, Revision 5, before the effective date of final rule, and has updated paragraph (k) of this AD accordingly. The FAA notes that paragraph (k) of this AD already provides credit for actions performed before the effective date of this AD using the instructions in Subtask 72–21–01–220–091, of Task 72–21–01–200–001, from the CFM56–7B Engine Shop Manual, Revision 67, dated July 15, 2026, or earlier revision.

Request To Use Cart During Fan Blade Inspections

DAL requested that the FAA allow for the use of a cart when performing fan blade inspections. DAL noted that the Accomplishment Instructions, Step 3.C. System Calibration, Note 2 of CFM56–7B SB 72–1033, Revision 5, specifies that fan blades may be inspected in either horizontal or vertical orientation, and DAL currently utilizes a cart while performing the inspection that holds the fan blade at a 45-degree angle. DAL stated that they perform over 450 of these fan blade inspections each year and consider the cart to be a best practice, as it reduces the risk of blade damage during inspection and mitigates the spill over of couplant onto the pressure surface.

The FAA agrees to clarify that any notes or caution statements within the referenced service material are not required by this AD and are at the discretion of the operator provided all other calibration and verification requirements are satisfied and completed. The FAA did not change this AD as a result of this comment.

Comment on Delay of Repair

The Foundation for Aviation Safety stated that Boeing and the FAA are delaying the repair of this unsafe condition despite having been aware of it prior to a 2018 Southwest accident. The Foundation for Aviation Safety noted that a recent accident involving Ryanair nearly caused loss of life due to uncontained engine failure and could have resulted in the loss of the entire plane. The Foundation for Aviation Safety also stated that despite Boeing, CFM, and the FAA attempting to differentiate the Ryanair accident from the 2018 Southwest accident, both events share a common root cause of uncontained debris hitting the fuselage and causing explosive decompression, and an engine cowling that fails to protect the aircraft, which is a problem that remains unresolved.

The FAA infers that the commenter is referring to a July 10, 2026, Ryanair flight (operating as Malta Air flight FR1879) and an April 17, 2018, Southwest Airlines flight that both experienced an uncontained engine failure. The FAA notes that the root cause of the fan blade failure on the Ryanair flight is still under investigation, and the FAA will consider additional rulemaking to address the Ryanair failure mode as the investigation develops. The FAA also notes that no factual information has been received that indicates that the incident is related to the unsafe condition addressed by this AD. The FAA did not change this AD as a result of this comment.

Request To Align AD Issuance and Effective Date With Service Material

THY requested that the FAA issue the new AD before September 10, 2026, with an effective date of September 11, 2026. THY noted that CFM56–7B SB 72–1033, Revision 5, requires compliance within 45 days of its issuance, and existing AD 2018–26–01 requires compliance with CFM SB CFM56–7B S/B 72–1033, Revision 3, dated November 6, 2018. THY stated that operators may face a conflict between the requirements of AD 2018–26–01 and CFM56–7B SB 72–1033, Revision 5, and requested that the FAA issue the new AD before September 10, 2026, with an effective date of September 11, 2026, to avoid the need for a general AMOC for AD 2018–26–01.

The FAA disagrees with the request because compliance with this AD is based on the effective date of this AD and not on the issue date of service material. The FAA notes that the effective date of this AD will be a future date once the final rule is published, and a global AMOC exists to use CFM56–7B SB 72–1033, Revision 5, in lieu of CFM SB CFM56–7B S/B 72–1033, Revision 3, dated November 6, 2018. The FAA did not change this AD as a result of this comment.

Request To Make Ultrasonic Inspection the Primary Inspection Method

An individual commenter expressed support for the NPRM but requested that the FAA consider making the improved ultrasonic inspection the primary method of inspection of the fan blades rather than provide the equal option of performing an eddy current inspection. The commenter stated that the National Transportation Safety Board's final report on the 2018 Southwest Airlines Flight 1380 accident found that the failed fan blade contained a crack for nearly 6 years, which was missed during a prior overhaul due to an inspection method that was not sensitive enough to detect it. The commenter also noted that this was the very incident that prompted this AD chain, and if the newer ultrasonic inspection method is proven to detect more cracks, continuing to allow the older eddy current method as an equal alternative appears to undercut the purpose of updating the rule.

The FAA disagrees with the comment because the ultrasonic inspection method is not proven to detect more cracks than the eddy current inspection method. The ultrasonic inspection method increases the inspection area of the fan blade to match the existing eddy current inspection area so both inspection methods remain valid options for detecting cracks. The FAA did not change this AD as a result of this comment.

Conclusion

The FAA reviewed the relevant data, considered any comments received, and determined that air safety requires adopting the AD as proposed. Accordingly, the FAA is issuing this AD to address the unsafe condition on these products. Except for minor editorial changes, and any other changes described previously, this AD is adopted as proposed in the NPRM. None of the changes will increase the economic burden on any operator.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed CFM56–7B SB 72–1033, Revision 6, which specifies procedures for performing an ultrasonic inspection of the affected fan blades.

The FAA also reviewed Subtask 72–21–01–220–091, of Task 72–21–01–200–001, from the CFM56–7B Engine Shop Manual, Revision 67, dated July 15, 2026, which specifies procedures for performing an eddy current inspection of the affected fan blades.

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.

Costs of Compliance

The FAA estimates that this AD affects 4,553 engines installed on airplanes of U.S. registry.

The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect engine fan blade	2 work-hours × $85 per hour = $170	$170	$340	$1,548,020

The FAA estimates the following costs to do any necessary replacements that would be required based on the results of the inspection. The agency has no way of determining the number of engines that might need these replacements:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace fan blade (pair)	1 work-hour × $85 per hour = $85	$208,300	$208,385

Authority for This Rulemaking

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

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

Regulatory Findings

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

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

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

(2) Will not affect intrastate aviation in Alaska, and

(3) Will 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 Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive 2018–26–01, Amendment 39–19531 (83 FR 66090, December 26, 2018); and

■ b. Adding the following new airworthiness directive:

2026–22–14 CFM International, S.A.: Amendment 39–23516; Docket No. FAA–2026–7232; Project Identifier AD–2026–00784–E.

(a) Effective Date

This airworthiness directive (AD) is effective December 29, 2026.

(b) Affected ADs

This AD replaces AD 2018–26–01, Amendment 39–19531 (83 FR 66090, December 26, 2018).

(c) Applicability

This AD applies to all CFM International, S.A. (CFM) Model CFM56–7B20, CFM56–7B22, CFM56–7B24, CFM56–7B26, CFM56–7B27, CFM56–7B22/B1, CFM56–7B24/B1, CFM56–7B26/B1, CFM56–7B26/B2, CFM56–7B27/B1, CFM56–7B27/B3, CFM56–7B20/3, CFM56–7B22/3, CFM56–7B24/3, CFM56–7B26/3, CFM56–7B27/3, CFM56–7B22/3B1, CFM56–7B24/3B1, CFM56–7B26/3B1, CFM56–7B26/3B2, CFM56–7B26/3F,

CFM56–7B26/3B2F, CFM56–7B27/3B1, CFM56–7B27/3B3, CFM56–7B27/3F, CFM56–7B27/3B1F, CFM56–7B20E, CFM56–7B22E, CFM56–7B24E, CFM56–7B26E, CFM56–7B27E, CFM56–7B22E/B1, CFM56–7B24E/B1, CFM56–7B26E/B1, CFM56–7B26E/B2, CFM56–7B26E/F, CFM56–7B26E/B2F, CFM56–7B27E/B1, CFM56–7B27E/B3, CFM56–7B27E/F, CFM56–7B27E/B1F, CFM56–7B20/2, CFM56–7B22/2, CFM56–7B24/2, CFM56–7B26/2, CFM56–7B27/2, CFM56–7B27A, CFM56–7B27AE, and CFM56–7B27A/3 engines.

(d) Subject

Joint Aircraft System Component (JASC) Code 7230, Turbine Engine Compressor Section.

(e) Unsafe Condition

This AD was prompted by an April 2018 event involving an engine failure due to a fractured fan blade that led to the engine inlet cowl disintegrating and debris penetrating the fuselage, resulting in one fatality, and the development of improved inspection methods. The FAA is issuing this AD to prevent failure of the fan blade. The unsafe condition, if not addressed, could result in failure of the fan blade, the engine inlet cowl disintegrating and debris penetrating the fuselage, causing a loss of pressurization, and prompting an emergency descent.

(f) Compliance

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

(g) Definitions

For the purpose of this AD, a ''part eligible for installation'' is:

(1) A fan blade that has fewer than 17,000 cycles since new (CSN); or

(2) A fan blade that has passed the inspection in accordance with paragraph (h)(1) of this AD within the last 1,600 flight cycles (FCs) before installation.

(h) Required Actions

(1) Within the following compliance times, perform either an ultrasonic inspection or an eddy current inspection of the concave and convex sides of the fan blade dovetail in accordance with the Accomplishment Instructions, paragraphs 3.A.(3)(a) through (i), of CFM International CFM56–7B Service Bulletin (SB) S/B 72–1033, Revision 06, dated August 14, 2026 (CFM56–7B SB 72–1033, Revision 6) for ultrasonic inspections, or in accordance with the instructions in Subtask 72–21–01–220–091, of Task 72–21–01–200–001, from CFM CFM56–7B Engine Shop Manual, Revision 67, dated July 15, 2026, for eddy current inspections.

(i) For initial inspection, prior to accumulating 17,000 CSN or within 1,600 FCs since the last inspection of the fan blade dovetail before the effective date of this AD, whichever occurs later.

(ii) Thereafter, repeat the inspection at intervals not to exceed 1,600 FCs since the last inspection of the fan blade dovetail.

(2) If any unserviceable indication is found during the inspection required by paragraph (h)(1) of this AD, before further flight, replace the fan blade with a part eligible for installation.

(i) Installation Prohibition

(1) After the effective date of this AD, do not install a fan blade on any engine, unless it is a part eligible for installation as defined in paragraph (g) of this AD.

(2) Removing and reinstalling a fan blade for the purpose of relubrication is not subject to the requirements of this paragraph.

(j) No Reporting or Returning of Parts Requirement

Where CFM56–7B SB 72–1033, Revision 6, requires reporting inspection results, this AD does not require that action. Where Subtask 72–21–01–220–091, of Task 72–21–01–200–001, from CFM CFM56–7B Engine Shop Manual, Revision 67, dated July 15, 2026, specifies to send parts to the manufacturer, this AD does not require that action.

(k) Credit for Previous Actions

You may take credit for the actions that are required by paragraph (h) of this AD if you performed those actions before the effective date of this AD using CFM SB CFM56–7B S/B 72–1019, dated March 24, 2017; CFM SB CFM56–7B S/B 72–1019, Revision 1, dated June 13, 2017; CFM SB CFM56–7B S/B 72–1024, dated July 26, 2017; CFM SB CFM56–7B S/B 72–1033, dated April 20, 2018; CFM SB CFM56–7B S/B 72–1033, Revision 01, dated May 09, 2018; CFM SB CFM56–7B S/B 72–1033, Revision 2, dated July 27, 2018; CFM SB CFM56–7B S/B 72–1033, Revision 03, dated November 6, 2018; CFM SB CFM56–7B S/B 72–1033, Revision 04, dated September 12, 2019; CFM SB CFM56–7B S/B 72–1033, Revision 05, dated July 28, 2026; or the instructions in Subtask 72–21–01–220–091, of Task 72–21–01–200–001, from the CFM56–7B Engine Shop Manual, Revision 67, dated July 15, 2026, or earlier revision.

(l) Alternative Methods of Compliance (AMOCs)

(1) The Manager, AIR–520 Continued Operational Safety Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the AIR–520 Continued Operational Safety Branch, send it to the attention of the person identified in paragraph (m) 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.

(3) For material that contains steps that are labeled as Required for Compliance (RC), the provisions of paragraph (h)(1) of this AD apply.

(i) The steps labeled as RC, including substeps under an RC step and any figures identified in an RC step, must be done to comply with the AD. An AMOC is required for any deviations to RC steps, including substeps and identified figures.

(ii) Steps not labeled 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 RC steps, including substeps and identified figures, can still be done as specified, and the airplane can be put back in an airworthy condition.

(m) Additional Information

For more information about this AD, contact Alexei Marqueen, Aviation Safety Engineer, FAA, 2200 South 216th Street, Des Moines, WA 98198; phone: (781) 238–7178; email: *alexei.t.marqueen@faa.gov.*

(n) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) 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) CFM International (CFM) CFM56–7B Service Bulletin S/B 72–1033, Revision 06, dated August 14, 2026.

(ii) Subtask 72–21–01–220–091, of Task 72–21–01–200–001, from the CFM CFM56–7B Engine Shop Manual, Revision 67, dated July 15, 2026.

(3) For CFM material identified in this AD, contact CFM International, S.A., GE Aviation Fleet Support, 1 Neumann Way, M/D Room 285, Cincinnati, OH 45215; phone: (877) 432–3272; email: *aviation.fleetsupport@ge.com.*

(4) You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 1200 District Avenue, Burlington, MA 01803. 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 November 19, 2026.

Lona C. Saccomando,

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

[FR Doc. 2026–23860 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–8790; Project Identifier MCAI–2025–01793–R; Amendment 39–23523; AD 2026–23–06]

RIN 2120–AA64

Airworthiness Directives; Airbus Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is superseding Airworthiness Directive (AD) 2025–08–06 which applied to certain Airbus Helicopters Model SA330J helicopters. AD 2025–08–06 required repetitively inspecting for a gap between the main gearbox (MGB) oil cooling fan assembly rotor blade and the upper section of the guide vane bearing housing, replacing the MGB fan rotor bearings with serviceable bearings if necessary, and at a later compliance time replacing the MGB fan rotor bearing assembly with an improved MGB fan rotor bearing assembly, which constitutes terminating action for the repetitive inspections. Since AD 2025–08–06 was issued, the FAA determined that the compliance time for installing the improved MGB fan rotor bearing assembly should be extended. This AD continues to require the actions in AD 2025–08–06 and increases the compliance time for installing the improved MGB fan rotor bearing assembly. This AD also prohibits installing any MGB fan rotor bearings and any MGB fan rotor bearing assembly, unless certain requirements are met. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective December 29, 2026.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of December 29, 2026.

ADDRESSES:

AD Docket: You may examine the AD docket at *regulations.gov* under Docket No. FAA–2026–8790; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

Material Incorporated by Reference:

- For European Union Aviation Safety Agency (EASA) material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *easa.europa.eu.* You may find this material on the EASA website at *ad.easa.europa.eu.*
- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, FAA, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222–5110. It is also available at *regulations.gov* under Docket No. FAA–2026–8790.

FOR FURTHER INFORMATION CONTACT: George Weir, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–4045; email: *george.a.weir@faa.gov*.

SUPPLEMENTARY INFORMATION:

Background

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to supersede AD 2025–08–06, Amendment 39–23019 (90 FR 19255, May 7, 2025), (AD 2025–08–06). AD 2025–08–06 applied to certain Airbus Helicopters Model SA330J helicopters. AD 2025–08–06 required repetitively inspecting for a gap between the MGB fan rotor blade and the upper section of the guide vane bearing housing, replacing the MGB fan rotor bearings with serviceable bearings if necessary, and at a later compliance time replacing the MGB fan rotor bearing assembly with an improved assembly, which constitutes terminating action for the repetitive inspections. The FAA issued AD 2025–08–06 to prevent rotor burst of the MGB fan, damage to the hydraulic lines and flight controls, and subsequent loss of control of the helicopter.

The NPRM was published in the **Federal Register** on September 1, 2026 (91 FR 56081). The NPRM was prompted by an MCAI originated by EASA, which is the Technical Agent for the Member States of the European Union. EASA issued EASA AD 2022–0191R1, dated December 9, 2025 (EASA AD 2022–0191R1) (also referred to as the MCAI). The MCAI states that the manufacturer determined that the compliance time for the required modification can be extended due to industrial constraints linked to the availability of replacement parts.

In the NPRM, the FAA proposed to require the actions in AD 2025–08–06 and increase the compliance time for installing the improved MGB fan rotor bearing assembly. In the NPRM, the FAA also proposed to prohibit installing any MGB fan rotor bearings and any MGB fan rotor bearing assembly, unless certain requirements are met.

You may examine the MCAI in the AD docket at *regulations.gov* under Docket No. FAA–2026–8790.

Explanation of Retained Requirements

Although this AD does not explicitly restate the requirements of AD 2025–08–06, this AD retains the requirements of AD 2025–08–06. Those requirements are referenced in EASA AD 2022–0191R1, which, in turn, is referenced in paragraph (g) of this AD.

Discussion of Final Airworthiness Directive

Comments

The FAA received comments from one individual commenter. The commenter supported the NPRM without change.

Conclusion

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 reviewed the relevant data, considered any comments received, and determined that air safety requires adopting this AD as proposed. Accordingly, the FAA is issuing this AD to address the unsafe condition on these products. Except for minor editorial changes, this AD is adopted as proposed in the NPRM. None of the changes will increase the economic burden on any operator.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2022–0191R1, which specifies procedures for repetitively inspecting for play (a gap) between the MGB fan rotor blade and the upper section of the guide vane bearing housing. If there is play that does not meet the minimum requirement, EASA AD 2022–0191R1 requires replacing the affected MGB fan rotor bearings with serviceable bearings (both rear and front). EASA AD 2022–0191R1 also specifies procedures for replacing the MGB fan bearing assembly with an improved assembly, which constitutes terminating action for the repetitive inspections. Additionally, EASA AD 2022–0191R1 prohibits installing any MGB fan rotor bearings unless they are serviceable bearings and prohibits installing any MGB fan bearing assembly unless it is an improved MGB fan bearing assembly.

This material is reasonably available because the interested parties have access to it through their normal course of business or by means identified in the **ADDRESSES** section.

Costs of Compliance

The FAA estimates that this AD affects 3 helicopters of U.S. registry.

The FAA estimates the following costs to comply with this AD:

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect MGB fan bearing assembly	2 work hours × $85 per hour = $170	$0	$170	$510

The FAA estimates the following costs to do any replacements that would be required based on the results of the inspection.

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace MGB fan rotor bearings	6 work hours × $85 per hour = $510	Up to $1,938 (both bearings)	Up to $2,448.
Modify fan bearing assembly	8 work hours × $85 per hour = $680	Up to $17,521	Up to $18,201.

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

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

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

(2) Will not affect intrastate aviation in Alaska, and

(3) Will 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 Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive 2025–08–06, Amendment 39–23019 (90 FR 19255, May 7, 2025); and

■ b. Adding the following new airworthiness directive:

2026–23–06 Airbus Helicopters: Amendment 39–23523; Docket No. FAA–2026–8790; Project Identifier MCAI–2025–01793–R.

(a) Effective Date

This airworthiness directive (AD) is effective December 29, 2026.

(b) Affected ADs

This AD replaces AD 2025–08–06, Amendment 39–23019 (90 FR 19255, May 7, 2025) (AD 2025–08–06).

(c) Applicability

This AD applies to all Airbus Helicopters Model SA330J helicopters, certificated in any category.

(d) Subject

Joint Aircraft System Component (JASC) Code 6322, Rotorcraft Cooling Fan System.

(e) Unsafe Condition

This AD was prompted by the development of a modification for an improved main gearbox (MGB) fan rotor bearing assembly and the determination that the compliance time for installation should be extended. The FAA is issuing this AD to prevent rotor bursting of the MGB fan. The unsafe condition, if not addressed, could result in damage to the hydraulic lines and flight controls and loss of control of the helicopter.

(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 2022–0191R1, dated December 9, 2025 (EASA AD 2022–0191R1).

(h) Exceptions to EASA AD 2022–0191R1

(1) Where EASA AD 2022–0191R1 refers to August 11, 2020 (the effective date of EASA AD 2020–0171, dated July 28, 2020), this AD requires using June 11, 2025 (the effective date of AD 2025–08–06).

(2) Where EASA AD 2022–0191R1 refers to September 29, 2022 (the effective date of EASA AD 2022–0191, dated September 15, 2022), this AD requires using June 11, 2025 (the effective date of AD 2025–08–06).

(3) Where EASA AD 2022–0191R1 refers to its effective date, this AD requires using the effective date of this AD.

(4) Where EASA AD 2022–0191R1 refers to flight hours (FH), this AD requires using hours time-in-service.

(5) Where the material referenced in EASA AD 2022–0191R1 specifies to send the fan-bearing assembly to an approved D-level maintenance center, this AD does not require that action.

(6) This AD does not adopt the ''Remarks'' section of EASA AD 2022–0191R1.

(i) No Reporting or Returning of Parts Requirement

Although the material referenced in EASA AD 2022–0191R1 specifies submitting certain information and return parts to the manufacturer, this AD does not require those actions.

(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 George Weir, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–4045; email: *george.a.weir@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 2022–0191R1, dated December 9, 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 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 November 16, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–23879 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–13825; Project Identifier MCAI–2026–01123–R; Amendment 39–23528; AD 2026–24–04]

RIN 2120–AA64

Airworthiness Directives; Bell Textron Canada Limited Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain Bell Textron Canada Limited (Bell) Model 429 helicopters. This AD was prompted by reports of premature wear-out of certain spherical bearings due to a quality escape of the spherical bearing monoballs not receiving the required hard coating. This AD requires repetitively inspecting the tail rotor (TR) pitch link assemblies and their bearings for cracks, wear, and mechanical or corrosion damage and, depending on the results, replacing any affected TR pitch link assembly. This AD also allows an affected part to be installed in a helicopter if certain requirements are met. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective December 9, 2026.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of December 9, 2026.

The FAA must receive comments on this AD by January 8, 2027.

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–2026–13825; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, 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 Transport Canada material identified in this AD, contact Transport Canada, Transport Canada National Aircraft Certification, 159 Cleopatra Drive, Nepean, Ontario, K1A 0N5, Canada; phone: (888) 663–3639; email: *tc.airworthinessdirectives-consignesdenavigabilite.tc@tc.gc.ca;* website: *tc.canada.ca/en/aviation.*
- 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. It is also available at *regulations.gov* under Docket No. FAA–2026–13825.

FOR FURTHER INFORMATION CONTACT: Steven Warwick, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–5225; email: *steven.r.warwick@faa.gov*.

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written data, views, or arguments about this final rule. Send your comments using a method listed under **ADDRESSES**. Include ''Docket No. FAA–2026–13825; Project Identifier MCAI–2026–01123–R'' at the beginning of your comments. The most helpful comments reference a specific portion of the final rule, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend this final rule because of those comments.

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

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this AD contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this AD, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ''PROPIN.'' The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this AD. Submissions containing CBI should be sent to Steven Warwick, 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

Transport Canada, which is the aviation authority for Canada, has issued Transport Canada AD CF–2026–50, dated October 9, 2026 (Transport Canada AD CF–2026–50) (also referred to as the MCAI), to correct an unsafe condition for certain Bell Textron Canada Limited Model 429 helicopters. The MCAI states Bell has received reports of premature wear-out of the spherical bearings, (P/N) 429–312–117–103, due to a quality escape at the sub-supplier wherein the spherical bearing monoballs did not receive the required hard coating. The MCAI further states this lack of hard coating reduces the wear resistance of the ball and causes it to fret upon contact with the inner bearing race.

The FAA is issuing this AD to detect a worn-out bearing, which could result in the failure of the TR pitch link assembly and loss of control of the helicopter.

You may examine the MCAI in the AD docket at *regulations.gov* under Docket No. FAA–2026–13825.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed Transport Canada AD CF–2026–50, which specifies procedures for repetitively inspecting TR pitch link assembly P/N 429–012–212–105 or P/N 429–012–212–107 having a serial number identified in the manufacturer's material and its associated bearings for cracks, wear, and mechanical or corrosion damage, and depending on the results, replacing an affected TR pitch link assembly and the associated hardware. In addition, Transport Canada AD CF–2026–50 specifies an affected part is allowed to be installed on a helicopter if the required inspections have been accomplished.

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 AD after determining that the unsafe condition described previously is likely to exist or develop on other products of the same type design.

AD Requirements

This AD requires accomplishing the actions specified in Transport Canada AD CF–2026–50, described previously, as incorporated by reference, except for any differences identified as exceptions in the regulatory text of this 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, Transport Canada AD CF–2026–50 is incorporated by reference in this AD. This AD requires compliance with Transport Canada AD CF–2026–50 in its entirety through that incorporation, except for any differences identified as exceptions in the regulatory text of this AD. Material required by Transport Canada AD CF–2026–50 for compliance will be available at *regulations.gov* under Docket No. FAA–2026–13825 after this AD is published.

Justification for Immediate Adoption and Determination of the Effective Date

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

An unsafe condition exists that requires the immediate adoption of this AD without providing an opportunity for public comments prior to adoption. The FAA has found that the risk to the flying public justifies forgoing notice and comment prior to adoption of this rule because the affected components are part of an assembly that is critical to the control of a helicopter. Further, the compliance time for the initial inspection required by this AD for TR pitch link assemblies with 120 hours time-in-service (TIS) or more is within 30 hours TIS, a time period of less than two months based on the average monthly utilization rates of these helicopters. Therefore, the initial compliance time of this AD for TR pitch link assemblies with 120 hours TIS or more is shorter than the time necessary for the public comment and for publication of the final rule. Accordingly, notice and opportunity for prior public comment are impracticable and contrary to the public interest pursuant to 5 U.S.C. 553(b).

In addition, the FAA finds that good cause exists pursuant to 5 U.S.C. 553(d) for making this amendment effective in less than 30 days, for the same reasons the FAA found good cause to forgo notice and comment.

Regulatory Flexibility Act

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

Costs of Compliance

The FAA estimates that this AD affects 152 helicopters of U.S. registry.

The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspect TR pitch link assemblies (four per helicopter).	2 work-hours × $85 per hour = $170.	$0	$170 per inspection	$25,840 per inspection.

The FAA estimates the following costs to do any replacement that would be required based on the results of the inspection. The agency has no way of determining the number of helicopters that might need this replacement:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace a TR pitch link assembly including hardware.	2 work-hours × $85 per hour = $170 (per assembly).	Up to $1,883 (per assembly).	Up to $2,053 (per assembly).

Authority for This Rulemaking

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

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

Regulatory Findings

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

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

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

(2) Will not affect intrastate aviation in Alaska.

List of Subjects in 14 CFR Part 39

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

The Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

2026–24–04 Bell Textron Canada Limited: Amendment 39–23528; Docket No. FAA–2026–13825; Project Identifier MCAI–2026–01123–R.

(a) Effective Date

This airworthiness directive (AD) is effective December 9, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Bell Textron Canada Limited Model 429 helicopters, certificated in any category, as identified in Transport Canada AD CF–2026–50, dated October 9, 2026 (Transport Canada AD CF–2026–50).

(d) Subject

Joint Aircraft System Component (JASC) Code 6400, Tail Rotor System.

(e) Unsafe Condition

This AD was prompted by reports of premature wear-out of the spherical bearings due to a quality escape of the spherical bearing monoballs not receiving the required hard coating. The FAA is issuing this AD to detect a worn-out bearing. The unsafe condition, if not addressed, could result in the failure of the tail rotor pitch link assembly and loss of control of the helicopter.

(f) Compliance

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

(g) Required Actions

Except as specified in paragraph (h) of this AD: Comply with all required actions and compliance times specified in, and in accordance with, Transport Canada AD CF–2026–50.

(h) Exceptions to Transport Canada AD CF–2026–50

(1) Where Transport Canada AD CF–2026–50 refers to its effective date, this AD requires using the effective date of this AD.

(2) Where Transport Canada AD CF–2026–50 requires compliance in terms of air time, this AD requires using hours time-in-service.

(i) 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 (j) 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.

(j) Additional Information

For more information about this AD, contact Steven Warwick, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (817) 222–5225; email: *steven.r.warwick@faa.gov.*

(k) 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) Transport Canada AD CF–2026–50, dated October 9, 2026.

(ii) [Reserved]

(3) For Transport Canada material identified in this AD, contact Transport Canada National Aircraft Certification, 159 Cleopatra Drive, Nepean, Ontario K1A 0N5, Canada phone: (888) 663–3639; email: *tc.airworthinessdirectives-consignesdenavigabilite.tc@tc.gc.ca;* website: *tc.canada.ca/en/aviation.*

(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 November 18, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–23877 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2026–8449; Airspace Docket No. 26–ASO–15]

RIN 2120–AA66

Amendment of Class D Airspace and Class E Airspace Over Tri-Cities, TN

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action amends Class D and Class E airspace over Tri-Cities, TN. Specifically, this action modifies the Tri-Cities Class D and Class E surface area airspace by expanding the radius and lateral boundaries to the northeast and removing the Tri-Cities Class E surface area extension airspace to the northeast. Additionally, this action modifies the Tri-Cities Class E transitional airspace beginning at 700 feet above the surface by expanding the lateral boundaries of the western portion of the airspace. Lastly, this action updates the airport name within the Class D and E legal descriptions and other outdated verbiage.

DATES: Effective date 0901 UTC, February 18, 2027. The Director of the Federal Register approves this incorporation by reference action under 1 CFR part 51, subject to the annual revision of FAA Order JO 7400.11 and publication of conforming amendments.

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

FAA Order JO 7400.11M, Airspace Designations and Reporting Points, and subsequent amendments can be viewed online at *www.faa.gov/air_traffic/publications/.* You may also contact the Airspace Regulation Group, Operational Policy, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20597; telephone: (202) 267–8783.

FOR FURTHER INFORMATION CONTACT: Rachel Cruz, Operations Support Group, Eastern Service Center, Federal Aviation Administration, 1701 Columbia Avenue, College Park, GA 30337; Telephone: (404) 305–5571.

SUPPLEMENTARY INFORMATION:

Authority for This Rulemaking

The FAA's authority to issue rules regarding aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106 describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the agency's authority. This rulemaking is promulgated under the authority described in Subtitle VII, Part A, Subpart I, Section 40103. Under that section, the FAA is charged with prescribing regulations to assign the use of airspace necessary to ensure the safety of aircraft and the efficient use of airspace. This regulation is within the scope of that authority as it amends Class D and Class E airspace in Tri-Cities, TN.

History

The FAA published an NPRM for Docket No. FAA–2026–8449 in the **Federal Register** (91 FR 51604; August 11, 2026), proposing to amend Class D and Class E over Tri-Cities, TN. Interested parties were invited to participate in this rulemaking effort by submitting written comments on the proposal to the FAA. Two comments were received. One comment was non-substantive. It identified a typographical error in the URL address for *www.regulations.gov* in the NPRM. The URL inadvertently omitted a letter.

The second comment expressed concern regarding the expansion of controlled airspace and the preservation of uncontrolled airspace. However, the commenter misinterpreted the NPRM and incorrectly believed that the expansion consists of the total preexisting Class E airspace volume. The FAA is adding a 1.7-mile extension to the current 9.3-mile radius of the Class E airspace to support IFR operations. Furthermore, the extension is located over a ridgeline on Bays Mountain, not over a valley, so there should be no impact to VFR operations in valley areas.

Class D and Class E airspace designations are published in paragraphs 5000, 6002, 6004 and 6005 of FAA Order JO 7400.11, Airspace Designations and Reporting Points, which is incorporated by reference in 14 CFR 71.1 on an annual basis. This document amends the current version of that order, FAA Order JO 7400.11M, dated July 30, 2026, and effective September 15, 2026. These amendments will be published in the next update to FAA Order JO 7400.11. FAA Order JO 7400.11M, which lists Class A, B, C, D, and E airspace areas, air traffic service routes, and reporting points, is publicly available as listed in the **ADDRESSES** section of this document.

The Rule

This action amends 14 CFR part 71 by modifying Class D and Class E airspace over Tri-Cities, TN. A review of the Tri-Cities, TN Class D and Class E airspace revealed a need to increase to the lateral dimensions of the Class D and Class E surface area airspace, as well as the Class E transitional airspace beginning at 700 feet above the surface, in order to contain current Instrument Flight Rule (IFR) operations, specifically departure procedures and the following IAPs: ILS/LOC RWY 5, RNAV (GPS) RWY 5, and RNAV (GPS) RWY 9. This action will increase the lateral dimensions of both the Tri-Cities Class D and Class E surface area airspace by 0.4 miles to be within a 4.7-mile radius of Tri-Cities Airport, and within 1 mile each side of the 042° bearing from the airport, extending from the 4.7-mile radius to 5.3 miles northeast of the airport.

This action also removes the Tri-Cities Class E surface area extension to the northeast as it will no longer be necessary to contain IFR operations after the modification to the Class D and Class E surface area airspace. In addition, this action increases the lateral dimensions of the Tri-Cities Class E transitional airspace beginning at 700 feet above the surface by adding a 1.7-mile extension that is 4.2 miles wide to the western portion of the airspace while maintaining the current 9.3-mile radius from the airport and northeast and southwest extension components of the airspace. The western extension is within 2.1 miles each side of the 270° bearing from the airport extending from the 9.3-mile radius to 11 miles west of the airport.

Lastly, this action updates the airport name of Tri-Cities Airport in the Class D airspace and two Class E airspace legal descriptions. It also updates the superseded reference to the ''Airport/Facility Directory'' to ''Chart Supplement'' in both the Class D and Class E surface area airspace legal descriptions in accordance with current FAA naming conventions.

Regulatory Notices and Analyses

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Order 2100.6B,

''Rulemaking and Guidance Procedure'' (March 10, 2025); and (3) is expected to result in, at most, de minimis costs from compliance with applicable operating requirements or minor flight rerouting for operators choosing to navigate around the controlled airspace. Since these amendments are routine and the expected impact to operators is de minimis, the FAA certifies that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Environmental Review

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

Lists of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Amendment

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

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

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

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

§ 71.1 [Amended]

■ 2. The incorporation by reference in 14 CFR 71.1 of FAA Order JO 7400.11M, Airspace Designations and Reporting Points, dated July 30, 2026, and effective September 15, 2026, is amended as follows:

Paragraph 5000 Class D Airspace.

* * * * *

ASO TN D Tri-Cities, TN [Amended]

Tri-Cities Airport, TN
(Lat. 36°28′31″ N, long. 82°24′27″ W)

That airspace extending upward from the surface to and including 4,000 feet MSL within a 4.7-mile radius of Tri-Cities Airport, and within 1 mile each side of the 042° bearing from the airport, extending from the 4.7-mile radius to 5.3 miles northeast of the airport. This Class D airspace area is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Chart Supplement.

* * * * *

Paragraph 6002 Class E Airspace Areas Designated as Surface Areas.

* * * * *

ASO TN E2 Tri-Cities, TN [Amended]

Tri-Cities Airport, TN
(Lat. 36°28′31″ N, long. 82°24′27″ W)

That airspace extending upward from the surface within a 4.7-mile radius of Tri-Cities Airport, and within 1 mile each side of the 042° bearing from the airport, extending from the 4.7-mile radius to 5.3 miles northeast of the airport. This Class E airspace area is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Chart Supplement.

* * * * *

6004 Class E Airspace Areas Designated as an Extension to a Class D or Class E Surface Area.

* * * * *

ASO TN E4 Tri-Cities, TN [Removed]

* * * * *

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

* * * * *

ASO TN E5 Tri-Cities, TN [Amended]

Tri-Cities Airport, TN
(Lat. 36°28′31″ N, long. 82°24′27″ W)

That airspace extending upward from 700 feet above the surface within a 9.3-mile radius of Tri-Cities Airport and within 4 miles west and 8 miles east of the 223° bearing from the airport extending from the 9.3-mile radius to 23 miles southwest of the airport, and within 2.1 miles each side of the 270° bearing from the airport extending from the 9.3-mile radius to 11 miles west of the airport, and within 2 miles each side of the 043° bearing from the airport extending from the 9.3-mile radius to 14.5 miles northeast of the airport.

* * * * *

Issued in College Park, Georgia, on November 20, 2026.

Andreese C. Davis,

Manager, Airspace and Procedures South Team, Eastern Service Center, Air Traffic Organization.

[FR Doc. 2026–23948 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2026–10543; Airspace Docket No. 26–AEA–14]

RIN 2120–AA66

Establishment of Class E Airspace Over Hardy, VA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action establishes new Class E airspace over Hardy, VA. This airspace is necessary to support Instrument Flight Rules (IFR) operations, utilizing new Special Instrument Approach Procedures (SIAPs) serving Carilion Westlake Center Heliport.

DATES: Effective 0901 UTC, February 18, 2027. The Director of the Federal Register approves this incorporation by reference action under 1 CFR part 51, subject to the annual revision of FAA Order JO 7400.11 and publication of conforming amendments.

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

FAA Order JO 7400.11M, Airspace Designations and Reporting Points, as well as subsequent amendments, can be viewed online at *www.faa.gov/air_traffic/publications/.* For further information, you may also contact the Airspace Regulation Group, Operational Policy, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20597; telephone: (202) 267–8783.

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

SUPPLEMENTARY INFORMATION:

Authority for This Rulemaking

The FAA's authority to issue rules regarding aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106 describes the authority of the FAA Administrator.

Subtitle VII, Aviation Programs, describes in more detail the scope of the agency's authority. This rulemaking is promulgated under the authority described in Subtitle VII, Part A, Subpart I, Section 40103. Under that section, the FAA is charged with prescribing regulations to assign the use of airspace necessary to ensure the safety of aircraft and the efficient use of airspace. This regulation is within the scope of that authority as it establishes Class E airspace in Hardy, VA.

History

The FAA published an NPRM for Docket No. FAA–2026–10543 in the **Federal Register** (91 FR 56810; September 4, 2026), proposing to establish Class E airspace in Hardy, VA. Interested parties were invited to participate in this rulemaking effort by submitting written comments on the proposal to the FAA. Two comments were received. Both commenters supported the proposal, citing an improvement to the safety and efficiency of IFR helicopter operations at the heliport.

Incorporation by Reference

Class E airspace designations are published in paragraph 6005 of FAA Order JO 7400.11, Airspace Designations and Reporting Points, which is incorporated by reference in 14 CFR 71.1 on an annual basis. This document amends the latest version of that order, FAA Order JO 7400.11M, dated July 30, 2026, and effective September 15, 2026. These amendments will be published in the next update to FAA Order JO 7400.11. FAA Order JO 7400.11M, which lists Class A, B, C, D, and E airspace areas, air traffic service routes, and reporting points, is publicly available as listed in the **ADDRESSES** section of this document.

The Rule

This action amends 14 CFR part 71 by establishing Class E airspace over Hardy, VA. This Class E airspace extends upward from 700 feet above the surface within a 6-mile radius of Carilion Westlake Center Heliport. This airspace is necessary to support IFR helicopter operations using the new SIAPs developed for the heliport.

Regulatory Notices and Analyses

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore: (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Order 2100.6B, ''Rulemaking and Guidance Procedure'' (March 10, 2025); and (3) is expected to result in, at most, de minimis costs from compliance with applicable operating requirements or minor flight rerouting for operators choosing to navigate around the controlled airspace. Since these amendments are routine and the expected impact to operators is de minimis, the FAA certifies that this rule, when promulgated, does not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Environmental Review

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

Lists of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Amendment

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

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

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

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

§ 71.1 [Amended]

■ 2. The incorporation by reference in 14 CFR 71.1 of FAA Order JO 7400.11M, Airspace Designations and Reporting Points, dated July 30, 2026, and effective September 15, 2026, is amended as follows:

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

* * * * *

AEA VA E5 Hardy, VA [New]

Carilion Westlake Center Heliport, VA
(Lat. 37°06′58″ N, long. 79°43′05″ W)

That airspace extending upward from 700 feet above the surface within a 6-mile radius of Carilion Westlake Center Heliport.

* * * * *

Issued in College Park, Georgia, on November 20, 2026.

Gregory R. Garmon,

Acting Manager, Airspace and Procedures North Team, Eastern Service Center, Air Traffic Organization.

[FR Doc. 2026–23870 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 95

[Docket No. 31696; Amdt. No. 595]

IFR Altitudes; Miscellaneous Amendments

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts miscellaneous amendments to the required IFR (instrument flight rules) altitudes and changeover points for certain Federal airways, jet routes, or direct routes for which a minimum or maximum en-route authorized IFR altitude is prescribed. This regulatory action is needed because of changes occurring in the National Airspace System. These changes are designed to provide for the safe and efficient use of the navigable airspace under instrument conditions in the affected areas.

DATES: Effective 0901 UTC, December 24, 2026.

FOR FURTHER INFORMATION CONTACT: Brian Murphy, Manager, Aeronautical Information Services, Aeronautical Information Group, Aeronautical Data Team, Federal Aviation Administration. Mailing Address: FAA Headquarters, Aeronautical Information Group, 800 Independence Ave. SW, Bldg. 10A, Room 507L, Washington, DC 20591. Telephone (202) 267–4389.

SUPPLEMENTARY INFORMATION: This amendment to part 95 of the Federal Aviation Regulations (14 CFR part 95) amends, suspends, or revokes IFR altitudes governing the operation of all aircraft in flight over a specified route or any portion of that route, as well as the changeover points (COPs) for Federal airways, jet routes, or direct routes as prescribed in part 95.

The Rule

The specified IFR altitudes, when used in conjunction with the prescribed

changeover points for those routes, ensure navigation aid coverage that is adequate for safe flight operations and free of frequency interference. The reasons and circumstances that create the need for this amendment involve matters of flight safety and operational efficiency in the National Airspace System, are related to published aeronautical charts that are essential to the user and provide for the safe and efficient use of the navigable airspace. In addition, those various reasons or circumstances require making this amendment effective before the next scheduled charting and publication date of the flight information to assure its timely availability to the user. The effective date of this amendment reflects those considerations. In view of the close and immediate relationship between these regulatory changes and safety in air commerce, I find that notice and public procedure before adopting this amendment are impracticable and contrary to the public interest and that good cause exists for making the amendment effective in less than 30 days.

Conclusion

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 95

Airspace, Navigation (air).

Issued in Washington, DC on November 20, 2026.

Brian Murphy,

Manager, Aeronautical Information Services, Aeronautical Information Group, Aeronautical Data Team, Federal Aviation Administration.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, part 95 of the Federal Aviation Regulations (14 CFR part 95) is amended as follows effective at 0901 UTC, 24 Dec 2026.

PART 95—IFR ALTITUDES

■ 1. The authority citation for part 95 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, and 14 CFR 11.49(b)(2).

■ 2. Part 95 is amended to read as follows:

REVISIONS TO IFR ALTITUDES & CHANGEOVER POINTS

AMENDMENT 595

EFFECTIVE DATE December 24, 2026

§ 95.3000 LOW ALTITUDE RNAV ROUTES.

§ 95.321495 RNAV ROUTE T214.

From	To	MEA	MAA
Is Amended To Read in Part			
THMSN, NC WP *2400—MOCA	ZADEL, NC WP	*2900	17500

§ 95.3224 RNAV ROUTE T224.

From	To	MEA	MAA
Is Amended To Read in Part			
ECITY, SC WP	PEDAL, SC FIX	3700	17500
PEDAL, SC FIX	TUXDO, SC FIX	5300	17500

§ 95.3437 RNAV ROUTE T437.

From	To	MEA	MAA
Is Amended by Adding			
ZOOMS, WV FIX	RUFYO, WV WP	6300	17500
RUFYO, WV WP	GRNBR, WV WP	6800	17500
GRNBR, WV WP *5700—MCA KNEDL, WV WP, SE BND	*KNEDL, WV WP	6800	17500
KNEDL, WV WP	ELKINS, WV VORTAC	4900	17500

§ 95.3486 RNAV ROUTE T486.

From	To	MEA	MAA
Is Amended To Read in Part			
RRORY, TX WP	RAKOC, TX FIX	2500	17500

§ 95.3550 RNAV ROUTE T550.

From	To	MEA	MAA
Is Added To Read			
FRIDA, AK FIX	RUNTL, AK WP	6100	17500
RUNTL, AK WP	*KAYTI, AK WP	4200	17500
*3400—MCA KAYTI, AK WP, W BND			
KAYTI, AK WP	ANCHORAGE, AK VOR/DME	3000	17500

§ 95.6001 VICTOR ROUTES—U.S.

§ 95.6016 VOR FEDERAL AIRWAY V16.

From	To	MEA
Is Amended by Adding		
PENCE, TN FIX	WHINS, TN FIX	4000 MAA— 17500
Is Amended To Delete		
PENCE, TN FIX	TAKEN, TN FIX	4000 MAA— 17500
TAKEN, TN FIX	HOLSTON MOUNTAIN, TN VORTAC	6000 MAA— 17500
HOLSTON MOUNTAIN, TN VORTAC	DAMAS, TN FIX	6000 MAA— 17500
DAMAS, TN FIX	*STOVE, VA FIX	7500 MAA— 17500
STOVE, VA FIX	SPEEL, VA FIX	6000 MAA— 17500
SPEEL, VA FIX	PULASKI, VA VORTAC	5400 MAA— 17500
Is Amended To Read in Part		
BONHAM, TX VORTAC	PARIS, TX VOR/DME	2500 MAA— 17500

§ 95.6020 VOR FEDERAL AIRWAY V20.

From	To	MEA
Is Amended To Read in Part		
ELECTRIC CITY, SC VORTAC	PEDAL, SC FIX	3700 MAA— 17500
PEDAL, SC FIX	TUXDO, SC FIX	5300 MAA— 17500

§ 95.6035 VOR FEDERAL AIRWAY V35.

From	To	MEA
Is Amended To Delete		
SUGARLOAF MOUNTAIN, NC VORTAC	*BUSIC, NC FIX	8800
*9000—MCA BUSIC, NC FIX, N BND		MAA—17500
BUSIC, NC FIX	*ROANS, TN FIX	9000
*9000—MCA ROANS, TN FIX, S BND		MAA—17500
ROANS, TN FIX	HOLSTON MOUNTAIN, TN VORTAC	7000
		MAA—17500
HOLSTON MOUNTAIN, TN VORTAC	GLADE SPRING, VA VOR/DME	6700
		MAA—17500
Is Amended To Read in Part		
ELECTRIC CITY, SC VORTAC	PEDAL, SC FIX	3700
		MAA—17500
PEDAL, SC FIX	TUXDO, SC FIX	5300
		MAA—17500

§ 95.6037 VOR FEDERAL AIRWAY V37.

From	To	MEA
Is Amended by Adding		
COLUMBIA, SC VORTAC	*BLOTS, SC FIX	*4000
*4000—MRA		MAA—17500
*2400—MOCA.		
*2400—GNSS MEA.		
Is Amended To Delete		
COLUMBIA, SC VORTAC	RICHE, SC FIX	*4000
*2400—MOCA		MAA—17500
*2400—GNSS MEA.		
RICHE, SC FIX	CHARLOTTE, NC VOR/DME	2500
		MAA—17500
CHARLOTTE, NC VOR/DME	OWALT, NC FIX	3000
		MAA—17500
OWALT, NC FIX	JOTTA, NC FIX	*6000
*3500—MOCA		MAA—17500
JOTTA, NC FIX	DOILY, VA FIX	*7000
*5900—MOCA		MAA—17500
DOILY, VA FIX	PULASKI, VA VORTAC	6000
		MAA—17500

§ 95.6053 VOR FEDERAL AIRWAY V53.

From	To	MEA
Is Amended To Delete		
COLUMBIA, SC VORTAC	WILLS, SC FIX	UNUSABLE
*3500—MRA.		
WILLS, SC FIX	*SPARTANBURG, SC VORTAC	2700
*5200—MCA SPARTANBURG, SC VORTAC, NW BND		MAA—17500
SPARTANBURG, SC VORTAC	CARTT, SC FIX	6200
	NW BND	3000
	SE BND	MAA—17500
CARTT, SC FIX	SUGARLOAF MOUNTAIN, NC VORTAC	6200
		MAA—17500
SUGARLOAF MOUNTAIN, NC VORTAC	*BUSIC, NC FIX	8800
*9000—MCA BUSIC, NC FIX, N BND		MAA—17500
BUSIC, NC FIX	*ROANS, TN FIX	9000
*9000—MCA ROANS, TN FIX, S BND		MAA—17500
ROANS, TN FIX	HOLSTON MOUNTAIN, TN VORTAC	7000
		MAA—17500

§ 95.6094 VOR FEDERAL AIRWAY V94.

From	To	MEA
Is Amended To Read in Part		
HYMAN, TX FIX	TUSCOLA, TX VOR/DME	*7500
*4300—MOCA		MAA—17500

§ 95.6112 VOR FEDERAL AIRWAY V112.

From	To	MEA
Is Amended To Read in Part		
DIANN, WA FIX	U.S. CANADIAN BORDER	*11000
*10000—MOCA		MAA—17500

§ 95.6124 VOR FEDERAL AIRWAY V124.

From	To	MEA
Is Amended To Read in Part		
BONHAM, TX VORTAC	PARIS, TX VOR/DME	2500
		MAA—17500

§ 95.6133 VOR FEDERAL AIRWAY V133.

From	To	MEA
Is Amended To Read in Part		
LINCO, NC FIX	*BARRETTS MOUNTAIN, NC VOR/DME	4000
*4100—MCA BARRETTS MOUNTAIN, NC VOR/DME, N BND.		MAA—17500
BARRETTS MOUNTAIN, NC VOR/DME	MULBE, NC FIX	
	S BND	5800
	N BND	7200
		MAA—17500
MULBE, NC FIX	*STOVE, VA FIX	7200
*13000—MCA STOVE, VA FIX, N BND		MAA—17500
STOVE, VA FIX	*CHARLESTON, WV VOR/DME	**13000
*13000—MCA CHARLESTON, WV VOR/DME, S BND		MAA—17500
**7000—MOCA		
**7000—GNSS MEA		

§ 95.6136 VOR FEDERAL AIRWAY V136.

From	To	MEA
Is Amended To Delete		
SNOWBIRD, TN VORTAC	AFTEN, TN FIX	7000
		MAA—17500
AFTEN, TN FIX	HOLSTON MOUNTAIN, TN VORTAC	6000
		MAA—17500
HOLSTON MOUNTAIN, TN VORTAC	DAMAS, TN FIX	6000
		MAA—17500
DAMAS, TN FIX	*STOVE, VA FIX	7500
*7500—MCA STOVE, VA FIX, SW BND		MAA—17500
STOVE, VA FIX	SPEEL, VA FIX	6000
		MAA—17500
SPEEL, VA FIX	PULASKI, VA VORTAC	5400
		MAA—17500

§ 95.6171 VOR FEDERAL AIRWAY V171.

From	To	MEA
Is Amended To Read in Part		
ALEXANDRIA, MN VOR/DME	STARR, MN FIX	
*3100—MOCA	NW BND	*6000
	SE BND	*3600
		MAA—17500

§ 95.6259 VOR FEDERAL AIRWAY V259.

From	To	MEA
Is Amended To Delete		
MOPED, NC FIX	BARRETTS MOUNTAIN, NC VOR/DME	4000
		MAA—17500
BARRETTS MOUNTAIN, NC VOR/DME	GOWBE, NC FIX	
	SE BND	5000
	NW BND	7500
		MAA—17500
GOWBE, NC FIX	*HOLSTON MOUNTAIN, TN VORTAC	7500
*6600—MCA HOLSTON MOUNTAIN, TN VORTAC, SE BND.		MAA—17500
Is Amended To Read in Part		
CHESTERFIELD, SC VOR/DME	*HUSTN, NC FIX	2500
*4000—MRA		
		MAA—17500

§ 95.6278 VOR FEDERAL AIRWAY V278.

From	To	MEA
Is Amended To Read in Part		
BONHAM, TX VORTAC	PARIS, TX VOR/DME	2500
		MAA—17500

§ 95.6293 VOR FEDERAL AIRWAY V293.

From	To	MEA
Is Amended To Read in Part		
ELY, NV VOR/DME	*BULLION, NV VOR/DME	**16000
*10800—MCA BULLION, NV VOR/DME, SE BND		MAA—17500
**13200—MOCA		

§ 95.6310 VOR FEDERAL AIRWAY V310.

From	To	MEA
Is Amended To Delete		
LONDON, KY VOR/DME	ROSAR, KY FIX	
*4100—MOCA	SE BND	*6900
	NW BND	*5500
		MAA—17500
ROSAR, KY FIX	*HOLSTON MOUNTAIN, TN VORTAC	6900
*6900—MCA HOLSTON MOUNTAIN, TN VORTAC, E BND.		MAA—17500
HOLSTON MOUNTAIN, TN VORTAC	STAIN, TN FIX	6900
		MAA—17500
STAIN, TN FIX	*BURCH, NC FIX	8500
*8500—MCA BURCH, NC WP, W BND		MAA—17500

From	To	MEA
BURCH, NC FIX	GREENSBORO, NC VORTAC	3500 MAA—17500

§ 95.6364 VOR FEDERAL AIRWAY V364.

From	To	MEA
Is Amended To Delete		
SUGARLOAF MOUNTAIN, NC VORTAC	WEAKS, NC FIX	8000 MAA—17500
WEAKS, NC FIX	UNICO, TN FIX	*9000
*7700—MOCA		MAA—17500
*7700—GNSS MEA		
UNICO, TN FIX	HOLSTON MOUNTAIN, TN VORTAC	7000 MAA—17500

§ 95.6409 VOR FEDERAL AIRWAY V409.

From	To	MEA
Is Amended To Delete		
CHARLOTTE, NC VOR/DME	LOCAS, NC FIX	3100 MAA—17500

§ 95.6415 VOR FEDERAL AIRWAY V415.

From	To	MEA
Is Amended To Delete		
NELLO, GA FIX	FOOTHILLS, SC VOR/DME	6000 MAA—17500
FOOTHILLS, SC VOR/DME	PELAM, SC FIX	4000 MAA—17500
PELAM, SC FIX	SPARTANBURG, SC VORTAC	*3000
*2400—MOCA		MAA—17500
SPARTANBURG, SC VORTAC	LOCKS, SC FIX	2300 MAA—17500

§ 95.6466 VOR FEDERAL AIRWAY V466.

From	To	MEA
Is Amended To Read in Part		
YUMMY, VA FIX	GLADE SPRING, VA VOR/DME	UNUSABLE

§ 95.6472 VOR FEDERAL AIRWAY V472.

From	To	MEA
Is Amended To Read in Part		
ZAGGY, NC FIX	KINSToN, NC VORTAC	1800 MAA—17500

§ 95.6519 VOR FEDERAL AIRWAY V519.

From	To	MEA
Is Amended To Read in Part		
YUMMY, VA FIX	GLADE SPRING, VA VOR/DME	UNUSABLE

§ 95.6605 VOR FEDERAL AIRWAY V605.

From	To	MEA
Is Amended To Delete		
GENOD, NC FIX *8500—MCA HOLSTON MOUNTAIN, TN VORTAC, S BND. **8500—MOCA	*HOLSTON MOUNTAIN, TN VORTAC	**10000 MAA—17500
Is Amended To Read in Part		
SPARTANBURG, SC VORTAC	GENOD, NC FIX	4400 MAA—17500

§ 95.6320 ALASKA VOR FEDERAL AIRWAY V320.

From	To	MEA
Is Amended To Delete		
MC GRATH, AK VORTAC	ERLAN, AK FIX	
	E BND	10000
	W BND	5000
		MAA—17500
ERLAN, AK FIX	WINOR, AK FIX	UNUSABLE
WINOR, AK FIX *9500—MRA	*FRIDA, AK FIX	UNUSABLE
FRIDA, AK FIX	RUNTL, AK FIX	8500
		MAA—17500
RUNTL, AK FIX	KAYTI, AK FIX	6400
		MAA—17500
KAYTI, AK FIX	*ANCHORAGE, AK VOR/DME	3700
*6000—MCA ANCHORAGE, AK VOR/DME, SE BND		MAA—17500
ANCHORAGE, AK VOR/DME	HOPER, AK FIX	
	SE BND	10000
	NW BND	6500
		MAA—17500
HOPER, AK FIX	NELLI, AK FIX	10000
		MAA—17500
NELLI, AK FIX	KEBAB, AK FIX	
	NW BND	10000
	SE BND	5000
		MAA—17500
KEBAB, AK FIX	JOHNSTONE POINT, AK VOR/DME	5000
		MAA—17500

§ 95.7001 JET ROUTES.

§ 95.7006 JET ROUTE J6.

From	To	MEA	MAA
Is Amended To Read in Part			
ALBUQUERQUE, NM VORTAC	TUCUMCARI, NM VORTAC	22000	45000

§ 95.7078 JET ROUTE J78.

From	To	MEA	MAA
Is Amended To Read in Part			
ALBUQUERQUE, NM VORTAC	TUCUMCARI, NM VORTAC	22000	45000

§ 95.7083 JET ROUTE J83.

From	To	MEA	MAA
Is Amended To Delete			
SPARTANBURG, SC VORTAC	APPLETON, OH VORTAC	23000	45000

§ 95.7085 JET ROUTE J85.

From	To	MEA	MAA
Is Amended To Delete			
SPARTANBURG, SC VORTAC	CHARLESTON, WV VOR/DME	18000	45000

§ 95.8003 VOR FEDERAL AIRWAY CHANGEOVER POINTS.

Airway Segment		Changeover Points	
From	To	Distance	From
V16 Is Amended To Delete Changeover Point			
VOLUNTEER, TN VORTAC	HOLSTON MOUNTAIN, TN VORTAC	38	VOLUNTEER
V20 Is Amended To Add Changeover Point			
ELECTRIC CITY, SC VORTAC	SUGARLOAF MOUNTAIN, NC VORTAC	40	ELECTRIC CITY
V293 Is Amended To Modify Changeover Point			
ELY, NV VOR/DME	BULLION, NV VOR/DME	20	ELY
V35 Is Amended To Add Changeover Point			
ELECTRIC CITY, SC VORTAC	SUGARLOAF MOUNTAIN, NC VORTAC	40	ELECTRIC CITY
V37 Is Amended To Delete Changeover Point			
CHARLOTTE, NC VOR/DME	PULASKI, VA VORTAC	26	CHARLOTTE
ALASKA V320 Is Amended To Delete Changeover Point			
MC GRATH, AK VORTAC	ANCHORAGE, AK VOR/DME	95	MC GRATH

§ 95.8005 JET ROUTES CHANGEOVER POINTS.

Airway Segment		Changeover Points	
From	To	Distance	From
J6 Is Amended To Add Changeover Point			
ALBUQUERQUE, NM VORTAC	TUCUMCARI, NM VORTAC	40	ALBU-QUERQUE

Airway Segment		Changeover Points	
From	To	Distance	From
J18 Is Amended To Add Changeover Point			
ALBUQUERQUE, NM VORTAC	FORT UNION, NM VORTAC	40	ALBUQUERQUE
J78 Is Amended To Add Changeover Point			
ALBUQUERQUE, NM VORTAC	TUCUMCARI, NM VORTAC	40	ALBUQUERQUE

[FR Doc. 2026–23900 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 385

[Docket No. RM26–13–000; Order No. 920]

RIN 1902–AG51

Denial of Rehearing Requests by Operation of Law Under the Commission's Rules of Practice and Procedure

AGENCY: Federal Energy Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is revising its regulations addressing the circumstances under which a request for rehearing is denied absent Commission action within a particular time frame. Currently, the Commission's regulations provide that unless the Commission acts upon a request for rehearing within 30 days after the request is filed, the request is denied. As revised in this final rule, the regulation will apply only to matters subject to the rehearing and judicial review provisions in the Federal Power Act (FPA) and Natural Gas Act (NGA).

DATES: This rule is effective December 24, 2026.

FOR FURTHER INFORMATION CONTACT: Benjamin Carlisle, Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426. (202) 502–6040. *benjamin.carlisle@ferc.gov*.

SUPPLEMENTARY INFORMATION:

I. Background

A. Commission Rule of Practice and Procedure 713(f)

1. In this final rule, the Federal Energy Regulatory Commission (Commission) is revising Part 385 of its Rules of Practice and Procedure to modify the circumstances under which a request for rehearing is denied absent Commission action within a particular time frame. Currently, Rule 713(f) of the Commission's regulations provides that unless the Commission acts upon a request for rehearing within 30 days after the request is filed, the request is denied.[1] As revised, Rule 713(f) will be applicable only to matters subject to the rehearing and judicial review provisions in the Federal Power Act (FPA) [2] and Natural Gas Act (NGA) [3] and will continue to provide that as to such matters, a request for rehearing is denied unless the Commission acts upon that request within 30 days after the request is filed.

2. Under both the NGA and the FPA, if a party seeks rehearing of an order issued by the Commission, and if the Commission does not ''act[ ] upon'' the rehearing request within 30 days after it is filed, then rehearing ''may be deemed to have been denied.'' [4] At that point, an aggrieved rehearing applicant may file a petition for judicial review of the Commission's orders within 60 days.[5] Until the administrative record is filed with the court, the Commission may ''modify or set aside, in whole or in part,'' its orders without leave of court.[6]

3. Rule 713(f) was first promulgated to effectuate the statutory process under the FPA and NGA and remove ambiguity regarding whether a request for rehearing remains pending if the Commission does not act on that request during the 30-day period specified in those statutes. In particular, the Federal Power Commission (FPC) promulgated what is now Rule 713(f) in response to the 1953 decision of the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) in *Texas-Ohio Gas Co.* v. *FPC*.[7] On the facts of that case, the court disagreed with the FPC's position that a rehearing applicant had failed to timely petition for review within the requisite 60 days under NGA section 19(b) where the Commission had issued neither an order nor a notice addressing the rehearing request.[8] In reaching its decision, the court explained that ''[t]he literal terms of Section 19(a) . . . are that the application may be deemed to have been denied, not that it must be.'' [9] The court inferred that Congress's primary intent was ''to permit an appeal to the courts by a disappointed litigant as soon as thirty days have passed, without waiting longer for the Commission to act

[1] 18 CFR 385.713(f).

[2] 16 U.S.C. 825*l*.

[3] 15 U.S.C. 717r.

[4] 15 U.S.C. 717r(a); 16 U.S.C. 825*l*(a).

[5] 15 U.S.C. 717r(b); 16 U.S.C. 825*l*(b).

[6] 15 U.S.C. 717r(a); 16 U.S.C. 825*l*(a); *see also* 15 U.S.C. 717r(b) (providing that the jurisdiction of the court shall become ''exclusive'' upon the filing of the record); 16 U.S.C. 825*l*(b) (same); *Allegheny Def. Project* v. *FERC,* 964 F.3d 1, 16–17 (D.C. Cir. 2020) (en banc).

[7] 207 F.2d 615 (D.C. Cir. 1953) (*Texas-Ohio*). Under the 1977 Department of Energy Organization Act, Public Law 95–91, codified in part at 42 U.S.C. 7111 *et seq.,* most of the FPC's functions were transferred to the Commission. *Trunkline LNG Co.,* 57 FERC ¶ 61,112, at 61,420 (1991).

[8] The aggrieved party in *Texas-Ohio* timely sought rehearing of an order the FPC had issued under the Natural Gas Act. The Commission took no action on the request for rehearing within the 30 days after it was filed. On the 32nd day after the rehearing request was filed, the party received notice from the Acting Secretary of the FPC that rehearing had been denied. That party filed a petition for review 59 days after receiving that notice. The FPC moved to dismiss the petition as untimely, reasoning that the FPC ''must be deemed to have issued . . . an order denying'' rehearing on the 30th day after the request for rehearing was filed. *Texas-Ohio,* 207 F.2d at 616. Under that logic, the petition would have been untimely, as it was filed 62 days after the ''deemed'' denial of rehearing (albeit 59 days after the party received actual notice of the denial). The D.C. Circuit denied the FPC's motion to dismiss because, ''[u]nder the circumstances'' of that case, the petition for review ''satisfied'' the timeliness requirements of the NGA. *Id.* at 617.

[9] *Id.* at 616.

on his application for rehearing.'' [10] The court interpreted NGA section 19(b)—under which the 60-day deadline is tethered to ''the order of the Commission upon the application for rehearing'' [11]—as ''contemplat[ing],'' but not requiring, that the Commission issue a formal order granting or denying rehearing.[12] The court, however, interpreted the Administrative Procedure Act (APA) as requiring ''prompt notice'' of a denial, which ''[p]erhaps . . . could be sufficiently supplied by a published regulation'' or notice of ''general applicability.'' [13] The court suggested that such a notice could, ''for example, stat[e] that on the thirtieth day after the filing of an application for rehearing the application shall be deemed denied, with the same force and effect as if a formal order had been entered.'' [14]

4. The FPC first proposed what is now Rule 713(f) in 1954, describing the Rule as, ''in effect, an interpretation of'' NGA section 19(a) and FPA section 313(a).[15] Relying on its authority in NGA section 16 [16] and FPA section 309,[17] the FPC explained that the Rule 713(f)'s ''adoption is made desirable by the decision of the'' D.C. Circuit in *Texas-Ohio.*[18] In Order No. 175, the FPC later adopted this language as proposed in the 1954 NOPR.[19] In Order No. 225, the Commission reorganized its Rules of Practice and Procedure, and announced its intention to extend its Rules of Practice and Procedure to proceedings governed by the Interstate Commerce Act (ICA).[20] Explaining Rule 713(f), the Commission stated that, ''[t]o alleviate a potential administrative burden on the Commission, a request for rehearing is denied by operation of law after 30 days if no Commission action is taken within that time.'' [21]

[10] *Id.* at 616–17.

[11] 15 U.S.C. 717r(b); *see Texas-Ohio,* 207 F.3d at 616 (quoting same language).

[12] *Texas-Ohio,* 207 F.3d at 617.

[13] *Id.; see* 5 U.S.C. 555(e) (''Prompt notice shall be given of the denial in whole or in part of a written application, petition, or other request of an interested person made in connection with any agency proceeding.'').

[14] *Texas-Ohio,* 207 F.2d at 617.

[15] *Miscellaneous Amends. to Chapter; Supplemental Notice of Proposed Rulemaking,* 19 FR 72, 73 (Jan. 6, 1954) (1954 NOPR).

[16] 15 U.S.C. 717o.

[17] 16 U.S.C. 825h.

[18] 1954 NOPR, 19 FR at 72.

[19] *See Amend. of Part 1, Rules of Prac. & Proc.,* Order No. 175, 13 FPC ¶ 1281 (1954).

[20] *Revision of Comm'n Rules of Prac. & Proc. to Expedite Trial-Type Hearings,* Order No. 225, 47 FR 19014 (May 3, 1982), 19 FERC 61,069.

[21] *Id.* at 19,020.

B. Allegheny Defense Project v. FERC (Allegheny)

5. Prior to the D.C. Circuit's 2020 *en banc* decision in *Allegheny,* the Commission routinely issued orders tolling the 30-day period for action on rehearing requests specified in the FPA and NGA, as well as Rule 713(f). These orders stated that the Commission was granting rehearing for the limited purpose of further consideration. In *Allegheny,* the D.C. Circuit, sitting *en banc,* held that tolling orders do not amount to ''action'' on rehearing applications within the meaning of NGA section 19(a), and thus do not prevent requests for rehearing from being ''deemed'' denied after 30 days.[22]

6. After *Allegheny,* the Commission no longer issues tolling orders to extend the 30-day period for action on rehearing requests under the NGA or FPA.[23] Instead, the Commission keeps the public apprised of the status of proceedings by issuing one of two types of notices on or after the 31st day following receipt of a rehearing request. The first type, a Notice of Denial of Rehearing by Operation of Law, states only that rehearing may be deemed denied by operation of law, thus indicating that a further order addressing the merits of the rehearing request is not forthcoming.[24] The second type, a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration, states that, although rehearing may be deemed denied by operation of law, the Commission intends to issue a further order addressing the merits of the rehearing request under the Commission's retained authority under the FPA and NGA to modify or set aside the underlying order in whole or in part until the record in a proceeding has been filed in a court of appeals.[25] In proceedings where the Commission issues this second type of notice, litigants often file ''protective'' petitions for review within 60 days of the date rehearing may be deemed denied—*i.e.,* within the statutory timeframe to seek judicial review following Commission action on an application for rehearing.[26]

[22] *Allegheny,* 964 F.3d at 3–4.

[23] Although *Allegheny* was decided under the NGA, its holding is also applicable to rehearing requests brought under the FPA because the rehearing provisions in both statutes are materially identical and read in *pari materia. See, e.g., Ark. La. Gas Co* . v. *Hall,* 453 U.S. 571, 577 n.7 (1981); *Tenn. Gas Pipeline Co.,* 162 FERC ¶ 61,167, at P 9 n.9 (2018).

[24] *See, e.g., Nw. Colstrip 370Pu LLC,* 195 FERC ¶ 62,068 (2026); *Blue Lake Power, LLC,* 186 FERC ¶ 62,001 (2024).

[25] *See, e.g., Midcontinent Indep. Sys. Operator, Inc.,* 181 FERC ¶ 62,079 (2022); *Mountain Valley Pipeline, LLC,* 181 FERC ¶ 62,057 (2022); *see Allegheny,* 964 F.3d at 5, 16–17 (discussing this retained authority to act).

C. ICA

7. The ICA is materially different from the FPA and NGA with respect to rehearing of Commission orders. Although both the FPA and NGA contain mandatory and jurisdictional rehearing requirements, the ICA does not require that an aggrieved party seek rehearing from the Commission prior to petitioning for judicial review.[27] Rather, rehearing requests are permissive in nature.[28] The Supreme Court has held that, if a party requests rehearing, the time for that party to file a petition for review in an ICA case runs from the date the order acting on the rehearing request is issued.[29] Under the ICA, a party that has requested rehearing of an agency decision is precluded from seeking judicial review before the agency has acted on that rehearing request.[30]

8. Unlike the FPA and NGA, the ICA contains no provision specifying that an application for rehearing may be deemed denied if the Commission does not ''act[ ] upon'' [31] the rehearing request before a particular period of time has elapsed. Rather, it more generally provides that such applications under the ICA are ''governed by such general rules as the

[26] *See Allegheny,* 964 F.3d at 17 (noting that applicants may file a petition for review immediately after a deemed denial).

[27] *See, e.g., Tesoro Alaska Co.* v. *FERC,* 778 F.3d 1034, 1037 (D.C. Cir. 2015) (''The ICA has no requirement to seek agency rehearing prior to judicial review.'').

[28] ICA 17(6), codified at 49 U.S.C. app. 17(6) (1988) (authorizing a party to a Commission decision, order, or requirement to seek rehearing, reargument, or reconsideration, governed by such general rules as the Commission may establish). Congress transferred regulatory authority over interstate oil pipelines from the Interstate Commerce Commission to the Commission in the Department of Energy Organization Act, Public Law 95–91, 402(b), 91 Stat. 565, 584 (1977), codified as amended 49 U.S.C. 60502. The Commission administers the ICA as it existed in 1977, as reprinted in 49 U.S.C. app. 1–65a (1988). *See Ass'n of Oil Pipe Lines* v. *FERC,* 83 F.3d 1424, 1428 n.6 (D.C. Cir. 1996). The D.C. Circuit has held that the judicial review provisions of the Hobbs Act, *see* 28 U.S.C. 2321, 2341–51, apply to ICA oil pipeline cases. *See Petro Star Inc.* v. *FERC,* 166 F.4th 161, 165–66 (D.C. Cir. 2026); *Ass'n of Oil Pipe Lines,* 83 F.3d at 1432 n.14.

[29] *See ICC* v. *Bhd. of Locomotive Eng'rs,* 482 U.S. 270, 280 (1987) (*Locomotive Engineers*) (''[T]he filing of a timely rehearing petition, like the filing of a timely petition for agency reconsideration, extends the time for appealing from the original decision. . . .'').

[30] *See United Transp. Union* v. *ICC,* 871 F.2d 1114, 1116 (D.C. Cir. 1989); *Winter* v. *ICC,* 851 F.2d 1056, 1062 (8th Cir. 1988); *see also Stone* v. *INS,* 514 U.S. 386, 392 (1995); *id.* at 391 (discussing the interpretation of the Hobbs Act in *Locomotive Engineers* as supporting this conclusion).

[31] 15 U.S.C. 717r(a); 16 U.S.C. 825*l*(a).

Commission may establish,'' [32] which currently includes denial pursuant to Rule 713(f) absent Commission action within 30 days of the filing of the rehearing request. Following *Allegheny,* the Commission has continued its practice of issuing orders tolling the deadline in Rule 713(f) to allow additional time for further consideration of the matters raised on rehearing.

II. Discussion

9. The Commission is revising Rule 713(f) to apply only to cases subject to the rehearing and judicial review provisions in the FPA, 16 U.S.C. 825*l,* and NGA, 15 U.S.C. 717r. We find that revising Rule 713(f) as provided herein will conform with the statutory authorities governing rehearing of Commission orders, continue to provide parties seeking rehearing with appropriate notice of the disposition of their rehearing requests, and increase administrative efficiency by streamlining the Commission's processes in certain cases.

10. Specifically, the Commission is revising Rule 713(f) to provide that, as to matters subject to the rehearing and judicial review provisions in 16 U.S.C. 825*l* and 15 U.S.C. 717r, a request for rehearing is denied unless the Commission acts upon that request within 30 days after the request is filed. This revised version of Rule 713(f) will thus apply to matters arising under the FPA and NGA, consistent with the reasons for the initial adoption of the Rule.[33]

11. Rule 713(f), as revised, will not result in any change in the Commission's practices or procedures with respect to matters subject to the rehearing and judicial review provisions of the FPA and NGA. Each of those statutes' rehearing provisions states that if the Commission does not ''act[ ] upon'' a rehearing request within 30 days, rehearing ''may be deemed to have been denied.'' [34] Rule 713(f), as revised, continues to provide that a request for rehearing *is* denied when this 30-day period has elapsed without Commission action, thereby providing notice to parties that have sought rehearing as to the status of their request for administrative rehearing.[35] In matters falling within the scope of revised Rule 713(f), the Commission will continue its practice of issuing the two types of notices described above,[36] so that a party whose rehearing request has been denied by operation of law has additional notice as to whether the Commission expects to issue a further order.

12. As noted above, in matters subject to the FPA and NGA parties have often filed ''protective'' petitions for review in cases where the Commission issues a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration. Such notices indicate that although the 30-day time period has elapsed, the Commission intends to issue a future order addressing the merits of the rehearing request. Because the Commission intends to continue its existing notice practice in cases that remain subject to the revised Rule 713(f), the Commission finds it appropriate to address the concerns that have motivated parties to file ''protective'' petitions for review in the wake of such notices. The Commission observes that the D.C. Circuit has held that the 60-day window for petitioners to seek judicial review under the FPA or NGA does not preclude the court from considering ''a petition for review from a final denial of relief, even if there had been a deemed denial in the interim and the petition for review was filed more than 60 days following that deemed denial.'' [37] Consistent with that holding, the Commission has not sought—and does not intend to seek—dismissal of a petition for review on grounds of untimeliness where that petition was filed within 60 days from such a final denial of relief, even if it was filed more than 60 days following the date that the rehearing request may have been ''deemed to have been denied'' under FPA section 313(a) or NGA section 19(a).

13. As revised, Rule 713(f) will not apply to matters that are not subject to the rehearing and judicial review provisions in the FPA and NGA, notably including matters arising under the ICA.[38] As explained above, the ICA does not provide that an application for rehearing may be deemed denied if the Commission does not act upon the rehearing request within 30 days or, indeed, before any particular period of time has elapsed.[39] Revising Rule 713(f) as stated is thus consistent with the ICA's statutory text regarding rehearing, including in removing Rule 713(f)'s 30-day deadline for the Commission to either act on a rehearing request in an ICA matter or issue a tolling order extending this deadline. In addition, these revisions to Rule 713(f) obviate any need for the Commission to continue its practice of issuing tolling orders as to rehearing requests in ICA cases. Because the Commission has issued such tolling orders in most matters arising under the ICA, revising Rule 713(f) in this manner simplifies and streamlines the Commission's processes in ICA cases, resulting in administrative efficiencies and continuing the Commission's practice of timely resolving such cases.

14. A party seeking rehearing in an ICA matter will receive notice of the disposition of its rehearing request through the issuance of an appropriate Commission order. In light of the statutory text governing rehearing applications filed in ICA matters, this approach provides sufficient notice to rehearing applicants regarding the pendency and status of their rehearing requests.[40]

III. Information Collection Statement

15. Office of Management and Budget (OMB) regulations require OMB to approve certain information collection requirements imposed by agency rule.[41] This final rule, however, results in no new, additional, or different public reporting burden. This final rule does not require public utilities or natural gas

[32] ICA 17(6).

[33] *See supra* P 4.

[34] 15 U.S.C. 717r(a); 16 U.S.C. 825*l*(a).

[35] *See supra* PP 3–4 (discussing *Texas-Ohio* and reasons for promulgating Rule 713(f)).

[36] *See supra* P 6. For clarity, on a prospective basis, the language in these notices will conform to the regulation and provide that a request for rehearing ''is denied'' absent Commission action within the 30-day period. This conforming update does not reflect any change to the Commission's practices or the effect of these notices.

[37] *Env't Def. Fund* v. *FERC,* 2 F.4th 953, 972 (D.C. Cir. 2021); *Am. Whitewater* v. *FERC,* 125 F.4th 1139, 1152 (D.C. Cir. 2025) (''Whether a deemed denial is accompanied by a Denial Notice, a tolling order or nothing, after 30 days of inaction an applicant may seek judicial review or wait for FERC to act on the application.''); *see also Texas-Ohio,* 207 F.2d at 616–17.

[38] *See supra* PP 7–8 (discussing the separate rehearing and judicial review provisions applicable to cases arising under the ICA). Likewise, the Natural Gas Policy Act (NGPA) has separate rehearing and judicial review provisions, and matters subject to those provisions would not fall within the ambit of the revised regulation. *See* 15 U.S.C. 3416(a)(2), (a)(4). Notably, the NGPA states that unless the Commission acts upon a request for rehearing within 30 days after it is filed ''such application shall be deemed to have been denied,'' in contrast to the ''may be deemed to have been denied'' language of the FPA and NGA. *Id.* 3416(a)(2).

[39] *See supra* P 7 (also noting that rehearing under the ICA is permissive rather than mandatory).

[40] Concerns about notice were identified in the *Texas-Ohio* decision, which turned on a potential ambiguity in the NGA as to whether a rehearing request remained pending before the Commission after 30 days of inaction, given the language in the NGA providing a rehearing request ''may be deemed to have been denied'' in those circumstances. *Texas-Ohio,* 207 F.2d at 616–17 (noting that the NGA seems to contemplate the issuance of a formal order and the APA, 5 U.S.C. 1005(d), requires ''prompt notice'' of a denial). Because the ICA does not contain a similar provision, this potential ambiguity does not exist as to applications for rehearing brought under that Act.

[41] 5 CFR 1320.13.

companies to file new, additional, or different information, and it does not change the frequency with which they must file information.

IV. Environmental Analysis

16. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.[42] Excluded from this requirement are rules that are procedural, ministerial, or internal administrative and management actions, programs or decisions.[43] This rule falls within this exception; consequently, no environmental consideration is necessary.

V. Regulatory Flexibility Act

17. The Regulatory Flexibility Act of 1980 (RFA) [44] generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. This final rule revises certain of the Commission's procedural regulations related to addressing requests for rehearing and does not create any additional requirements for filers. The Commission thus certifies that it will not have a significant economic impact upon participants in Commission proceedings. An analysis under the RFA is therefore not required.

VI. Regulatory Planning and Review

18. Executive Order 12866 (Regulatory Planning and Review),[45] as amended by Executive Order 14215 (Ensuring Accountability for All Agencies) [46] and supplemented by Executive Order 13563 (Improving Regulation and Regulatory Review),[47] directs agencies to assess the 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 costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. The Office of Information and Regulatory Affairs (OIRA) has determined that this regulatory action is a ''significant regulatory action,'' under section 3(f) of Executive Order 12866, as amended, though not economically significant under section 3(f)(1). Accordingly, OIRA has reviewed this regulatory action for compliance with the analytical requirements of Executive Order 12866. In general, this regulatory action is intended to simplify the Commission's processes and improve stakeholders' interactions with the Commission by eliminating unnecessary administrative steps resulting from the Commission's existing regulations. This regulatory action will increase administrative efficiency by eliminating a purely procedural step in the disposition of certain rehearing requests, thereby supporting the Commission's timely resolution of pending matters. In addition, this final rule is considered a deregulatory action under Executive Order 14192 (Unleashing Prosperity Through Deregulation).

VII. Executive Order 13132 (Federalism)

19. Executive Order 13132 (Federalism) [48] imposes certain requirements on Federal agencies formulating and implementing policies or regulations that preempt State law or that have federalism implications. The Executive Order requires agencies to examine the constitutional and statutory authority supporting any action that would limit the policymaking discretion of the States and to carefully assess the necessity for such actions. The Commission has determined that this final rule 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. Therefore, the Commission has not prepared a federalism assessment.

VIII. Document Availability

20. 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*).

21. 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.

22. User assistance is available for eLibrary, the Public Reference Service, and the Commission's website during normal business hours from FERC Online Support at (202) 502–6652 (toll free at (866) 208–3676) or email at *ferconlinesupport@ferc.gov.*

IX. Notice and Effective Date

23. This rule is effective December 24, 2026. The Commission is issuing this rule as a final rule without a period for public comment. Public notice and comment, otherwise required by 5 U.S.C. 553, do not apply to ''rules of agency organization, procedure, or practice.'' [49] This rule concerns only matters of agency procedure, and will not significantly affect regulated entities or the general public.

List of Subjects in 18 CFR Part 385

Administrative practice and procedure, Electric power, Penalties, Pipelines, Reporting and recordkeeping requirements.

By the Commission.

Issued: November 19, 2026.

Carlos D. Clay,

Deputy Secretary.

In consideration of the foregoing, the Commission amends part 385.713(f), chapter I, title 18, Code of Federal Regulations, as follows:

PART 385—RULES OF PRACTICE AND PROCEDURE

■ 1. The authority citation for Part 385 continues to read as follows:

Authority: 5 U.S.C. 551–557; 15 U.S.C. 717–717w, 3301–3432; 16 U.S.C. 791a–825v, 2601–2645; 28 U.S.C. 2461; 31 U.S.C. 3701, 9701; 42 U.S.C. 7101–7352, 16441, 16451–16463; 49 U.S.C. 60502; 49 App. U.S.C. 1–85 (1988); 28 U.S.C. 2461 note (1990); 28 U.S.C. 2461 note (2015).

■ 2. In § 385.713, paragraph (f) is revised to read as follows:

§ 385.713 Request for rehearing (Rule 713).

* * * * *

(f) *Commission action on rehearing.* As to matters subject to the rehearing and judicial review provisions in section 313 of the Federal Power Act (16 U.S.C. 825*l*) or section 19 of the Natural Gas Act (15 U.S.C. 717r), a request for rehearing is denied unless the Commission acts upon that request within 30 days after the request is filed.

[FR Doc. 2026–23884 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

[42] *Reguls. Implementing the Nat'l Env't Pol'y Act,* Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. Preambles 1986–1990 ¶ 30,783 (1987) (cross-referenced at 41 FERC ¶ 61,284).

[43] 18 CFR 380.4(a)(1).

[44] 5 U.S.C. 601–612.

[45] 58 FR 51735 (Oct. 4, 1993).

[46] 90 FR 10447 (Feb. 18, 2025).

[47] 76 FR 3821 (Jan. 18, 2011).

[48] 64 FR 43255 (Aug. 10, 1999).

[49] 5 U.S.C. 553(b)(A).

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2026–1411]

RIN 1625–AA00

Safety Zone; Pasquotank River Harbor, Elizabeth City, NC

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone for certain navigable waters on the Pasquotank River, at Elizabeth City, NC. The safety zone is needed to protect personnel, vessels, and the marine environment from potential hazards associated with an over-the-water drone display. The entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port, Sector North Carolina, or their designated representative.

DATES: This rule is effective from 7 p.m. to 8 p.m. on November 27, 2026.

ADDRESSES: To view available documents go to *https://www.regulations.gov* and search for USCG–2026–1411.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact MST1 Eric Gordon, Sector North Carolina Waterways Management Division, U.S. Coast Guard; telephone 571–608–8783, or email *d05-smb-secnc-marineevents@uscg.mil.*

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

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

II. Background and Authority

On November 9, 2026, the Coast Guard was notified that a drone show will occur on November 27, 2026 over the Pasquotank River, at Elizabeth City, NC. The Captain of the Port, North Carolina (COTP) has determined that potential hazards associated with the drone show, such as being hit by a falling drone, will be a safety concern for anyone beneath the drones in flight and that a safety zone is needed to protect personnel, vessels, and the marine environment in the navigable waters within the safety zone. The COTP is issuing this rule under authority in 46 U.S.C. 70034.

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 does not have enough time to solicit and respond to comments if it is to establish this safety zone by November 27, 2026, the date it must be in place to protect personnel, vessels, and the marine environment.

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 7 p.m. until 8 p.m. on November 27, 2026. The safety zone will cover all navigable waters within a 350 foot by 1,500 foot designated area near the Pasquotank River Harbor waterfront. No vessel or person will be permitted to enter the safety zone without obtaining permission from the COTP or their designated representative.

IV. Regulatory Analyses

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

A. Impact on Small Entities

The regulatory flexibility 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.

The National Ombudsman resolves concerns of uneven or excessive federal regulatory enforcement. Reviews are confidential and do not waive the right to pursue administrative appeals or any other legal action. Contact 1–888–REG–FAIR (1–888–734–3247) or *Ombudsman@SBA.gov.*

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; Department of Homeland Security Delegation No. 00170.1, Revision No. 01.4.

■ 2. Add § 165.T05–1411 to read as follows:

§ 165.T05–1411 Safety Zone; Pasquotank River Harbor, Elizabeth City, NC.

(a) *Location.* The following area is a safety zone: All waters of the Pasquotank River from surface to bottom, encompassed by a line connecting the following points beginning at 36°18.058′ N, 076°13.069′ W, thence to 36°18.057′ N, 076°13.000′ W, thence to 36°17.810′ N, 076°13.000′ W, thence to 36°17.810′ N, 076°13.070′ W and along the shoreline back to the beginning point. These coordinates are based on the World Geodetic System (WGS 84).

(b) *Definitions.* As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the Captain of the Port Sector North Carolina (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 by calling the Sector North Carolina Command Center at 833–732–8628. Those in the safety zone must comply with all lawful orders or directions given to them by the COTP or the COTP's designated representative.

(d) *Enforcement period.* This section will be enforced from 7 p.m. to 8 p.m. on November 27, 2026.

J.A. Harlow,

Captain, U.S. Coast Guard, Captain of the Port Sector North Carolina.

[FR Doc. 2026–23953 Filed 11–23–26; 8:45 am]

BILLING CODE 9110–04–P

POSTAL SERVICE

39 CFR Part 20

International Proof of Delivery Service

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is revising *Mailing Standards of the United States Postal Service,* International Mail Manual (IMM®), to reflect changes to product features for Priority Mail International® (PMI) and to introduce International Proof of Delivery as a new international extra service that will be available for PMI mailpieces to select destinations.

DATES: *Effective:* January 17, 2027.

FOR FURTHER INFORMATION CONTACT: Michelle Lassiter at 202–268–9678.

SUPPLEMENTARY INFORMATION: The 2025 Universal Postal Union (UPU) Dubai Congress amended the Universal Postal Convention (Convention) to establish a proof of delivery service for parcels that UPU-designated postal operators are required to offer for inbound parcels, effective January 1, 2027. However, the proof of delivery service for parcels is optional for outbound parcels. The Postal Service is introducing International Proof of Delivery for PMI items where the destination postal operator does not include evidence of delivery as a standard feature for their parcel service.

On August 21, 2026, the Postal Service filed a request with the Postal Regulatory Commission (PRC) to establish outbound International Proof of Delivery as a new International Ancillary Service in Docket No. MC2026–355. On September 16, 2026, in Order No. 9727, the PRC issued an order approving the classification changes conditioned upon the Postal Service filing a supplementary notice, which the Postal Service filed on November 12, 2026, in Docket No. MC2026–355. The order can be viewed on the Postal Regulatory Commission's website at *https://prc.gov.* International Proof of Delivery is scheduled to go into effect, pending approval by the PRC of the price for International Proof of Delivery that is included in the notice concerning competitive published price changes that are to be effective January 17, 2027, which the Postal Service filed on November 12, 2026, in Docket No. CP2027–1.

The Postal Service will publish an appropriate update to Notice 123, *Price List,* and an appropriate amendment to 39 CFR part 20 to reflect these changes.

List of Subjects in 39 CFR Part 20

Foreign relations, International postal services.

Accordingly, the Postal Service amends *Mailing Standards of the United States Postal Service,* International Mail Manual (IMM), incorporated by reference in the *Code of Federal Regulations* (*see* 39 CFR 20.1), as follows:

PART 20—[AMENDED]

■ 1. The authority citation for 39 CFR Part 20 continues to read as follows:

Authority: 5 U.S.C. 552(a); 13 U.S.C. 301–307; 18 U.S.C. 1692–1737; 39 U.S.C. 101, 401, 403, 404, 407, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3622, 3626, 3632, 3633, and 5001.

■ 2. Revise the following sections of the IMM as follows:

* * * * *

Mailing Standards of the United States Postal Service, International Mail Manual (IMM)

* * * * *

2 Conditions for Mailing

* * * * *

230 Priority Mail International

* * * * *

231 Description and Physical Characteristics

231.1 General

* * * * *

[Add a new section to read as follows:]

231.11 Delivery Confirmation

231.111 Confirmation With Delivery Scan

The foreign postal operator is responsible for providing a delivery scan at the time of delivery for all Priority Mail International mailpieces. For countries other than those listed in Exhibit 231.112, the mailer may purchase International Proof of Delivery service (see 350) at the time of mailing for additional evidence of delivery.

231.112 Confirmation with Evidence of Delivery

Foreign postal operators within the countries listed in Exhibit 231.112 include additional evidence of delivery. The form of evidence could include at least one of the following:

a. Signature of acceptance.

b. Captured data from an identity card.

c. Electronic or written record from the recipient authorizing out-of-home delivery in advance.

d. Electronic or written record from the recipient accepting delivery without the recipient's presence.

e. Another form of proof of delivery that is legally binding under the legislation of the country of destination to confirm acceptance.

Exhibit 231.112

PROOF OF DELIVERY INCLUDED WITH PMI BASE RATE

Albania	Greece	North Macedonia, Republic of
Argentina	Hong Kong	Norway
Austria	Hungary	Oman
Azerbaijan	Iceland	Panama
Benin	Ireland	Poland
Bermuda	Israel	Portugal
Bosnia and Herzegovina	Italy	Qatar
Bulgaria	Jersey	Saudi Arabia
Burkina Faso	Korea, Republic of (South Korea)	Senegal
Cambodia (Kampuchea)	Latvia	Slovak Republic (Slovakia)
Cayman Islands	Lebanon	Slovenia
Chile	Lithuania	Spain
Colombia	Luxembourg	Sweden
Congo, Republic of the	Malaysia	Tanzania
Costa Rica	Mali	Togo
Croatia	Malta	Tunisia
Denmark	Mauritius	Türkiye, Republic of
Estonia	Mongolia	United Kingdom of Great Britain and Northern Ireland
Finland	Montenegro	Uruguay
French Polynesia	New Zealand	Zambia
Ghana	Nigeria	

* * * * *

232 Eligibility

* * * * *

232.9 Extra Services

* * * * *

[Add a new section to read as follows:]

232.94 International Proof of Delivery

International Proof of Delivery service provides evidence, upon request by the sender, that the item has been delivered to the addressee (or representative). The service is available for Priority Mail International items destined to countries where the destination postal operator does NOT include evidence of delivery (*e.g.,* signature confirmation) as a standard feature of their parcel service. See Notice 123, *Price List* for pricing and the Individual Country Listings for availability.

* * * * *

3 Extra Services

* * * * *

[Revise the title of 350 and the text (in its entirety) to read as follows:]

350 International Proof of Delivery

351 Description

International Proof of Delivery service is available at the time of mailing for Priority Mail International items where the destination postal operator does NOT include evidence of delivery as a standard feature of their parcel service. International Proof of Delivery provides evidence, upon request by the sender, that the item has been delivered to the addressee (or representative). The form of evidence could include at least one of the following:

a. A signature of acceptance.

b. Captured data from an identity card.

c. An electronic or written record from the recipient authorizing out-of-home delivery in advance.

d. An electronic or written record from the recipient accepting delivery without the recipient's presence.

e. Another form of proof of delivery that is legally binding under the legislation of the country of destination to confirm acceptance.

Note: *Restricted Delivery* **service is no longer available for international mail—it was discontinued effective January 27, 2013.**

352 Availability

International Proof of Delivery service can be obtained only at the time of mailing at a Post Office retail service counter, online using Click-N-Ship, through USPS APIs, or using USPS-produced Global Shipping Software (GSS). International Proof of Delivery service is available for Priority Mail International items destined to countries that do NOT provide proof of delivery as a standard feature of their parcel service. See Individual Country Listings for additional country-specific information.

353 Fee

See Notice 123, *Price List,* for the International Proof of Delivery fee. This fee must be paid in addition to postage and other applicable charges.

354 Processing Requests

354.1 Marking

All International Proof of Delivery items of U.S. origin must bear a customs form with a service indicator (*i.e.* barcode prefix) of within the range FA–FZ. Additionally, the Proof of Delivery symbol displayed in Exhibit 354.1 must appear on the customs form or non-removable sticker on the address side of the mailpiece.

Exhibit 354.1

Proof of Delivery Symbol



354.2 Proof of Delivery Improperly Completed or Not Received

If the sender does not receive proof of delivery for which a fee was paid, an inquiry may be filed. See 920 for inquiry procedures.

* * * * *

7 Treatment of Inbound Mail

* * * * *

[Add a new section 755 to read as follows:]

755 Inbound International Proof of Delivery

755.1 Identification

755.11 Evidence of Proof of Delivery

Parcel post items with Proof of Delivery (POD) service will display a tracking number using prefixes FA–FZ and optionally, the proof of delivery symbol shown in Exhibit 755.11 should be included.

Exhibit 755.11

Proof of Delivery Symbol



755.2 Treatment by Office of Delivery

755.21 Delivery

Delivery employees must perform the delivery scan and collect the addressee's signature in accordance with DMM 503 and POM 811.

755.22 Inquiries

Delivery records for Proof of Delivery items can be retrieved at *www.usps.com* or by calling 1–800–222–1811. A proof of delivery letter including a signature, when available, may be provided by email. When a proof of delivery letter includes a signature, the signature provided may be a signature that was obtained from the recipient at the time of delivery, or, for certain services, an electronic signature that was previously provided by the addressee (or representative) and is maintained on file with the Postal Service.

* * * * *

9 Inquiries, Indemnities, and Refunds

* * * * *

920 Inquiries and Claims

921 Inquiries

* * * * *

921.2 Initiating an Inquiry

[Revise the text to read as follows:]

Inquiries can be initiated for Global Express Guaranteed (GXG) items, Priority Mail Express International items, Priority Mail International items (including items with Proof of Delivery service), and registered items. Inquiries are not accepted for ordinary letters or M-bags. Customers must wait a reasonable amount of time for an international item to be delivered in the foreign country before initiating an inquiry. Customers must initiate inquiries within the time limits in Exhibit 921.2.

[Revise the table by adding a new entry (following ''Priority Mail International or Registered Mail''), to read as follows:]

Exhibit 921.2

TIME LIMITS FOR INQUIRIES

Product or extra service	Who	When to file an inquiry (from mailing date)	
		No sooner than	No later than
* * * * *		*	*
International Proof of Delivery	Sender or Addressee [4]	7 days	6 months.

* * * * *

Daria Schildkraut,

Attorney, Ethics and Legal Compliance.

[FR Doc. 2026–23917 Filed 11–23–26; 8:45 am]

BILLING CODE 7710–12–P

Proposed Rules

Federal Register
Vol. 91, No. 225
Tuesday, November 24, 2026

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–13832; Project Identifier MCAI–2026–00623–R]

RIN 2120–AA64

Airworthiness Directives; Airbus Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to supersede Airworthiness Directive (AD) 2024–10–10, which applies to all Airbus Helicopters Model SA 365 N, SA 365 N1, AS 365 N2, and AS 365 N3 helicopters. AD 2024–10–10 requires a one-time inspection for proper positioning of the tail rotor (TR) actuator harness and cable tie installation and, depending on the results, corrective action. Since the FAA issued AD 2024–10–10, the manufacturer developed a modification to reroute the yaw harness that would apply to certain model helicopters. This proposed AD would retain some of the actions of AD 2024–10–10 and would also require, for certain model helicopters, modifying the 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 January 8, 2027.

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–2026–13832; 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 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: Aryanna Sanchez, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (520) 990–9321; email: *aryanna.t.sanchez@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–2026–13832; Project Identifier MCAI–2026–00623–R'' at the beginning of your comments. The most helpful comments reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend the proposal because of those comments.

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

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this NPRM contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this NPRM, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ''PROPIN.'' The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this NPRM. Submissions containing CBI should be sent to Aryanna Sanchez, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590. Any commentary that the FAA receives which is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

The FAA issued AD 2024–10–10, Amendment 39–22756 (89 FR 51401, June 18, 2024), (AD 2024–10–10), for all Airbus Helicopters Model SA–365N, SA–365N1, AS–365N2, and AS 365 N3 helicopters. AD 2024–10–10 was prompted by an MCAI originated by EASA, which is the Technical Agent for the Member States of the European Union. EASA issued EASA AD 2023–0090, dated May 4, 2023 (EASA AD 2023–0090) to correct an unsafe condition identified as a TR pedal control that was blocked during flight.

AD 2024–10–10 requires a one-time inspection for proper positioning of the TR actuator harness and cable tie installation and, depending on the results, corrective action. The FAA issued AD 2024–10–10 to detect and address interference of the TR pedal control.

Actions Since AD 2024–10–10 Was Issued

Since the FAA issued AD 2024–10–10, EASA superseded EASA AD 2023–

0090 and issued EASA AD 2026–0118, dated June 22, 2026 (EASA AD 2026–0118) (also referred to as the MCAI). The MCAI states that the manufacturer has developed a modification to reroute the yaw harness of the TR actuator part number (P/N) 704A47135059 to prevent interference between the cable tie head of the TR actuator harness and the pin fastener of the tail gearbox cowling.

You may examine the MCAI in the AD docket at *regulations.gov* under Docket No. FAA–2026–13832.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2026–0118, which specifies procedures for inspecting the position of the cable tie heads of the affected TR actuator harness and, depending on the results of the inspection, performing corrective actions. EASA AD 2026–0118 also requires, for certain model helicopters, modifying the routing of the yaw harness of the TR actuator and, for certain helicopters that have already performed this modification, requires accomplishment of an operational test.

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 AD after determining that the unsafe condition described previously is likely to exist or develop on other products of the same type design.

Proposed AD Requirements in This NPRM

This proposed AD would require accomplishing the actions specified in EASA AD 2026–0118, described previously, as incorporated by reference, except for any differences identified as exceptions in the regulatory text of this proposed AD. See ''Differences Between this Proposed AD and the MCAI'' for a discussion of the general differences included in this proposed AD.

Differences Between This Proposed AD and the MCAI

Where the MCAI requires accomplishing the initial inspection within 165 flight hours after May 18, 2023 [the effective date of EASA AD 2023–0090], this proposed AD would require accomplishing the inspection within 100 hours time-in-service after the effective date of this AD.

Explanation of Required Compliance Information

In the FAA's ongoing efforts to improve the efficiency of the AD process, the FAA developed a process to use some CAA ADs as the primary source of information for compliance with requirements for corresponding FAA ADs. The FAA has been coordinating this process with manufacturers and CAAs. As a result, the FAA proposes to incorporate EASA AD 2026–0118 by reference in the FAA final rule. This proposed AD would, therefore, require compliance with EASA AD 2026–0118 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 2026–0118 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 2026–0118. Material required by EASA AD 2026–0118 for compliance will be available at *regulations.gov* under Docket No. FAA–2026–13832 after the FAA final rule is published.

Costs of Compliance

The FAA estimates that this AD, if adopted as proposed, would affect 29 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
Inspect position of cable ties	1 work-hour × $85 per hour = $85	$0	$85	$2,465.
Modify the yaw harness	2 work-hours × $85 per hour = $170	Minimal amount	170	Up to $4,930.
Perform operating test	1 work-hour × $85 per hour = $85	$0	85	Up to $2,465.

The FAA estimates the following costs to do any replacements or additional testing that would be required based on the results of the proposed inspection. The agency has no way of determining the number of helicopters that might need these replacements or additional testing:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace a cable tie	1 work-hour × $85 per hour = $85	$0	$85

Authority for This Rulemaking

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

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

develop on products identified in this rulemaking action.

Regulatory Findings

The FAA determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that the proposed regulation:

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

(2) Would not affect intrastate aviation in Alaska, and

(3) Would not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

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

The Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive 2024–10–10, Amendment 39–22756 (89 FR 51401, June 18, 2024); and

■ b. Adding the following new airworthiness directive:

Airbus Helicopters: Docket No. FAA–2026–13832; Project Identifier MCAI–2026–00623–R.

(a) Comments Due Date

The FAA must receive comments on this airworthiness directive (AD) by January 8, 2027.

(b) Affected ADs

This AD replaces AD 2024–10–10, Amendment 39–22756 (89 FR 51401, June 18, 2024).

(c) Applicability

This AD applies to all Airbus Helicopters Model SA 365 N, SA 365 N1, AS 365 N2, and AS 365 N3 helicopters, certificated in any category.

(d) Subject

Joint Aircraft System Component (JASC) Code 6720, Tail rotor control system.

(e) Unsafe Condition

This AD was prompted by a report of a tail rotor (TR) pedal control that was blocked during flight. The FAA is issuing this AD to detect and address interference of the tail rotor pedal control. The unsafe condition, if not addressed, could result in loss of yaw control of the helicopter.

(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 AD 2026–0118, dated June 22, 2026 (EASA AD 2026–0118).

(h) Exceptions to EASA AD 2026–0118

(1) Where EASA AD 2026–0118 refers to its effective date, this AD requires using the effective date of this AD.

(2) Where paragraph (1) of EASA AD 2026–0118 specifies ''within 165 flight hours (FH) after May 18, 2023 [the effective date of EASA AD 2023–0090]'', this AD requires replacing that text with ''within 100 hours time-in-service after the effective date of this AD''.

(3) Where the material referenced in EASA AD 2026–0118 specifies discarding parts, this AD requires removing those parts from service.

(4) Where the material referenced in EASA AD 2026–0118 specifies ''check'', this AD requires replacing that text with ''inspect'' or ''inspection(s)'', as applicable.

(5) This AD does not adopt the ''Remarks'' section of EASA AD 2026–0118.

(i) No Reporting Requirement

Although the material referenced in EASA AD 2026–0118 specifies to submit certain information to the manufacturer, this AD does not include that requirement.

(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 Aryanna Sanchez, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (520) 990–9321; email: *aryanna.t.sanchez@faa.gov.*

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference of the material listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this material as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) European Union Aviation Safety Agency (EASA) AD 2026–0118, dated June 22, 2026.

(ii) [Reserved]

(3) For EASA material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *easa.europa.eu.* You may find 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 November 20, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–23880 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–13831; Project Identifier MCAI–2026–00809–R]

RIN 2120–AA64

Airworthiness Directives; Airbus Helicopters Deutschland GmbH (AHD) Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to supersede Airworthiness Directive (AD) 2026–08–51, which applies to all Airbus Helicopters Deutschland GmbH (AHD) Model MBB–BK 117 D–3 helicopters. AD 2026–08–51 requires inspecting the rotor hub-shaft for cracks, replacing any rotor hub-shaft that has any crack, and reporting information after accomplishment of the replacement. AD 2026–08–51 also prohibits installing any

affected rotor hub-shaft on any helicopter, unless certain requirements are met. Since the FAA issued AD 2026–08–51, it was determined that additional repetitive inspections (including eddy current inspections) are necessary, and that revising the compliance time to account for hoist operations is necessary. This proposed AD would retain the actions of AD 2026–08–51 and would require additional repetitive inspections. The FAA is proposing this AD to address the unsafe condition on these products.

DATES: The FAA must receive comments on this NPRM by January 8, 2027.

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–2026–13831; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The street address for Docket Operations is listed above.

Material Incorporated by Reference:

- For European Union Aviation Safety Agency (EASA) material identified in this proposed AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *easa.europa.eu.*
- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222–5110.

FOR FURTHER INFORMATION CONTACT: David Enns, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946–4147; email: *david.enns@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–2026–13831; Project Identifier MCAI–2026–00809–R'' at the beginning of your comments. The most helpful comments reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data. The FAA will consider all comments received by the closing date and may amend the proposal because of those comments.

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

Confidential Business Information

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this NPRM contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this NPRM, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as ''PROPIN.'' The FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this NPRM. Submissions containing CBI should be sent to David Enns, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590. Any commentary that the FAA receives which is not specifically designated as CBI will be placed in the public docket for this rulemaking.

Background

The FAA issued AD 2026–08–51, Amendment 39–23249 (91 FR 22995, April 29, 2026) (AD 2026–08–51), for all AHD Model MBB–BK 117 D–3 helicopters. AD 2026–08–51 was prompted by an MCAI originated by EASA, which is the Technical Agent for the Member States of the European Union. EASA issued EASA Emergency AD 2026–0078–E, dated April 13, 2026 (EASA Emergency AD 2026–0078–E), to correct an unsafe condition identified as cracking of the rotor hub-shaft, manufacturer part numbers D623M1501203 and D623M1501204. EASA then superseded EASA Emergency AD 2026–0078–E and issued EASA AD 2026–0091, dated May 8, 2026 (EASA AD 2026–0091), to revise the compliance time inspection thresholds and add repetitive visual inspections. The FAA did not issue an AD corresponding to EASA AD 2026–0091.

AD 2026–08–51 requires inspecting the rotor hub-shaft for cracks, replacing any rotor hub-shaft that has any crack, and reporting information after accomplishment of the replacement. AD 2026–08–51 also prohibits installing any affected rotor hub-shaft on any helicopter, unless certain requirements are met. The FAA issued AD 2026–08–51 to address cracking of the rotor hub-shaft, which, if not addressed, could lead to failure of the main rotor transmission and loss of control of the helicopter.

Actions Since AD 2026–08–51 Was Issued

Since the FAA issued AD 2026–08–51, EASA superseded EASA AD 2026–0091 and issued EASA AD 2026–0151, dated July 30, 2026 (EASA AD 2026–0151) (also referred to as the MCAI). The MCAI states that repetitive eddy current inspections and revised compliance times for helicopters used for hoist operations are necessary.

In addition, since the FAA issued AD 2026–08–51, the FAA received a comment from Air Methods LLC (Air Methods) requesting changes to the requirements of AD 2026–08–51. The comment disposition below specifically addresses this comment.

You may examine the MCAI in the AD docket at *regulations.gov* under Docket No. FAA–2026–13831.

Comment on AD 2026–08–51

The FAA gave the public the opportunity to comment on AD 2026–08–51. The following presents the comment received on AD 2026–08–51 and the FAA's response to the comment.

Request To Define the Terms Used in the Final Rule

Air Methods requested that the FAA define ''events,'' as incorporated from paragraph (2) of EASA Emergency AD 2026–0078–E, which states ''after each reporting of noticeable changes in vibrations, or balancing abnormalities of a helicopter, accomplish an inspection.'' Air Methods also requested the FAA provide a more objective definition of the events that mandate the inspection. Specifically, they requested clarity on what defines reporting and balancing abnormalities of a helicopter, and

whether the vibrations have a measurable magnitude.

The FAA acknowledges the importance of having clear and objective criteria for determining when inspections are necessary. However, the FAA disagrees with revising the descriptions for the requested definitions. The FAA incorporated EASA Emergency AD 2026–0078–E by reference and believes its definitions are justified given the complex and varied nature of helicopter operations. At this time, the FAA has no alternative method or additional information to define or create alternative inspection criteria, without potentially overlooking critical safety considerations. The referenced material in the EASA Emergency AD 2026–0078–E states that if there are noticeable vibrations during the last flight, operators of helicopters equipped with a Health Monitoring System (HMS) should analyze the HMS data download for step changes, data that exceeds the amber or red threshold, or trends. The FAA did not change this AD as a result of this comment.

Request To Revise the Inspection Criteria

Air Methods requested the FAA revise AD 2026–08–51 by requiring a repetitive inspection based on hours time-in-service or flight cycles instead of a one-time inspection.

The FAA is superseding AD 2026–08–51 to require repetitive inspections. EASA Emergency AD 2026–0078–E was superseded by EASA AD 2026–0091, and then EASA AD 2026–0091 was superseded by EASA AD 2026–0151. This NPRM proposes to incorporate by reference EASA AD 2026–0151, which requires repetitive inspections of the rotor hub-shaft. The FAA did not change this AD as a result of this comment.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed EASA AD 2026–0151, which specifies procedures for repetitive visual and eddy current inspection of the rotor hub-shaft, replacing any rotor hub-shaft that has cracks or suspicion of cracks, and reporting the results of the inspection to Airbus Helicopters. EASA AD 2026–0151 also prohibits installing any affected rotor hub-shaft that has not passed an inspection on any helicopter.

This material is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the **ADDRESSES** section.

FAA's Determination

These products have been approved by the civil aviation authority (CAA) of another country and are approved for operation in the United States. Pursuant to the FAA's bilateral agreement with this State of Design Authority, that authority has notified the FAA of the unsafe condition described in the MCAI referenced above. The FAA is issuing this NPRM after determining that the unsafe condition described previously is likely to exist or develop on other products of the same type design.

Proposed AD Requirements in This NPRM

This proposed AD would require accomplishing the actions specified in EASA AD 2026–0151, described previously, as incorporated by reference, except for any differences identified as exceptions in the regulatory text of this AD. See ''Differences Between this Proposed AD and the MCAI,'' for a detailed description of the differences.

Differences Between This Proposed AD and the MCAI

The MCAI applies to MBB–BK117 D–3m helicopters, whereas this proposed AD does not because that model does not have an FAA type certificate.

Explanation of Required Compliance Information

In the FAA's ongoing efforts to improve the efficiency of the AD process, the FAA developed a process to use some CAA ADs as the primary source of information for compliance with requirements for corresponding FAA ADs. The FAA has been coordinating this process with manufacturers and CAAs. As a result, the FAA proposes to incorporate EASA AD 2026–0151 by reference in the FAA final rule. This proposed AD would, therefore, require compliance with EASA AD 2026–0151 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 2026–0151 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 2026–0151. Material required by EASA AD 2026–0151 for compliance will be available at *regulations.gov* under Docket No. FAA–2026–13831 after the FAA final rule is published.

Interim Action

The FAA considers that this proposed AD would be an interim action. If final action is later identified, the FAA might consider additional rulemaking.

Costs of Compliance

The FAA estimates that this AD, if adopted as proposed, would affect 78 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
Visually inspect rotor hub-shaft	1 work-hour × $85 per hour = $85	$0	$85 (per inspection)	$6,630 (per inspection).
Inspect (eddy current) rotor hub-shaft	2 work-hours × $85 per hour = $170	0	$170 (per inspection)	$13,260 (per inspection).
Report inspection results	1 work-hour × $85 per hour = $85	0	$85	$6,630.

The FAA estimates the following costs to do any replacements that would be required based on the results of the proposed inspection. The agency has no way of determining the number of helicopters that might need these replacements:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace rotor hub-shaft	4 work-hours × $85 per hour = $340	$130,468	$130,808

Paperwork Reduction Act

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number. The OMB Control Number for this information collection is 2120–0056. Public reporting for this collection of information is estimated to be approximately 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. All responses to this collection of information are mandatory. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Information Collection Clearance Officer, Federal Aviation Administration, 10101 Hillwood Parkway, Fort Worth, TX 76177–1524.

Authority for This Rulemaking

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

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

Regulatory Findings

The FAA determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that the proposed regulation:

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

(2) Would not affect intrastate aviation in Alaska, and

(3) Would not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

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

The Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive 2026–08–51, Amendment 39–23249 (91 FR 22995, April 29, 2026); and

■ b. Adding the following new airworthiness directive:

Airbus Helicopters Deutschland GmbH (AHD): Docket No. FAA–2026–13831; Project Identifier MCAI–2026–00809–R.

(a) Comments Due Date

The FAA must receive comments on this airworthiness directive (AD) by January 8, 2027.

(b) Affected ADs

This AD replaces AD 2026–08–51, Amendment 39–23249 (91 FR 22995, April 29, 2026) (AD 2026–08–51).

(c) Applicability

This AD applies to all Airbus Helicopters Deutschland GmbH (AHD) Model MBB–BK 117 D–3 helicopters, certificated in any category.

(d) Subject

Joint Aircraft System Component (JASC) Code 6300, Main rotor drive system.

(e) Unsafe Condition

This AD was prompted by a report of a crack on the affected part, which was detected after the crew reported increased vibration of the helicopter. The FAA is issuing this AD to address cracking of the rotor hub-shaft, which could lead to failure of the main rotor transmission and loss of control of the helicopter.

(f) Compliance

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

(g) Required Actions

Except as specified in paragraph (h) of this AD: Comply with all required actions and compliance times specified in, and in accordance with European Union Aviation Safety Agency AD 2026–0151, dated July 30, 2026 (EASA AD 2026–0151).

(h) Exceptions to EASA AD 2026–0151

(1) Where EASA AD 2026–0151 refers to April 15, 2026 (the effective date of EASA Emergency AD 2026–0078–E, dated April 13, 2026), this AD requires using April 16, 2026 (the effective date of AD 2026–08–51).

(2) Where EASA AD 2026–0151 refers to May 15, 2026 (the effective date of EASA AD 2026–0091, dated May 8, 2026), this AD requires using the effective date of this AD.

(3) Where EASA AD 2026–0151 refers to its effective date, this AD requires using the effective date of this AD.

(4) Where EASA AD 2026–0151 requires compliance in terms of flight hours, this AD requires using hours time-in-service.

(5) Where paragraph (7) of EASA AD 2026–0151 specifies ''if during any inspection as required by paragraph (1), (2), (3), (4) or (5)'', this AD requires replacing that text with ''if during any inspection as required by paragraph (1), (2), or (3)''.

(6) Where paragraph (7) of EASA AD 2026–0151 specifies ''within 7 days after that inspection, report the inspection result to AH [Airbus Helicopters]'', this AD requires replacing that text with ''within 30 days after that inspection, report the inspection results to Airbus Helicopters''.

(7) This AD does not adopt the ''Remarks'' section of EASA AD 2026–0151.

(i) Special Flight Permits

Special flight permits, as described in 14 CFR 21.197 and 21.199, are not allowed.

(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 David Enns, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; phone: (316) 946–4147; email: *david.enns@faa.gov.*

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference of the material listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this material as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) European Union Aviation Safety Agency (EASA) AD 2026–0151, dated July 30, 2026.

(ii) [Reserved]

(3) For EASA material identified in this AD, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *easa.europa.eu.*

(4) You may view this material at FAA, Airworthiness Products Section, Operational Safety Branch, 10101 Hillwood Parkway, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call (817) 222–5110.

(5) You may view this material at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, visit *www.archives.gov/federal-register/cfr/ibr-locations* or email *fr.inspection@nara.gov.*

Issued on November 20, 2026.

Steven W. Thompson,

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

[FR Doc. 2026–23874 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE INTERIOR

Bureau of Safety and Environmental Enforcement

30 CFR Part 250

[Docket ID: MMA–2026–0166 EEAA021000 278E1700D2 ET1SF0000.EAQ000]

RIN 1014–AA56

Oil and Gas and Sulfur Operations in the Outer Continental Shelf—Documents Incorporated by Reference

AGENCY: Bureau of Safety and Environmental Enforcement (BSEE), Marine Minerals Administration (MMA), Interior.

ACTION: Proposed rule.

SUMMARY: The Department of the Interior (DOI or Department), through Marine Minerals Administration (MMA), is incorporating by reference a collection of production measurement industry standards and safety industry standards into its regulations governing oil, gas, and sulfur operations on the Outer Continental Shelf (OCS). Incorporation of these documents by reference will provide industry with up-to-date, minimum requirements for measuring oil and gas production volumes and enhancing safety. Compliance with these standards will reduce uncertainty in the measurement of oil and gas production and update the minimum standards in the safety regulations.

DATES: Submit comments by December 24, 2026. MMA may not fully consider comments received after this date. You may submit comments to the Office of Management and Budget (OMB) on the information collection burden in this proposed rule by ''December 24, 2026''. The deadline for comments on the information collection burden does not affect the deadline for the public to comment to MMA on the proposed regulations.

ADDRESSES: You may submit comments on the rulemaking by any of the following methods. Please use the Regulation Identifier Number 1014–AA56 as an identifier in your message. See also Public Availability of Comments under Procedural Matters.

- *Federal eRulemaking Portal: www.regulations.gov.* In the entry entitled, ''Enter Keyword or ID,'' enter MMA–2026–0166 then click search. Follow the instructions to submit public comments and view supporting and related materials available for this rulemaking. MMA may post all submitted comments.
- *Mail or hand-carry comments to MMA:* Attention: Regulations and Standards Branch, 45600 Woodland Road, VAE–ORP, Sterling, VA 20166. Please reference Regulation Identifier Number 1014–AA56, ''Oil and Gas and Sulfur Operations in the Outer Continental Shelf—Documents Incorporated by Reference'' in your comments and include your name and return address.
- All API standards that are safety-related and that are incorporated into Federal regulations are available to the public for free viewing online in the Incorporation by Reference Reading Room or for purchase on API's website at: *https://publications.api.org* and *https://www.api.org/products-and-services/standards/purchase,* respectively.
- For the convenience of the viewing public who may not wish to purchase or view the incorporated documents online, the documents may be inspected at MMA's offices at: 1919 Smith Street, Suite 14042, Houston, Texas 77002 (phone: 1–844–259–4779), or 45600 Woodland Road, Sterling, Virginia 20166 (email: *regs@bsee.gov*), by appointment only.
- Send comments on the information collection in this rule to: Interior Desk Officer 1014–0028, Office of Management and Budget; 202–395–5806 (fax); email: *oira_submission@omb.eop.gov.* Please send a copy to MMA at *regs@bsee.gov.*

Public Availability of Comments: Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. In order for MMA to withhold from disclosure your personal identifying information, you must identify any information contained in your comment submittal that, if released, would constitute a clearly unwarranted invasion of your personal privacy. You must also briefly describe any possible harmful consequence(s) of the disclosure of information, such as embarrassment, injury, or other harm. While you may request that we withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

FOR FURTHER INFORMATION CONTACT: For questions, contact Phillip Smith at 504–736–7515, or by email: *regs@bsee.gov.*

SUPPLEMENTARY INFORMATION:

Executive Summary

In accordance with the National Technology Transfer and Advancement Act of 1995 (Pub. L. 104–113) and OMB Circular A–119, MMA [1] uses voluntary consensus standards, specifications, recommended practices (RPs), and other Standard Development Organizations (SDO) documents as a means of establishing requirements for activities on the OCS. This practice, known as incorporation by reference (IBR), when approved by the Director of the Federal Register, empowers MMA to give these incorporated requirements the force and effect of law while also reducing the burden of complying with additional agency specific technical requirements.

In this proposed rule MMA is incorporating eleven new documents, updating fifty documents that are already incorporated, and removing ten documents that have been withdrawn or superseded by their respective SDOs. The new standards and the updates to existing standards were developed by the American Concrete Institute (ACI), the American Institute of Steel Construction (AISC), the Association for Materials Protection and Performance (AMPP), the American Society of Mechanical Engineers (ASME), the American Petroleum Institute (API), ASTM International (ASTM), the American Welding Society (AWS).

The new IBR documents address offshore pedestal cranes, seismic design for offshore structures, design of facilities and valves against fire, tank inspection and repair, standard practice for respiratory protection, and measurement technologies reflect the latest measurement standards. The IBR of these standards will help ensure MMA's regulations reflect improvements in operational safety and recognize advances in science and technology, including those advances related to measurement accuracy.

Table of Contents

I. Background
A. MMA Statutory and Regulatory Authority and Responsibilities
B. Availability of Incorporated Documents for Public Viewing
C. Purpose and Summary of the Rulemaking
II. Section-by-Section Summary
III. Procedural Matters

[1] Secretary's Order 3451 established the Marine Minerals Administration (MMA), which replaced BSEE, and provided for a transition period during which existing BSEE officials retain operational authority necessary for the uninterrupted accomplishment of its mission. That transition period is ongoing. Accordingly, this proposed rule references both BSEE and MMA but is issued under the authority of MMA.

I. Background

A. MMA Statutory and Regulatory Authority and Responsibilities

The Department's authority for this rule is derived from the Outer Continental Shelf Lands Act (OCSLA), codified at 43 U.S.C. 1331–1356a. OCSLA, enacted in 1953 and substantially revised in 1978, authorizes the Secretary of the Interior (Secretary) to regulate and administer mineral, oil and gas exploration, development, and production operations on the OCS as well as other energy-related activities. The Secretary has delegated authority to perform certain of these functions to MMA under Secretary's Order 3299.[2]

To carry out its responsibilities, MMA regulates offshore oil and gas operations to enhance the safety of exploration for and development of oil and gas on the OCS, ensure that those operations protect the environment, and implement advancements in technology. MMA also conducts onsite inspections to assure compliance with regulations, lease terms, and approved plans and permits. Detailed information concerning MMA's regulations and guidance to the offshore oil and gas industry may be found on MMA's website at *www.bsee.gov/what-we-do/offshore-regulatory-programs/regulations-standards.*

MMA administers a regulatory program that covers a wide range of OCS facilities and activities that offshore operators [3] perform, throughout the OCS. *See* 30 CFR part 250. This rulemaking is limited to IBR documents that are in accordance with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A–119.

B. Availability of Incorporated Documents for Public Viewing

When a copyrighted technical industry standard is incorporated by reference into our regulations, MMA must observe and protect that copyright. MMA provides members of the public with website addresses where these standards may be accessed for viewing—sometimes for free and sometimes for a fee. Each SDO is the copyright owner and decides whether to charge a fee. API provides free read-only online public access to about 160 key industry standards. The free read-only online standards represent almost one-third of all API standards and include all that are safety-related or have been incorporated into Federal regulations, including the standards in this proposed rule. The newly incorporated standards will be available for review online for free. Hardcopies and printable versions will continue to be available for purchase.

MMA is also proposing to incorporate standards from other SDOs, including the ACI, AISC, AMPP, ASME, ASTM, and AWS. Descriptions of the proposed standards below are adopted or paraphrased from the SDO publications. To purchase the copyrighted documents, the website addresses and telephone numbers are: Accuris at their website *www.accuristech.com* and ASME Documents, contact the organization by phone at 1–800–843–2763 or email at *www.customercare@asme.org.*

For the convenience of the viewing public who may not wish to purchase or view these documents online, they may be inspected at the Marine Minerals Administration, 1919 Smith Street, Suite 14042, Houston, Texas 77002.

These documents, if incorporated in a final rule, would continue to be made available to the public for viewing upon request. Specific information on where these documents can be inspected or purchased is set forth at 30 CFR 250.198, Documents Incorporated by Reference.

C. Purpose and Summary of the Rulemaking

The National Technology Transfer and Advancement Act (NTTAA) requires that ''all Federal agencies . . . use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.'' Public Law 104–113, 12(d)(1) (March 7, 1996). The relevant guidance in OMB Circular A–119 instructs federal agencies to use appropriate industry consensus standards when developing regulations to eliminate the cost to the government of developing its own standards and encourage long-term efficiency and economic competition through harmonization of standards. This standard rulemaking is part of the Department's effort to keep the standards in the regulations up to date. The American National Standards Institute (ANSI) generally requires that industry standards be updated at intervals not exceeding five years. The

[2] *https://www.doi.gov/sites/doi.gov/files/elips/documents/3299a2-establishment_of_the_bureau_of_ocean_energy_management_the_bureau_of_safety_and_environmental_enforcement_and_the_office_of_natural_resources_revenue.pdf.*

[3] BSEE's regulations at 30 CFR part 250 generally apply to ''a lessee, the owner or holder of operating rights, a designated operator or agent of the lessee(s)'' (30 CFR 250.105 (definition of ''you'') and ''the person actually performing the activity to which the requirement applies'' (30 CFR 250.146(c)).

continual updating of standards results in standards that progressively evolve with the most recent safety criteria and industry norms, thereby evolving with new technology and addressing lessons learned.

MMA continually participates in reviews, revisions, and updates of standards with SDOs and determines whether new editions should be incorporated into the Department's regulations. This may be necessary because of changes in technology, environmental concerns, individual incidents, or incident trends. Also, MMA may request an SDO to develop a new standard based on incident analysis or due to the introduction of new technologies, such as deep-water operations and floating production systems.

MMA reviewed the requirements in the standards listed in the next section and proposes to incorporate new standards into and revise some standards that have already been incorporated into the regulations at 30 CFR part 250. MMA's review indicates that the decision to use these standards will not impose additional costs on the offshore oil and gas industry, because industry currently uses these standards.

II. Section-by-Section Summary

What requirements must I follow for cranes and other material-handling equipment? (§ 250.108)

MMA proposes to modify paragraph (a) of § 250.108 by adding a reference to API Recommended Practice 2D–2 in addition to API Recommended Practice 2D, which is already references in the paragraph. This standard establishes general principles for the training of personnel for safe operations and maintenance of offshore pedestal mounted cranes, as a companion to API Recommended Practice 2D.

MMA is also proposing to update API Specification 2C to the 8th edition. This will necessitate the updating of paragraph (c) and the removal of paragraph (d). The proposed updated regulations will clarify the requirement that new cranes being installed should be designed, constructed, and tested in accordance API Specification 2C 8th edition. MMA interprets API's updated specification to generally not require companies to reevaluate currently installed cranes. This is because the new specification is written only to govern the design basis, construction, and testing of ''new offshore pedestal-mounted cranes''. Specific issues should be addressed to the applicable region in which your crane operates.

Documents incorporated by reference. (§ 250.198)

Overview of proposed changes:

In this rulemaking, MMA is proposing to update the editions of fifty documents currently incorporated by reference to the more recent editions. We are proposing to incorporate standards from the following SDOs: ACI, AISC, AMPP, API, ASME, ASTM, and AWS. These updates cover a wide range of OCS activities, including the design and maintenance for drilling, pipeline, platform, production, and well operations.

MMA is also proposing to incorporate by reference ten documents from API and one standard practice from ASTM that have not previously been incorporated by reference. The eleven newly proposed documents comprise of one integrity management standard, API Standard 653; one testing and evaluation standard, API Standard 6FA; two recommended practices (RP) for the design of offshore structures, API RP 2EQ and 2FB; one standard regarding training of crane riggers, operators, and inspectors, Recommended Practice 2D–2; and five Manuals for measurement standards, API MPMS 6.3A, 6.4A, 11.2.5, 12.4.1, and 14 Section 7. The one standard practice to be IBR is from ASTM is ASTM F3387—Standard Practice for Respiratory Protection.

Finally, in conjunction with the previously mentioned updates and additions, MMA is proposing to remove ten documents that have been withdrawn or superseded by their respective SDOs. These include one American Concrete Institute Commentary for Reinforced Concrete reference which has been merged into its parent document, one American Gas Association report, seven API manual of petroleum measurement standards, and one American National Standard Institute standard regarding respiratory protection.

Summary of Proposed Removal of Currently Incorporated Standards

Ten currently incorporated standards would be removed by this proposed rule due to the SDOs withdrawing or superseding them.

ACI 318R–95, Commentary on Building Code Requirements for Reinforced Concrete, 1995.

This document would be removed from the regulations at §§ 250.198(a) and 250.901(a) and (d) because the commentary for ACI CODE 318 is now incorporated into a single document in ACI CODE–318–25.

The American Gas Association Report No. 10, Speed of Sound in Natural Gas and Other Related Hydrocarbon gases, 2nd Edition 2003.

This report outlines a method for the calculation of the speed of sound in natural gas and the individual components that make up natural gas. It also calculates the entropy, enthalpy and C* coefficient for sonic nozzles. It also provides computer codes for programming calculations of speed of sound. This document has been withdrawn by the American Gas Association. Therefore, this document would be removed from the regulations at §§ 250.198(b) and 250.1203(b).

API MPMS Chapter 5.8, Measurement of Liquid Hydrocarbons by Ultrasonic Flow Meters, Second Edition, November 2011, Errata February 2014, reaffirmed May 2017.

MMA has never received a request to use ultrasonic meters for liquid hydrocarbon measurement. Therefore, this document would be removed from the regulations due to a lack of application at §§ 250.198(e), 2509.1202(a) and (b).

API MPMS Chapter 6.1, Lease Automatic Custody Transfer (LACT) Systems, Second Edition, May 1991; Addendum 1 August 2020.

This document was withdrawn by API and would be removed as a reference from the regulations at §§ 250.198(e) and 250.1202(a). It would be replaced by its superseding version, API MPMS Chapter 6.4A Metering Assemblies—Lease Automatic Custody Transfer (LACT) Systems, First Edition, December 2023.

API MPMS Chapter 6—Metering Assemblies, Section 6—Pipeline Metering Systems, Second Edition, May 1991, reaffirmed December 2017.

This document was withdrawn by API and would be removed as a reference from the regulations at §§ 250.198(e) and 250.1202(a). It would be replaced by its superseding version, API MPMS Chapter 6.3A, Metering Assemblies—Pipeline and Marine Loading/Unloading Measurement Systems, First Edition, July 2021.

API MPMS Chapter 6—Metering Assemblies, Section 7—Metering Viscous Hydrocarbons, Second Edition, May 1991, reaffirmed March 2018.

This document was withdrawn by API and would be removed as a reference from the regulations at §§ 250.198(e) and 250.1202(a). It would be replaced by the combination of superseding versions, API MPMS Chapter 6.3A, Metering Assemblies—Pipeline and Marine Loading/Unloading Measurement Systems, First Edition, July 2021, and API MPMS Chapter 6.4A Metering Assemblies—Lease Automatic Custody Transfer (LACT) Systems, First Edition, December 2023.

API MPMS Chapter 11—Physical Properties Data, Addendum to Section 2, Part 2—Compressibility Factors for Hydrocarbons, Correlation of Vapor Pressure for Commercial Natural Gas Liquids, First Edition, December 1994; reaffirmed, December 2002; incorporated by reference.

This document was withdrawn by API and would be removed from the regulations at §§ 250.198(e) and 250.1202(a). It would be replaced by its superseding version, API MPMS Chapter 11.2.5, A Simplified Vapor Pressure Correlation for Commercial NGLs, Second Edition, December 2020, Errata 1, October 2023.

API MPMS Chapter 12—Calculation of Petroleum Quantities, Section 2—Calculation of Petroleum Quantities Using Dynamic Measurement Methods and Volumetric Correction Factors, Part 4—Calculation of Base Prover Volumes by the Waterdraw Method, First Edition, December 1997; reaffirmed September 2014.

This document was withdrawn by API and would be removed from the regulations at §§ 250.198(e) and 250.1202(a), (f), and (g). It would be replaced by its superseding version API MPMS Chapter 12.4.1—Calculation of Petroleum Quantities—Base Prover Volume Determination—Waterdraw Volumetric Method—First Edition, September 2023.

API MPMS Chapter 14—Natural Gas Fluids Measurement, Section 8—Liquefied Petroleum Gas Measurement, Second Edition, July 1997; reaffirmed, March 2006.

This document was withdrawn by API and would be removed from the regulations at §§ 250.198(e) and 250.1203(b). It would be replaced by its superseding version, API MPMS Chapter 14 Natural Gas Fluids Measurement Section 7—Mass Measurement of Natural Gas Liquids and Other Hydrocarbons—Fifth Edition, February 2018, Reaffirmed July 2023.

ANSI Z88.2–1992, American National Standard for Respiratory Protection.

This document was withdrawn by the American Society of Safety Professionals and would be removed from the regulations at §§ 250.198(d) and 250.490(g) and (j). It would be replaced by its superseding version, ASTM F3387—Standard Practice for Respiratory Protection, November 2023.

Standards Proposed for Incorporation for the First Time

Eleven new standards are proposed for incorporation in this rulemaking. They include:

API MPMS Chapter 6.3A, Metering Assemblies—Pipeline and Marine Loading/Unloading Measurement Systems, First Edition, July 2021.

MMA proposes to update the already incorporated reference of API MPMS Chapter 6 Section 6 and API MPMS Chapter 6 Section 7 with the superseding standard API MPMS Chapter 6.3A in the regulations. This standard serves as a guide in the selection, installation, and operation of pipeline and marine loading and unloading, floating production, storage, and offloading (FPSO), and floating storage and offloading (FSO) metering systems.

API MPMS Chapter 6.3A would replace the superseded document that is incorporated by reference in the regulations at § 250.198(e) and referenced in § 250.1202(a).

API MPMS Chapter 6.4A, Metering Assemblies—Lease Automatic Custody Transfer (LACT) Systems, First Edition, Dec 2023.

MMA proposes to update the already incorporated reference of API MPMS Chapter 6.1 with the superseding standard API MPMS Chapter 6.4A in the regulations. This standard is part of a set of documents that details the minimum requirements for metering systems in single-phase liquid applications. This standard details the specific requirements for the design, selection, and operation of lease automatic custody transfer (LACT) metering systems.

API MPMS Chapter 6.4A would replace the superseded document that is incorporated by reference in the regulations at § 250.198(e) and referenced in § 250.1202(a).

API MPMS Chapter 11.2.5, A Simplified Vapor Pressure Correlation for Commercial NGLs, Second Edition, December 2020, Errata 1, October 2023.

MMA proposes to update the already incorporated reference of API MPMS Chapter 11, Section 2, Part 2 with the superseding standard API MPMS Chapter 11.2.5 in the regulations. This publication is an updated version of the currently incorporated API MPMS Chapter 11, Section 2, Part 2, which it is expected to replace. The transfer of ownership of liquids is usually based on the volume of the liquid at an agreed upon standard condition, usually 60 degrees Fahrenheit and one atmosphere pressure or equilibrium vapor pressure of the liquid. However, actual measurement of the liquid volumes and the associated densities occur at flowing or process conditions. Thus, these measurements must be converted to equivalent values at standard conditions. The purpose of this document is to provide a simplified means of estimating equilibrium vapor pressures of various natural gas liquids (NGLs) from a knowledge of a fluid's relative density and process temperature. The intent is to provide the values of equilibrium vapor pressure required to determine the pressure effect contributions to volume correction factors.

API MPMS Chapter 11.2.5 would replace the superseded document that is currently incorporated by reference in the regulations at § 250.198(e) and referenced in § 250.1202(a).

API MPMS Chapter 12.4.1, Calculation of Petroleum Quantities—Base Prover Volume Determination—Waterdraw Volumetric Method, First Edition, September 2023.

MMA proposes to replace the already incorporated reference of API MPMS Chapter 12, Section 2, Part 4 with standard API MPMS Chapter 12.4.1 in the regulations. API MPMS Chapter 12.4.1 includes updated and expanded sections on calibration requirements and correction factors. This document provides standardized calculation methods for the quantification of liquids and the determination of base prover volumes (BPVs) under defined conditions by the waterdraw volumetric method, regardless of the point of origin or destination or units of measure required by governmental organizations.

The criteria contained in this document allow different individuals, using various computer languages on different computer hardware (or manual calculations), to arrive at identical results using the same standardized input data.

This publication rigorously specifies the equations for computing correction factors, rules for rounding, the sequence of the calculations, and the discrimination levels of all numbers to be used in these calculations.

API MPMS Chapter 12.4.1 would replace the previously incorporated by reference document in the regulations at § 250.198(e) and referenced in § 250.1202(a), (f), and (g).

API MPMS Chapter 14—Natural Gas Fluids Measurement, Section 7—Mass Measurement of Natural Gas Liquids and Other Hydrocarbons, Fifth Edition, February 2018, Reaffirmed July 2023.

MMA proposes to update the already incorporated reference API MPMS Chapter 14 Section 8 with the partially superseding standard of API MPMS Chapter 14 Section 7 Fifth Edition in the regulations. This standard describes the criteria for the equipment selection, design, installation, calculation processes, operation, and maintenance of single-phase dynamic liquid mass measurement systems that operate in the density range of 351.7 kg/m3 to

687.8 kg/m3 at 15 °C and equilibrium vapor pressure.

The mass measurement systems within the scope of this document include inferred mass measurement, where volume at flowing conditions is combined with density at similar conditions to result in measured mass, as well as direct mass measurement.

API MPMS Chapter 14 Section 7 would replace the superseded standard previously incorporated by reference in the regulations at § 250.198(e) and referenced in § 250.1203(b).

API Recommended Practice 2D–2, Training for Offshore Pedestal-Mounted Crane Riggers, Operators, and Inspectors—First Edition, October 2020.

MMA proposes to incorporate by reference for the first time API Recommended Practice 2D–2 into the regulations. This standard establishes general principles for the training of personnel for safe operations and maintenance of offshore pedestal mounted cranes, as a companion to API Recommended Practice 2D and API Specification 2C. This standard also provides requirements and recommendations for personnel who are seeking to be qualified as a crane rigger, operator, or inspector. This document is the training component, which was separated from API Recommended Practice 2D. The document addresses competency requirements and training outcomes for personnel performing lifting operations and addresses human-factors risk. Further, the document aligns with industry qualification norms and applies an existing consensus approach that avoids duplicative Federal curricula.

API Recommended Practice 2D–2 would be incorporated by reference in the regulations at § 250.198(e) and referenced in § 250.108(a).

ANSI/API Recommended Practice 2EQ, Seismic Design Procedures and Criteria for Offshore Structures—First Edition, November 2014, ADDENDUM 1, January 2019, Reaffirmed, January 2021.

MMA proposes to incorporate by reference for the first time ANSI/API Recommended Practice 2EQ into the regulations. This standard contains requirements for defining the seismic design procedures and criteria for offshore structures and is a modified adoption of ISO 19901–2 for the United States offshore continental shelf. The requirements are applicable to fixed steel structures and fixed concrete structures. The effects of seismic events on floating structures and partially buoyant structures are also briefly discussed. The site-specific assessment of jack-ups in elevated condition is only covered to the extent that the requirements are applicable. The document provides a safety function by addressing structural criteria for resisting seismic actions while protecting well integrity and topsides systems. The consensus structural criteria reflect balanced stakeholder input replacing the need for a custom-made Federal seismic rule for offshore platforms.

This document defines the seismic requirements for new construction of structures in accordance with API 2A–WSD, 22nd Edition and later.

Most of the ISO 19901–2 document is applicable to the U.S. OCS. Where necessary, this document provides guidance for aligning the ISO 19901–2 requirements and terminology with API.

MMA proposes to incorporate by reference ANSI/API Recommended Practice 2EQ into § 250.198(e) and add a reference to this recommended practice in § 250.901(a) and (d).

API Recommended Practice 2FB, Recommended Practice for the Design of Offshore Facilities Against Fire and Blast Loading, First Edition, April 2006, Reaffirmed, September 2020.

MMA proposes to incorporate by reference for the first time API Recommended Practice 2FB into the regulations.

This RP provides an assessment process for the consideration of fire and blast in the design of offshore structures and includes guidance and examples for setting performance criteria. This RP complements the contents of Section 18 of API RP 2A, 21st Edition with more comprehensive guidance in design of both fixed and floating offshore structures against fire and blast loading. Guidance on the implementation of safety and environmental management practices and hazard identification, event definition, and risk assessment can be found in API RP 75 and the API RP 14 series. The document provides performance-based methods for fire/blast scenarios to protect life, environment, and continuity of safety systems. Consensus hazard-load methods leverage industry data and avoid a government-unique fire/blast methodology.

MMA proposes to incorporate by reference API Recommended Practice 2FB into § 250.198(e) and add a reference to this recommended practice in § 250.901(a) and (d).

API Standard 6FA, Standard for Fire Test of Valves, Fifth Edition, May 2020, Errata 1, August 2020, Errata 2, August 2020.

MMA proposes to incorporate by reference for the first time API Standard 6FA into the regulations. Currently, there is no standardized test procedure for fire rating boarding shut down valves (BSDV) per § 250.835. The incorporation of API 6FA would provide a standardized procedure for fire-testing BSDVs. MMA proposes that § 250.835(b) be revised to specify that BSDVs must be fire-rated as per API 6FA.

The purpose of this document is to establish requirements for testing and evaluating the pressure-containing performance of API 6A and API 6D valves when exposed to fire. The performance requirements of this standard establish qualification criteria for all sizes and pressure ratings. This standard may be applied to valves that do not meet the requirements of API 6A or API 6D at the user's discretion. This standard applies to valves with one or more closure members. This standard establishes acceptable levels for leakage through the test valve and external leakage after exposure to a fire for a 30-minute period. The fire exposure test period has been established on the basis that it represents the maximum time required to extinguish most fires. Fires of greater duration are of a major magnitude, with consequences greater than those anticipated in this test. The document provides consensus conformity methods that support interoperability and safety and supersedes the need for agency-specific valve test protocols.

MMA proposes to incorporate by reference API Standard 6FA into § 250.198(e) and add a reference to this recommended practice in § 250.835(b).

API Standard 653, Tank Inspection, Repair, Alteration, and Reconstruction, Fifth Edition, November 2014, Addendum 1, April 2018, Addendum 2, May 2020, Addendum 3, November 2023, Errata 1, March 2020, Errata 2, February 2025.

MMA proposes to incorporate by reference for the first time API Standard 653 into the regulations. This standard covers steel storage tanks built to API 650 and its predecessor API 12C. It provides minimum requirements for maintaining the integrity of such tanks after they have been placed in service and addresses inspection, repair, alteration, relocation, and reconstruction. The scope is limited to the tank foundation, bottom, shell, structure, roof, attached appurtenances, and nozzles to the face of the first flange, first threaded joint, or first welding-end connection. Many of the design, welding, examination, and material requirements of API 650 can be applied in the maintenance inspection, rating, repair, and alteration of in-service tanks. This standard employs

the principles of API 650; however, storage tank owner/operators, based on consideration of specific construction and operating details, may apply this standard to any steel tank constructed in accordance with a tank specification. This standard is intended for use by organizations that maintain or have access to engineering and inspection personnel technically trained and experienced in tank design, fabrication, repair, construction, and inspection. This standard recognizes fitness-for-service assessment concepts for evaluating in-service degradation of pressure containing components. API 579–1/ASME FFS–1, Fitness-For-Service, provides detailed assessment procedures or acceptance criteria for specific types of degradation referenced in this standard. When this standard does not provide specific evaluation procedures or acceptance criteria for a specific type of degradation or when this standard explicitly allows the use of fitness-for-service criteria, API 579–1/ASME FFS–1 may be used to evaluate the various types of degradation or test requirements addressed in this standard. The document provides a mature consensus program used broadly onshore and offshore whereby the adoption avoids duplicative Federal inspection rules.

MMA proposes to incorporate by reference API Standard 653 into § 250.198(e) and add a reference to this recommended practice in § 250.872(d).

ASTM F3387–23, Standard Practice for Respiratory Protection, November 2023.

MMA proposes to incorporate by reference ASTM F3387–23 into the regulations, as this is the document that supersedes the previously incorporated ANSI Z88.2–1992. This standard practice sets forth minimally accepted practices for occupational respirator use; provides information and guidance on the proper selection, use, and maintenance of respirators; and contains requirements for establishing, implementing, and evaluating respirator programs. This practice covers the use of respirators to protect persons against the inhalation of harmful air contaminants and oxygen-deficient atmospheres in the workplace.

ANSI Z88.2–1992 was withdrawn in 2002, but the standard has been revised through 2015 as ANSI/ASSE Z88.2–2015. In 2017, the responsibility for managing the Z88 Secretariat was transferred from ASSE to ASTM International. As part of this process, existing ANSI/ASSE Z88 standards being updated were reformatted and balloted within ASTM Subcommittee F23,65 and Committee F23 as new standards. A similar process of updating, reformatting, and balloting produced ANSI/ASSE Z88.2–1992 as the new standard ASTM F3387–23.

ASTM F3387–23 would replace the superseded document as previously incorporated by reference into the regulations at § 250.198(g) and referenced in § 250.490(g) and (j).

Summary of Currently Incorporated Industry Standards With Updated Editions

As part of this proposed rule, a total of fifty existing standards would be updated to reflect recent editions of the original standard, or reaffirmation by the accrediting standards organization. They include the following standards:

ACI CODE–318–25, Building Code for Structural Concrete—Code Requirements and Commentary—Inch-Pound Units (IN–LB), January 2025.

MMA proposes to update the already incorporated by reference ACI Code 318 from the 1995 version to the 2025 version in the regulations. There have been six substantive updates since this standard was last update in the CFR. Those updates include a complete reorganization of the code in addition to the technical changes made to improve safety, economy, and sustainability. The ''Building Code Requirements for Structural Concrete'' (''Code'') provides minimum requirements for the materials, design, and detailing of structural concrete buildings and, where applicable, nonbuilding structures. This Code was developed by an ANSI-approved consensus process and addresses structural systems, members, and connections, including cast-in-place, precast, shotcrete, plain, non-prestressed, prestressed, and composite construction. Among the subjects covered are design and construction for strength, serviceability, and durability; load combinations, load factors, and strength reduction factors; structural analysis methods; deflection limits; mechanical and adhesive anchoring to concrete; development and splicing of reinforcement; construction document information; field inspection and testing; and methods to evaluate the strength of existing structures.

ACI Standard 318 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(a) to ACI CODE 318–25, the 2025 version.

ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020, Petroleum and natural gas industries—Materials for use in H2S—containing environments in oil and gas production; Part 1: General principles for selection of cracking—resistant materials, Fourth Edition, Approved September 21, 2022, Errata, June 1, 2023, Errata, February 25, 2025.

MMA proposes to update the incorporation of NACE Standard MR0175–2003 to the superseded standard ANSI/NACE AMPP MR0175–2021/ISO 15156 in the regulations. The AMPP was created when NACE merged with The Society for Protective Coatings (SSPC) to form AMPP.

This document describes general principles and gives requirements and recommendations for the selection and qualification of metallic materials for service in equipment used in oil and gas production and in natural-gas sweetening plants in H2S-containing environments, where the failure of such equipment can pose a risk to the health and safety of the public, personnel or to the environment. It can be applied to help avoid costly corrosion damage to the equipment itself. It supplements, but does not replace, the materials requirements given in the appropriate design codes, standards, or regulations. This document addresses all mechanisms of cracking that can be caused by H2S, including sulfide stress cracking, stress corrosion cracking, hydrogen-induced cracking and stepwise cracking, stress-oriented hydrogen-induced cracking, soft zone cracking, and galvanically induced hydrogen stress cracking. This document applies to the qualification and selection of materials for equipment designed and constructed using load-controlled design methods. The document describes the types of materials that may be used to mitigate sulfide stress cracking/H_2S damage that is central to well integrity and pollution prevention. The joint ISO–AMPP consensus provides global adoption thereby avoiding agency-unique sour-service materials specifications.

Updates to the Fourth Edition include consolidating changes from Technical Circular 1, ISO 15156–1:2015/Cir.1:2017 and temperature corrections to some sections.

NACE Standard MR0175 will remain as currently referenced in the regulations at §§ 250.490(p); 250.518(a); 250.619(a); 250.901(a), but with an updated incorporation by reference in § 250.198(d) to ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020, the Fourth Edition.

NACE AMPP SP0176–2022, Corrosion Control of Submerged Areas of Permanently Installed Steel Offshore Structures Associated with Petroleum Production, Revised June 30, 2022.

MMA proposes to update the incorporation of NACE Standard RP0176–2003 to the superseded

standard NACE AMPP SP0176–2022 in the regulations. The AMMP was created when NACE merged with another society and that is why the acronym AMPP is now included on all former NACE standards.

This standard outlines materials, practices, and methods for control of corrosion for steel fixed structures associated with petroleum production located in offshore areas. The purpose is to facilitate more effective protection of structures from corrosion by the presentation of reliable information. This standard does not include procedures for the control of internal corrosion of wells, piping, and associated equipment that may be in use on the structure, nor does it include external protection of these items in the atmospheric zone on the structure. The document provides for cathodic protection/coatings for submerged steel to prevent structural degradation and pollution risk. Further, the document provides a consensus corrosion-control practice that harmonizes with international offshore integrity programs.

The 2022 Edition updates out of date references, reorganized sections for clarity, and considered international design current densities.

NACE Standard RP0176–2003 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(d) to NACE AMPP SP0176–2022, the 2022 version.

ASME Boiler and Pressure Vessel Code, Section I, Rules for Construction of Power Boilers, 2023 Edition, July 1, 2023.

MMA proposes to update the already incorporated reference of ASME BPVC Section I from the 2017 Edition to the 2023 Edition in the regulations. This edition provides the latest Code Cases for Section I, Power Boilers. This standard covers the rules for new construction of power boilers, including coal fired, heat-recovery-steam generators, electric, miniature, firetube and locomotive. When fully and correctly implemented, this code helps users achieve continued quality and safety. The 2023 Edition has numerous changes that included complete revisions to cold forming materials, ligaments not forming a definite pattern, and the connection between a boiler and a pressure relief valve. A complete list of the changes can be found in the code.

ASME BPVC Section I would remain as currently referenced in the regulations at § 250.851(a), but with an updated incorporation by reference in § 250.198(f) to the 2023 edition.

ASME Boiler and Pressure Vessel Code, Section IV, Rules for Construction of Heating Boilers, 2023 Edition, July 1, 2023.

MMA proposes to update the already incorporated reference of ASME BPVC Section I V from the 2017 Edition to the 2023 Edition in the regulations. This Section provides requirements for design, fabrication, installation and inspection of steam heating, hot water heating, hot water supply boilers, and potable water heaters intended for low pressure service that are directly fired by oil, gas, electricity, coal or other solid or liquid fuels. It contains appendices which cover approval of new material, methods of checking safety valve and safety relief valve capacity, examples of methods of checking safety valve and safety relief valve capacity, examples of methods of calculation and computation, definitions relating to boiler design and welding, and quality control systems. Rules pertaining to use of the H, HV, and HLW ASME Product Certification Marks are also included.

The 2023 Edition has numerous changes including updating pneumatic tests, clarified heat exchanger design, and removed the arbitrary values from testing. A complete list of the changes can be found in the code.

ASME BPVC Section IV would remain as currently referenced in the regulations at § 250.851(a), but with an updated incorporation by reference in § 250.198(f) to the 2023 edition.

ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 1, 2023 Edition, July 1, 2023.

MMA proposes to update the already incorporated reference of ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 1 from the 2017 Edition to the 2023 Edition in the regulations. This Division of Section VIII provides requirements applicable to the design, fabrication, inspection, testing, and certification of pressure vessels operating at either internal or external pressures exceeding 15 psig. Such pressure vessels may be fired or unfired. Specific requirements apply to several classes of material used in pressure vessel construction and to fabrication methods such as welding, forging and brazing. The 2023 Edition has numerous changes, including generalizing language to account for new processes, providing additional guidance on overpressure requirements, and removing old information to conform with referenced standards. A complete list of the changes can be found in the code.

ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 1 will remain as currently referenced in the regulations at § 250.851(a), but with an updated incorporation by reference in § 250.198(f) to the 2023 edition.

ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 2: Alternative Rules, 2023 Edition, July 1, 2023.

MMA proposes to update the already incorporated reference of ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 2 from the 2017 Edition to the 2023 Edition in its regulations. This Division of Section VIII provides requirements applicable to the design, fabrication, inspection, testing, and certification of pressure vessels operating at either internal or external pressures exceeding 15 psig. Such vessels may be fired or unfired. This pressure may be obtained from an external source or by the application of heat from a direct or indirect source, or any combination thereof. These rules provide an alternative to the minimum requirements for pressure vessels under Division 1 rules. In comparison the Division 1, Division 2 requirements on materials, design, and nondestructive examination are more rigorous; however, higher design stress intensify values are permitted. Division 2 rules cover only vessels to be installed in a fixed location for a specific service where operation and maintenance control is retained during the useful life of the vessel by the user who prepares or causes to be prepared the design specifications.

The 2023 Edition has numerous changes, including harmonizing certification for international engineering requirements and removing old information to conform with referenced standards. A complete list of the changes can be found in the code.

ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 2 would remain as currently referenced in the regulations at § 250.851(a), but with an updated incorporation by reference in § 250.198(f) to the 2023 edition.

ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 3: Alternative Rules for Construction of High Pressure Vessels, 2023 Edition, July 1, 2023.

MMA proposes to update the already incorporated reference of ASME Boiler and Pressure Vessel Code, Section VIII,

Rules for Construction of Pressure Vessels Division 3 from the 2017 Edition to the 2023 Edition in the regulations. This Division of Section VIII provides requirements applicable to the design, fabrication, inspection, testing, and certification of pressure vessels operating at either internal or external pressures generally above 10,000 psi.

Careful application of this Section will help users to comply with applicable regulations within their jurisdictions, while achieving the operational, cost and safety benefits to be gained from the many industry best-practices detailed within these volumes. The 2023 Edition has numerous changes including clarifying that the code does not apply to vessels that can be made in accordance with other parts of the ASME BPVC and updates to material testing and assessment. A complete list of the changes can be found in the code.

ASME Boiler and Pressure Vessel Code, Section VIII, Rules for Construction of Pressure Vessels Division 3 would remain as currently referenced in the regulations at § 250.851(a), but with an updated incorporation by reference in § 250.198(f) to the 2023 edition.

ASME B16.5–2020, Pipe Flanges and Flanged Fittings NPS ½ Through NPS 24 Metric/Inch Standard, January 29, 2021.

MMA proposes to update the already incorporated reference of ANSI/ASME B16.5 from the 2003 edition to the 2020 edition in the regulations. This standard addresses pressure-temperature ratings, materials, dimensions, tolerances, marking, testing, and methods of designating openings for pipe flanges and flanged fittings. Included are:

1. Flanges with rating class designations 150, 300, 400, 600, 900, and 1500 in sizes NPS ½ through NPS 24 and flanges with rating class designation 2500 in sizes NPS ½ through NPS 12, with requirements given in both metric and U.S. Customary units with diameter of bolts and flange bolt holes expressed in inch units.

2. Flanged fittings with rating class designation 150 and 300 in sizes NPS ½ through NPS 24, with requirements given in both metric and U.S. Customary units with diameter of bolts and flange bolt holes expressed in inch units.

3. Flanged fittings with rating class designation 400, 600, 900, and 1500 in sizes NPS ½ through NPS 24 and flanged fittings with rating class designation 2500 in sizes ½ through NPS 12 that are acknowledged in N0nmandatory Appendix E in which only U.S. Customary units are provided

The 2020 Edition has numerous changes, including aligning dimensions and removing and updating old information to conform with referenced standards.

ANSI/ASME B16.5 would remain as currently referenced in the regulations at § 250.1002(b), but with an updated incorporation by reference in § 250.198(f) to ASME B16.5–2020, the 2020 edition.

ASME B31.8–2022, Gas Transmission and Distribution Piping Systems, December 22, 2022.

MMA proposes to update the already incorporated reference of ASME B31.8 from the 2003 edition to the 2022 edition in the regulations. The standards and specifications that are incorporated in this Code by reference and the names and addresses of the sponsoring organizations are shown in Mandatory Appendix A. This Code covers the design, fabrication, installation, inspection, examination, and testing of pipeline facilities used for transportation of gas. The Code also covers safety aspects of the operation and maintenance of those facilities. (See Mandatory Appendix Q for scope diagrams.)

This Code is concerned only with certain safety aspects of liquefied petroleum gases when they are vaporized and used as gaseous fuels. All of the requirements of NFPA 58 and NFPA 59 and of this Code concerning design, construction, and operation and maintenance of pipeline facilities would apply to piping systems handling butane, propane or mixture of these gases. Throughout this code, the phrase ''pressure relief station(s)'' has been changed to ''pressure relieving station(s)'' and the phrase ''pressure relief device(s)'' has been changed to ''pressure relieving device(s)''. Further, all API Specification documents referenced have been revised to ''API Spec xxx'' and all API standard documents referenced have been revised to ''API Std xxx'' where ''xxx'' is the API Spec or Std number.

ASME B31.8–2022 would remain as currently referenced in the regulations at § 250.1002(a), but with an updated incorporation by reference in § 250.198(f) to the 2022 edition.

API Specification 2C, Offshore Pedestal-mounted Cranes, Eighth Edition, October 2020, Errata 1: June 2021, Reaffirmed, November 2025.

MMA proposes to update the incorporation by reference of API Specification 2C from the 2004 Sixth edition to the 2020 Eighth edition, reaffirmed in 2025, in its regulations. The Eighth Edition made changes concerning normative references, documentation, loads, structure, mechanical, and ratings. This standard provides requirements for design, construction, and testing of new offshore pedestal-mounted cranes. Offshore cranes are defined as pedestal-mounted elevating and rotating lift devices for transfer of materials and personnel to or from marine vessels, barges, and structures or for transfer of materials to or from the sea or the seabed. Typical applications can include: offshore oil exploration and production applications which are typically mounted on a fixed structure, floating structure, or vessel used in drilling and production operations, shipboard applications which are mounted on surface-type vessels and are used to move cargo, containers, and other materials while the crane is within a harbor or sheltered area, and crane vessel applications which are typically mounted on ship-shaped vessels, semi-submersibles, barge, or self-elevating type marine vessels specialized in lifting heavy and/or unique loads for construction, pipe lay, renewable energy, salvage, and subsea applications in both harbor and offshore waters. API Specification 2C would remain as currently referenced in the regulations at § 250.108(c), but with an updated incorporation by reference in § 250.198(e) to the eighth edition.

API Recommended Practice 2D, Operation and Maintenance of Offshore Cranes, Seventh Edition, December 2014, Errata: August 2015, Addendum 1, October 2020.

MMA proposes to update the already incorporated reference of API RP 2D, Operation and Maintenance of Offshore Cranes, in the regulations from the sixth edition to the seventh edition. API RP 2D provides guidelines for the safe operation and maintenance of offshore pedestal-mounted revolving cranes used on various offshore structures, including fixed or floating offshore platforms, offshore support vessels, jackup drilling rigs, semi-submersible drilling rigs and other types of mobile offshore drilling units (MODUs). As a companion to API Spec 2C and API RP 2D–2, API RP 2D also provides requirements and recommendations for lift planning, pre-use inspection, and testing of temporary cranes that are erected offshore.

The 7th edition of API RP 2D includes significant changes compared to the 6th edition, particularly in areas like training requirements, load testing, and crane operations. The 7th edition also adds normative and informative references to the annexes and provides more detailed guidance on specific

crane types and applications, such as shipboard and heavy lift operations. The document provides in-service inspection and maintenance practices reducing lifting-operation incidents and the lifecycle practices complement API Spec 2C design keeping maintenance aligned with industry experience.

API RP 2D would remain as currently referenced in the regulations at § 250.108(a), but with an updated incorporation by reference in § 250.198(e) to the seventh edition.

API Recommended Practice 2SK, Design and Analysis of Stationkeeping Systems for Floating Structures, Fourth Edition, February 2024.

MMA proposes to update the already incorporated reference of API RP 2SK, Design and Analysis of Stationkeeping Systems for Floating Structures, in the regulations from the third edition to the fourth edition. This standard addresses the design and analysis of stationkeeping systems (mooring systems with or without thruster assistance) in conditions from survival to operational. Different design requirements for mobile and permanent moorings are provided. The requirements of this standard mainly address spread and single-point mooring systems with mooring lines composed of chain, wire rope, fiber rope, or a combination of these.

This standard is applicable to the following types of stationkeeping systems: spread moorings; single-point moorings, anchored by spread mooring arrangements; thruster-assisted moorings (TAMs). The document provides mooring/DP station keeping reliability to prevent loss of well control and spills as well as consensus reliability/design methods reflecting broad stakeholder inputs to avoid duplicative Federal mooring criteria.

API RP 2SK would remain as currently referenced in the regulations at §§ 250.800(c) and 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(e) to the fourth edition.

API Specification 6A, Specification for Wellhead and Tree Equipment, Twenty-First Edition November 2018, Errata 1, April 2019, Errata 2, June 2020, Errata 3, September 2020, Errata 4, September 2021, Errata 5, May 2024, Errata 6, October 2024, Addendum 1, July 2020, Addendum 2, June 2021, Addendum 3, August 2022, Addendum 4, November 2024.

MMA proposes to update the already incorporated reference for API Specification 6A, Specification for Wellhead and Christmas Tree Equipment, in the regulations from the twentieth edition to the twenty-first edition. This specification identifies requirements and gives recommendations for the performance, dimensional and functional interchangeability, design, materials, testing, inspection, welding, marking, handling, storing, shipment, and purchasing of wellhead and tree equipment for use in the petroleum and natural gas industries. This reference update is to include Errata 5, Errata 6, and Addendum 4 in the current CFR reference. Addendum 4 updates normative references, definitions, and bolting requirements and dimensional tables. The document provides product specifications for pressure-containing well equipment central to well control and pollution prevention. Also, the document provides a mature consensus product standard with conformity assessment that avoids duplicative Federal product requirements.

API Specification 6A would remain as currently referenced in the regulations at §§ 250.518(c), 250.619(c), 250.730(a), 250.802(a), 250.803(a), 250.833, 250.873(b), 250.874(g); 250.1002(b), but with an updated incorporation by reference in § 250.198(e) to the twenty-first edition.

API 510, Pressure Vessel Inspection Code: In-service Inspection, Rating, Repair, and Alteration, Eleventh Edition, October 2022, Errata March 1, 2023.

MMA proposes to update the already incorporated reference of API 510 from the Tenth Edition to the Eleventh Edition in the regulations. The newer Edition of API 510 updated the ''in-service and condition-monitoring programs needed to determine the integrity of pressure vessels and pressure-relieving devices.'' This inspection code covers the in-service inspection, repair, alteration, and rerating activities for pressure vessels and the pressure-relieving devices (PRDs) protecting these vessels. This inspection code applies to all hydrocarbon and chemical process vessels that have been placed in service unless specifically excluded per 1.2.2; however, it could also be applied to process vessels in other industries at owner-operator discretion. The document provides for in-service inspection and repair to manage degradation and prevent releases. Further, the document provides consensus inspection intervals and acceptance criteria that integrates with ASME code construction.

API 510 would remain as currently referenced in the regulations at § 250.851(a), but with an updated incorporation by reference in § 250.198(e) to the eleventh edition.

API 570, Piping Inspection Code: In-service Inspection, Rating, Repair, and Alteration of Piping Systems, Fifth Edition, February 2024.

MMA proposes to update the already incorporated reference of API 570 from the Fourth Edition to the Fifth Edition in the regulations. API 570 covers inspection, rating, repair, and alteration procedures for metallic piping systems and their associated pressure-relieving devices that have been placed in-service. API 570 applies to hydrocarbon and chemical process piping with limitations being stated in the code.

This document was extensively revised to reflect current requirements for Pressure Vessel Inspection according to In-service inspection, rating, repair, and alteration codes for piping. The document provides for integrity management of process piping to prevent leaks and fires in tandem with a consensus risk-based inspection framework that leverages industry data.

API 570 would remain as currently referenced in the regulations at § 250.841(b), but with an updated incorporation by reference in § 250.198(e) to the Fifth Edition.

API MPMS Chapter 2.2A, Measurement and Calibration of Upright Cylindrical Tanks by the Manual Tank Strapping Method, Second Edition, November 2019.

MMA proposes to update the already incorporated reference for API MPMS Chapter 2, Section 2A from the First Edition to the Second Edition in the regulations. This standard describes the procedures for calibrating upright cylindrical tanks used primarily for the storage of petroleum liquids. It first addresses procedures for making necessary measurements to determine total and incremental tank volumes and then presents the recommended procedures for computing volumes. The standard also provides guidelines for recalibration and for computerization of capacity tables.

The second edition extensively revised the sections to improve measurement and calibrations methods for upright cylindrical tanks. The document provides end-to-end custody-transfer and allocation measurement accuracy (tank calibration, level gauging, pulse interpolation, Coriolis measurement, temperature, sediment/water, multiphase measurement, EGM). The API MPMS series are consensus metrology standards that replace and modernize older editions to ensure the accuracy of production, royalty and environmental accountability.

API MPMS Chapter 2, Section 2A would remain as currently referenced in the regulations at § 250.1202(a) and (l),

but with an updated incorporation by reference in § 250.198(e) to API MPMS Chapter 2.2A, the Second Edition.

API MPMS Chapter 3.1B, Standard Practice for Level Measurement of Liquid Hydrocarbons in Stationary Tanks by Automatic Tank Gauging, Fourth Edition, October 2021.

MMA proposes to update the already incorporated reference of API MPMS Chapter 3, Section 1B from the Second Edition to the Fourth Edition in the regulations. This standard covers the level measurement of liquid hydrocarbons in stationary, aboveground, atmospheric storage tanks using automatic tank gauges (ATGs). The standard discusses ATGs in general, accuracy, installation, commissioning, calibration, and verification of ATGs that measure either innage or ullage. It covers both intrusive and non-intrusive ATGs used for either custody transfer or inventory control. The standard also covers the requirements for data collection, transmission, and receiving. This has been revised extensively to update several sections of the standard to meet current measurement and calibration requirements.

API MPMS Chapter 3, Section 1B would remain as currently referenced in the regulations at § 250.1202 (a) and (l), but with an updated incorporated by reference in § 250.198(e) to API MPMS Chapter 3.1B, the Fourth Edition.

API MPMS Chapter 4.6, Pulse Interpolation, Third Edition, October 2021.

MMA proposes to update the already incorporated reference of API MPMS Chapter 4, Section 6 from the Second Edition to the Third Edition in the regulations. This chapter describes how the double-chronometry method of pulse interpolation, including system operating requirements and equipment testing, is applied to meter proving.

The Third Edition included revisions to language and terms, deletion of outdated references, and a reorganization of some sections.

API MPMS Chapter 4, Section 6 would remain as currently referenced in the regulations in § 250.1202(a) and (h), but with an updated incorporation by reference in § 250.198(e) to API MPMS Chapter 4.6, the Third Edition.

API MPMS Chapter 5.6, Measurement of Liquid Hydrocarbons by Coriolis Meters, Second Edition, December 2021.

MMA proposes to update the already incorporated reference of API MPMS Chapter 5, Section 6 from the First Edition to the Second Edition in the regulations. This standard is a guide for the specification, installation, verification, and operation of Coriolis meters used to dynamically measure liquid hydrocarbons. API MPMS Ch. 5.6 also includes information that will assist in troubleshooting and improving the performance of the meters.

This standard describes methods to achieve custody transfer measurement of liquid hydrocarbon quantities (mass or volume) using a Coriolis meter. Coriolis meters can provide outputs for mass flow rate, volumetric flow rate, and density. The choice of the quantity output (mass or volume) depends on commercial, contractual, regulatory, and performance requirements.

The Second Edition has very few changes from the previous edition, including rearranging Annexes (A, D, and F are now normative). This edition includes in-depth details on Coriolis transmitters.

API MPMS Chapter 5, Section 6 would remain as currently referenced in the regulations at § 250.1202(a), but with an updated incorporation by reference in § 250.198 to API MPMS Chapter 5.6, the Second Edition.

API MPMS Chapter 7.1, Temperature Determination—Liquid-in-Glass Thermometers, Third Edition, October 2024.

MMA proposes to update the currently incorporated Second Edition of API MPMS 7.1 to the Third Edition in the regulations. API MPMS 7.1 describes the methods, equipment and procedures for manually determining the temperature of liquid petroleum and petroleum products with liquid-in-glass thermometers. Key methods covered are non-pressurized tanks and non-pressurized marine vessels, and gas-blanketed tanks and gas-blanketed marine vessels. This section does not cover hydrocarbons under pressures in excess of 21kPa (3 psi gauge) or cryogenic temperature measurement, unless equipped with a thermowell. API MPMS 7.1 Second edition, 2017 differs from the Third edition of October 2024 in that some information was moved to different locations, some deleted and new language or descriptions inserted. Essentially, the tables and topics are the same, except for labeling and appropriate titles. The API MPMS series are consensus metrology standards that replace and modernize older editions to ensure the accuracy of production, royalty and environmental accountability.

API MPMS 7.1 would remain as currently referenced in the regulations at § 250.1202(a), but with an updated incorporation by reference in § 250.198(e) to the Third Edition.

API MPMS Chapter 10.1, Standard Test Method for Sediment in Crude Oils and Fuel Oils by the Extraction Method, Fourth Edition, November 2022.

MMA proposes to update the already incorporated reference of API MPMS Chapter 10, Section 1 from the Third Edition to the Fourth Edition in the regulations. This test method covers the determination of sediment in crude oils and fuel oils by extraction with toluene. The precision applies to a range of sediment levels from 0.01% to 0.40% mass, although higher levels may be determined. There are no major changes between the third and fourth editions. Some parts of the document were moved to other locations.

API MPMS Chapter 10, Section 1 would remain as currently referenced in the regulations at § 250.1202(a), but with an updated incorporation by reference in § 250.198 to API MPMS Chapter 10.1, the Fourth Edition.

API MPMS Chapter 10.9, Standard Test Method for Water in Crude Oils by Coulometric Karl Fischer Titration, Fourth Edition, November 2024.

MMA proposes to update the already incorporated reference of API MPMS Chapter 10.9 from the Third Edition, May 2013; reaffirmed June 2018, to the Fourth Edition in the regulations. This standard covers the test method for the determination of water with true concentration range from 0.02% to 5.00% by mass or volume in crude oils using Procedures A and B and from 0.04% to 3.75% by mass or volume for Procedure C. Mercaptan (RSH) and sulfide (S- or H2S) as sulfur are known to interfere with this test method, but at levels of less than 500 µg [ppm(m)], the interference from these compounds is insignificant. This test method can be used to determine water in the 0.005% to 0.02% by mass range, but the effects of the mercaptan and sulfide interference at these levels have not been determined. For the range 0.005% to 0.02% by mass, there is no precision or bias statement. The differences between the 2002 edition versus the 2024 edition of the standard include the addition of Procedure C and an informative Annex XI to the 2024 standard. The 2024 edition is clear and concise with terms and definitions defined; improved verification of equipment calibration requirements; and the addition of new normative standards such as ASTM D1298, D4052, and D4175.

API MPMS 10.9 would remain as currently referenced in the regulations at § 250.1202(a), but with an updated incorporation by reference in § 250.198(e) to the Fourth Edition.

API MPMS Chapter 20.3, Measurement of Multiphase Flow, Second Edition, February 2024.

MMA proposes to update the already incorporated reference of API MPMS

Chapter 20.3 from the First Edition to the Second Edition in the regulations.

This standard is for measuring and allocating multiphase flow rates of oil, gas, and water in oil and gas production.

About 60 percent of the first edition was deleted and replaced with editorial changes, charts, and graphs to clarify the same technical information.

API MPMS Chapter 20.3 would remain as currently referenced in the regulations in § 250.1203(b), but with an updated incorporation by reference in § 250.198(e) to the Second Edition.

ANSI/API MPMS Chapter 21.1, Flow Measurement Using Electronic Metering Systems—Electronic Gas Measurement, Second Edition, February 2013; Reaffirmed, June 2021.

MMA proposes to update the already incorporated reference of API MPMS Chapter 21, Section 1 from the First Edition to the Second Edition in the regulations. This standard describes the minimum specifications for electronic gas measurement systems used in the measurement and recording of flow parameters of gaseous phase hydrocarbon and other related fluids for custody transfer applications utilizing industry recognized primary measurement devices.

This standard provides the minimum reporting and change management requirements of the various intelligent components required for accurate and auditable measurement. The requirements can be met by a combination of electronically and/or manually recorded configuration, test reports, and change record reporting of the electronic gas measurement system components and flow parameters. It is recognized that diagnostic capabilities of the newer meter and transmitter technologies are important but due to the device specific complexity, intelligent device diagnostics are out of scope for this standard.

There are no significant differences between the February 2013 2nd edition and the reaffirmed 2nd edition of June 2021.

API MPMS Chapter 21, Section 1 would remain as currently referenced in the regulations at § 250.1203(b), but with an updated incorporation by reference in § 250.198(e) to API MPMS Chapter 21.1, the Second Edition.

A*PI Recommended Practice 14F, Recommended Practice for Design, Installation, and Maintenance of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Division 1 and Division 2 Locations, Sixth Edition, October 2018.*

MMA proposes to update the already incorporated reference of API RP 14F from the Fifth Edition to the Sixth Edition in the regulations. This document recommends minimum requirements and guidelines for the design, installation, and maintenance of electrical systems on fixed and floating petroleum facilities located offshore. For facilities classified as Zone 0, Zone 1, or Zone 2, reference API RP 14FZ, *Recommended Practice for Design, Installation, and Maintenance of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Zone 0, Zone 1, and Zone 2 Locations.* These facilities include drilling, producing, and pipeline transportation facilities associated with oil and gas exploration and production. API RP14F is intended to bring together in one place a brief description of basic desirable electrical practices for offshore electrical systems.

This recommended practice applies to both permanent and temporary electrical installations. This recommended practice emphasizes safe practices for hazardous (classified) locations on offshore petroleum facilities but does not include guidelines for classification of areas; guidance on the classification of areas refers to API RP 500.

The major differences between the 5th and the 6th editions are that the terms ''shall,'' ''should,'' ''may,'' and ''can'', as used in the standard, are redefined in the 6th edition as follows:

- ''shall'' denotes a minimum requirement to conform to the specification
- ''should'' denotes a recommendation or that which is advised but not required to conform to the specification.
- ''may'' denotes a course of action permissible within the limits of a specification.
- ''can'' denotes a statement of possibility or capability.

Other clarification statements were also added to the 6th edition. The document provides safe design and installation of electrical systems in hazardous (classified) locations to prevent ignitions by using a consensus hazardous-area electrical practice that is interoperable with the API RP 500/505 classification.

API RP 14F would remain as currently referenced in the regulations at §§ 250.114(c), 250.842(c), and 250.862(e), but with an updated incorporation by reference in § 250.198(e) to the Sixth Edition.

API Recommended Practice 17H, Remotely Operated Tools and Interfaces on Subsea Production Systems, Third Edition, July 2019, Errata 1, December 2021.

MMA proposes to update the already incorporated reference of API RP 17H from the Second Edition to the Third Edition in the regulations. This RP does not cover manned intervention, internal wellbore intervention, internal flowline inspection, tree running and tree running equipment. However, all the related subsea ROV/ROT/AUV interfaces are covered by this standard. It is applicable to the selection, design and operation of ROTs, ROVs and AUVs including ROV tooling, hereafter defined as ''subsea intervention systems.''

This RP provides functional requirements and guidelines for ROV/ROT/AUV interfaces in subsea production fields for the petroleum and natural gas industries. It is applicable to both the selection and use of ROV/ROT/AUV interfaces related to subsea production equipment and provides guidance on design as well as the operational requirements for maximizing the potential of standardized equipment and design principles. This RP identifies the issues to be considered when designing for ROV/ROT/AUV operations to interact with (or near) subsea production systems. The framework and specifications set out enables the user (whether they may be on the ROV/ROT/AUV side or production facility side) to design the appropriate interface for a specific application. These interfaces include subsea docking, recharging, data transfer, data harvesting, and mechanical intervention.

The Third Edition includes guidance for design and operation of remotely operated vehicles (ROV). The Third Edition also provides functional requirements and guidelines for ROV/ROT/AUV interfaces in subsea production fields for the petroleum and gas industries. Other significant normative references, such as API Specifications 6A and 16D, are added. The document provides standardized ROV interfaces to improve reliability and safety in subsea interventions using consensus subsea interoperability to reduce custom tooling and error potential.

API RP 17H would remain as currently referenced in the regulations at § 250.734(a), but with an updated incorporation by reference in § 250.198(e) to the Third Edition.

API Recommended Practice 65–1, Cementing Shallow-water Flow Zones in Deepwater Wells, Second Edition, June 2018.

MMA proposes to update the already incorporated reference of API RP 65–1 from the First Edition to the Second Edition in the regulations. This standard

describes practices designed to prevent shallow-water flow (SWF) during and following the cementing of wells located in deepwater. It is a compilation of technology and practices developed and used by many operators around the world. Although most of the discussion in this standard is focused on SWF, shallow flows can be mixtures of water, gas, gas hydrates, and formation fines. There is no single method of preventing shallow-water flow, and many of the activities described may require customization to fit individual well conditions.

The differences between the 1st and the 2nd editions are that the terms ''shall,'' ''should,'' ''may,'' and ''can'' are redefined, the informative and normative elements are also redefined, and the scope was revised to be focused on well design practices.

API RP 65–1 would remain as currently referenced in the regulations at § 250.415(e), but with an updated incorporation by reference in § 250.198(e) to the Second Edition.

API Recommended Practice 90–1, Annular Casing Pressure Management for Offshore Wells, Second Edition, August 2021.

MMA proposes to update the already incorporated reference of API RP 90 from the First Edition to the Second Edition in the regulations. This document provides guidance for managing annular casing pressure in offshore wells of various types to ensure that well integrity is maintained, and risks are managed.

This document is meant to be used for existing offshore wells that exhibit annular casing pressure, including thermally induced casing pressure, sustained casing pressure (SCP) and operator-imposed pressure. It contains general information regarding annular casing pressure that is applicable to all offshore well types: fixed platform wells, subsea wells, hybrid wells and mudline suspension wells. Many risks are the same between well types, so much of the information has been collected into single sections that apply to all of them. Where necessary, the information about individual well types are separated for clarity.

The Second Edition makes changes to the assessment methods to determine the maximum allowable working pressure at the annulus and other diagnostic guidelines. The document provides the management of sustained casing pressure to protect well integrity using consensus monitoring and mitigation practices.

API RP 90 would remain as currently referenced in the regulations at § 250.519, but with an updated incorporation by reference in § 250.198 to API RP 90–1, the Second Edition.

API Recommended Practice 500, Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1, and Division 2, Fourth Edition, June 2023.

MMA proposes to update the already incorporated reference of API RP 500 from the Third Edition to the Fourth Edition in the regulations. The purpose of this recommended practice is to provide guidelines for classifying locations Class I, Division 1 and Class I, Division 2 at petroleum facilities for the selection and installation of electrical equipment. Electrical installations in areas where flammable liquids, flammable gases or vapors, or combustible liquids are produced, processed, stored, or otherwise handled can be suitably designed if the locations of potential sources of release and accumulation are clearly defined. Once a location has been classified/defined, the requirements for electrical equipment and associated wiring should be determined from applicable publications, such as NFPA 70 or API RP 14F.

There are no technical changes between the 3rd edition and the 4th edition, except for the addition of the normative Annex G, for Use of Combustible Gas Detection Equipment. Sections of the previous edition were moved to other parts of the document for clarification purposes in the 4th edition. The document provides hazardous-location area classification supporting ignition source control with a complementary consensus framework (Class/Div and Zone systems) to align with equipment certification pathways.

API RP 500 would remain as currently referenced in the regulations in §§ 250.114(a), 250.459, 250.842(a), 250.862(a) and (e), and 250.872(a), but with an updated incorporation by reference in § 250.198(e) to the Fourth Edition.

API Recommended Practice 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Zone 0, Zone 1, and Zone 2, Third Edition, January 2025.

MMA proposes to update the already incorporated reference of API RP 505 from the First Edition to the Third Edition in the regulations. The purpose of this recommended practice is to provide guidelines for classifying locations Class I, Zone 0, Zone 1, and Zone 2 at petroleum facilities for the selection and installation of electrical equipment. Properly classifying these locations allows electrical installations in areas where flammable liquids, gases, or vapors are produced, processed, stored or handled to be suitably designed with proper electrical equipment and wiring. The first edition was published in 1997, the second edition in 2018, and the third edition was published in 2025. Significant changes have been made.

From the first to second edition, API updated the forward with definitions of verbal forms used in the document, including shall, should, may, and can. The style and formatting and overall structure of content was also updated for clarity and coherence per the updated API Style Guide. Other changes include updates to normative references and informative references; definitions and acronyms; flammable and combustible liquids; classification criteria; extent of a classified location; laboratory locations; land and marine fixed platforms; pressure adjustment factors for calculating hazard distances; source or injection water equipment; areas with gas meters; mobile offshore drilling units (MODUs) choke manifolds, cement units, and degassers; recommendations for floating production units (FPUs) and floating production storage and offloading units (FPSOs); content in informative Annexes; a new Bibliography section.

From the second to third edition, the major significant change is a new Liquified Natural Gas (LNG) recommendations section, a new informative Annex F to denote symbols for different hazardous classified locations, and a new normative Annex G on the use of combustible gas detection equipment.

API RP 505 would remain as currently referenced in the regulations at §§ 250.114(a), 250.459, 250.842(a), 250.862(a) and (e), and 250.872(a), but with an updated incorporation by reference in § 250.198(e) to the Third Edition.

API Standard 6AV2, Installation, Maintenance, and Repair of Safety Valves (SSV, USV, and BSDV), Second Edition, August 2020.

MMA proposes to update the already incorporated reference of API Standard 6AV2 from the First Edition to the Second Edition in the regulations. This standard provides requirements for installing and maintaining safety valves. Included are requirements for receiving inspection, installation, and maintenance, field and off-site repair, testing procedures with acceptance criteria, failure reporting, and documentation.

The Second Edition revised sections of off-site repair and testing in addition to standardizing language throughout the standard. The document provides

for the lifecycle integrity of critical safety and shut-in valves. Consensus maintenance and repair practices support the reliability of safety systems.

API Standard 6AV2 would remain as currently referenced in the regulations in §§ 250.820, 250.834, 250.836, and 250.880(c), but with an updated incorporation by reference in § 250.198(e) to the Second Edition.

API Specification 11D1, Packers and Bridge Plugs, Fourth Edition March 2021, Addendum April 1, 2022, Errata 1, October 2024.

MMA proposes to update the already incorporated reference of ANSI/API Specification 11D1 from the Third Edition to the Fourth Edition in its regulations. This specification provides requirements and guidelines for packers and bridge plugs as defined herein for use in the petroleum and natural gas industry. The specification provides requirements for functional specification and technical specification, including design verification and validation, materials, documentation and data control, repair, shipment, and storage.

Major revisions were made between the Second and Fourth Editions. Those include technical changes, such as temperature rating and test, in addition to the reorganization of the rule text. The document provides well isolation devices to prevent crossflow and loss of well control. Consensus design and performance criteria avoid the need for agency-unique product rules.

ANSI/API Specification 11D1 would remain as currently referenced in the regulations in §§ 250.518(e), 250.619(e), and 250.1703(b), but with an updated incorporation by reference in § 250.198(e) to API Specification 11D1, the Fourth Edition.

API Specification 14A, Specification for Subsurface Safety Valve and Annular Safety Valve Equipment, Thirteenth Edition, March 2024.

MMA proposes to update the already incorporated reference of ANSI/API Specification 14A from the Eleventh Edition to the Thirteenth Edition in the regulations. This specification provides the requirements for subsurface safety valves (SSSVs), and the secondary tools as defined herein are necessary to operate the features included within them, including all components that establish tolerances and/or clearances that may affect performance or interchangeability of the SSSV components. It includes repair operations and the interface connections to control conduits and/or other equipment but does not cover the connections to the primary well conduit.

Revisions made between the Eleventh and Thirteenth Editions include test agency validations requirements, requirements to annular safety valves, and new normative annexes. The document provides for the qualification and performance of downhole safety valves, the primary barrier for production shut in. Further, consensus equipment performance aligns with industry certification pathways.

ANSI/API Specification 14A would remain as currently referenced in the regulations at §§ 250.802(b) and 250.803(a), but with an updated incorporation by reference in § 250.198(e) to API Specification 14A, the Thirteenth Edition.

API Specification 16A, Specification for Drill-through Equipment, Fourth Edition, April 2017, Errata 1, August 2017, Errata 2, November 2017, Errata 3, May 2018, Errata 4, March 2025, Addendum 1, October 2017, Addendum 2, March 2025.

MMA proposes to update the already incorporated reference of ANSI/API Specification 16A from the Third Edition to the Fourth Edition in the regulations. This specification defines the requirements for performance, design, materials, testing and inspection, welding, marking, handling, storing, and shipping of drill-through equipment used for drilling oil and gas. It also defines service conditions in terms of pressure, temperature, and wellbore fluids for which the equipment is designed.

The revised API Specification 16A replaced outdated material references and included specifications for hydraulic wellbore connectors with a focus on connections of dissimilar sizes and pressure ratings. The document addresses BOPs and related equipment performance for well control. Consensus qualification and testing avoid duplicative Federal DTE specifications.

ANSI/API Specification 16A would remain as currently referenced in the regulations at § 250.730(a), but with an updated incorporation by reference in § 250.198(e) to API Specification 16A, the Fourth Edition.

API Specification 16C, Choke and Kill Equipment, Third Edition, March 2021, Errata 1 July 2022, Errata 2, October 2022, Addendum 1, July 2024.

MMA proposes to update the already incorporated reference of API Specification 16C from the First Edition to the Third Edition in the regulations. This specification identifies requirements for the performance, design, materials, testing, inspection, welding, marking, handling, storing, shipment, and purchasing of surface and subsea choke and kill equipment for use in the petroleum and natural gas industries. These requirements provide for safe and functionally interchangeable surface and subsea choke and kill system equipment.

The Third Edition revised requirements for the performance, design, materials, testing, inspection, welding, marking, handling, storing, shipment, and purchasing of surface choke and kill equipment for use in petroleum and natural gas industries. The document provides critical flow-control components for well control circulation paths. Consensus design and testing enhancing interoperable with API Specification 16A systems.

ANSI/API Specification 16C would remain as currently referenced in the regulations at § 250.730(a), but with an updated incorporation by reference in § 250.198(e) to API Specification 16C, the Third Edition.

API Specification 16D, Control Systems for Drilling Well Control Equipment and Control Systems for Diverter Equipment, Third Edition, November 2018, Addendum 1, July 2023.

MMA proposes to update the already incorporated reference of API Specification 16D from the Second Edition to the Third Edition in the regulations. These specifications establish minimum design standards for systems used to control blowout preventers (BOPs) and associated valves that control well pressure during drilling operations. The requirements in this specification apply to the following control system categories:

(a) control systems for land based and surface-mounted BOP stacks;

(b) discrete hydraulic control systems for subsea BOP stacks;

(c) electro-hydraulic/multiplex (MUX) control systems for subsea BOP stacks;

(d) emergency control systems for subsea BOP stacks;

(e) secondary control systems for subsea BOP stacks; and

(f) control systems for diverter equipment. Although diverters are not considered well control devices, their controls are often incorporated as part of the BOP control system. Thus, control systems for diverter equipment are included.

There are no significant differences between the 3rd and the 2nd edition, except that an addendum 1 of July 2023 and an API Monogram Program effective Date of January 2024 were added. The document provides control system reliability for well-control equipment, including emergency functions.

API Specification 16D would remain as currently referenced in the regulations at § 250.730(a) but would be

updated incorporation by reference in § 250.198(e) to the Third Edition.

API Specification 17D, Specification for Subsea Wellhead and Tree Equipment, Third Edition, October 2021, Errata 1, December 2021, Addendum 1, December 2022, Addendum 2, March 2025.

MMA proposes to update the already incorporated reference of API Specification 17D, Third Edition, in the regulations, by incorporating the March 2025 Addendum. This document provides specifications for subsea wellheads, mudline wellheads, drill-through mudline wellheads, and both vertical and horizontal subsea trees. It specifies the associated tooling necessary to handle, test, and install the equipment. It also specifies the areas of design, material, welding, quality control [including factory acceptance testing (FAT)], marking, storing, and shipping for individual equipment, subassemblies, and subsea tree assemblies.

The Third Edition of API Specification 17D made significant changes over the Second Edition. These changes include new USV requirements; product specification levels; marking; bolting; annexes; high-pressure high-temperature applications; validation testing; materials; updated normative references; and organized to present greater clarity of requirements. The document provides subsea well equipment integrity critical to spill prevention. Consensus product requirements with global adoption avoid duplicative Federal subsea specifications.

API Specification 17D would remain as currently referenced in the regulations at §§ 250.518(c), 250.619(c), 250.730(a), but with an updated incorporation by reference in § 250.198(e) to include Addendum 2, March 2025.

API Specification 17J, Specification for Unbonded Flexible Pipe, Fifth Edition, May 2024.

MMA proposes to update the already incorporated reference of API Specification 17J from the Fourth Edition to the Fifth Edition in the regulations. API 17J defines the technical requirements for safe, dimensional, and functionally interchangeable unbonded flexible pipes that are designed and manufactured to uniform standards and criteria. Minimum requirements are specified for the design, material selection, manufacture, testing, marking, and packaging of flexible pipes, with reference to existing codes and standards where applicable.

API 17J applies to unbonded flexible pipe assemblies, consisting of segments of flexible pipe body with end fittings attached to both ends. The applications addressed by API 17J are sweet and sour service production, including export and injection applications. Production products include oil, gas, water, and injection chemicals. API 17J applies to both static and dynamic flexible pipes used as flowlines, risers, and jumpers.

There are no significant differences except for the API Monogram Program with an Effective Date of May 29, 2025, that is added. Also, verbal forms used to express the provisions in the document, such as ''may'' and ''can,'' were added. The document provides flexible pipe performance and qualifications to prevent leaks and failures in dynamic service. Consensus product qualification aligns with global offshore practice.

API Specification 17J would remain as currently referenced in the regulations at §§ 250.852(e), 250.1002(b), and 250.1007(a), but with an updated incorporation by reference in § 250.198(e) to the Fifth Edition.

API Specification 20E, Alloy and Carbon Steel Bolting for Use in the Petroleum and Natural Gas Industries, Third Edition, March 2024.

MMA proposes to update the already incorporated reference of API Specification 20E from the Second Edition to the Third Edition in the regulations. This standard specifies requirements for the qualification, production, and documentation of alloy and carbon steel bolting used in the petroleum and natural gas industries. This standard establishes requirements for three bolting specification levels (BSLs). These three BSL designations define different levels of technical, quality, and qualification requirements: BSL–1, BSL–2, and BSL–3. The document provides bolting materials for critical service to address historical bolt failure risks. Consensus materials and related analysis support reliability without government-unique materials rules.

The BSLs are numbered in increasing levels of requirements to reflect increasing technical, quality, and qualification criteria.

API Specification 20E would remain as currently referenced in the regulations at § 250.730(a), but with an updated incorporation by reference in § 250.198(e) to the Third Edition.

API Specification Q1, Quality Management System Requirements for Organizations Providing Products for the Petroleum and Natural Gas Industry, Tenth Edition, September 2023, Errata 1, October 2023, Errata 2, October 2024, Errata 3, November 2024, Addendum 1, October 2024, Addendum 2, June 2025.

MMA proposes to update the already incorporated reference of ANSI/API Specification Q1 from the Ninth Edition to the Tenth Edition in the regulations. This specification establishes minimum quality management system requirements for organizations that provide products for use in the petroleum and natural gas industry.

The Tenth Edition made several changes to closely align with ISO 9001 as well as revisions to records retention and quality manuals. The document provides Quality Management Systems for suppliers of critical oil and gas products for enhancing equipment reliability and traceability. Consensus QMS leverages established conformity assessment rather than requiring custom-made Federal QA frameworks.

ANSI/API Specification Q1 would remain as currently referenced in the regulations at §§ 250.730(d) and 250.801(b) and (c), but with an updated incorporation by reference in § 250.198(e) to API Specification Q1, the Tenth Edition.

ASTM C33/C33M–24a, Standard Specification for Concrete Aggregates, Approved November 2024.

MMA proposes to update the already incorporated reference of ASTM C33 from the 2007 Edition to the 2024 Edition in the regulations. This specification defines the requirements for grading and quality of fine and coarse aggregate (other than lightweight or heavyweight aggregate) for use in concrete.

This specification is for use by a contractor, concrete supplier, or other purchaser as part of the purchase document describing the material to be furnished.

This specification is also for use in project specifications to define the quality of aggregate, the nominal maximum size of the aggregate, and other specific grading requirements. Those responsible for selecting the proportions for the concrete mixture shall have the responsibility of determining the proportions of fine and coarse aggregate and the addition of blending aggregate sizes if required or approved.

The 2024 Edition made revisions to the specifying information as well as several of the coarse aggregate tables and provides updated normative standard references such as, C1778, D75/D75M, D422 and D2419. The 2024 edition is clearer and more concise compared to the 2007 edition with terminologies defined and the use of more tables to facilitate the explanations of numeric values used in the standard.

Several sections and tables have been revised in the 2024 edition.

ASTM C33 would remain as currently referenced in the regulations at § 250.901(d), but with an updated incorporation by reference in § 250.198(e) to ASTM C33/C33M–24, the 2024 Edition.

ASTM C94/C94M–24d, Standard Specification for Ready-Mixed Concrete, Approved December 2024.

MMA proposes to update the already incorporated reference of ASTM C94/C94M from the 2007 Edition to the 2024 Edition in the regulations. ASTM C94/94M specifies ready-mixed concrete manufacturing and delivery to a purchaser in mixed and unharden states. This standard is to be followed regarding quality of ready-mixed concrete, the discharge time, etc., unless the purchaser specifies or waives these requirements.

The 2024 Edition revised the ordering information, air-entrained concrete, and mixing and delivery sections.

ASTM C94/C94M would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(e) to ASTM C94/C94M–24d, the 2024 Edition, Revision D.

ASTM C150/C150M–24, Standard Specification for Portland Cement, Approved July 1, 2024.

MMA proposes to update the already incorporated reference of ASTM C150 from the 2007 Edition to the 2024 Edition in the regulations. This specification covers eight types of Portland cement: Type I, Type IA, Type II, Type IIA, Type III, Type IIIA, Type IV, and Type V. The cement covered by this specification shall only contain the following ingredients: Portland cement clinker; water or calcium sulfate, or both; limestone; processing additions; and air-entraining addition for air-entraining Portland cement. Applicable properties enumerated in this specification will be determined by the following test methods: air content of mortar, chemical analysis, compressive strength, false set, fineness by air permeability, fineness by turbidimeter, heat of hydration, autoclave expansion, time of setting by Gillmore needles, time of setting by Vicat needles, sulfate resistance, calcium sulfate, and compressive strength.

The 2022 Edition removed references to Test Method C151/C151M from several sections. Most of the content of the standard has not changed but the text has been moved around significantly and/or deleted between the 2007 edition vs. 2024 edition. Annex A1 and A2 have been changed to Annex X1 and X2.

ASTM C150 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(g) to ASTM C150/C150M–24, the 2024 Edition.

ASTM C330/C330M–23, Standard Specification for Lightweight Aggregates for Structural Concrete, June 2023.

MMA proposes to update the already incorporated reference of ASTM C330 from the 2005 Edition to the 2023 Edition in the regulations. This specification covers lightweight aggregates intended for use in structural concrete in which prime considerations are reducing the density while maintaining the compressive strength of the concrete. Procedures covered in this specification are not intended for job control of concrete. This specification is regarded as adequate to ensure satisfactory lightweight aggregates for most concrete. It is recognized that it may be either more or less restrictive than needed for some conditions and for special purposes, such as fire resistance, fill, and concrete constructions, the use of which is based on load tests rather than conventional design procedures.

The 2023 Edition added a time tolerance to the grading test method.

ASTM C330 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(g) to ASTM C330/C330M–23, the 2023 Edition.

ASTM C595/595M–24, Standard Specification for Blended Hydraulic Cements, Approved July 2024.

MMA proposes to update the already incorporated reference of ASTM C595 from the 2008 Edition to the 2024 Edition in the regulations. This specification pertains to blended hydraulic cements for both general and special applications, using slag, pozzolan, limestone, or some combination of these, with Portland cement or Portland cement clinker or slag with lime. This specification prescribes ingredients and proportions, with some performance requirements

The 2024 Edition removed the Test Method C151/C151M autoclave expansion and revised several other sections and table where that test method was referenced.

ASTM C595 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(g) to ASTM C595/C595M–24, the 2024 Edition.

AWS D1.1/D1.1M:2025, Structural Welding Code—Steel, 25th Edition, March 2025.

MMA proposes to update the already incorporated reference of AWS D1.1 from the 17th Edition to the 25th Edition in the regulations. This code contains the requirements for fabricating and erecting welded steel structures. When this code is stipulated in contract documents, conformance with all provisions of the code shall be required, except for those provisions that the Engineer or contract documents specifically modify or exempt.

The 25th Edition revised qualifications of Welding Procedures Specifications (WPS) using waveform technology, WPS retest requirements were clarified, inspection personnel qualifications revised and clarified engineer's responsibilities for inspection.

AWS D1.1 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(h) to AWS D1.1/D1.1M:2025, the 25th Edition.

AWS D1.4/D1.4M:2018, Structural Welding Code—Steel Reinforcing Bars, 8th Edition, February 27, 2018.

MMA proposes to update the already incorporated reference of AWS D1.4 from the Fifth Edition to the Eighth Edition in the regulations. The code applies to the welding of: (1) Reinforcing steel to reinforcing steel, and (2) Reinforcing steel to carbon or low-alloy structural steel. When the code is stipulated in contract documents, conformance with all provisions shall be required, except for those provisions that the Engineer or contract documents specifically modify or exempt.

There were several changes to the Clauses/tables/Figures and Annexes. Clauses 1 through 9 were modified. Sample forms in Annex A now include GTAW.

AWS D1.4 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(h) to AWS D1.4/D1.4M:2018, the Eighth Edition.

AWS D3.6M:2017, Underwater Welding Code, 6th Edition, January 10, 2017.

MMA proposes to update the already incorporated reference of AWS D3.6M from the Fourth Edition to the Sixth Edition in the regulations. This code covers underwater welding in both dry and wet environments. Five basic methods for underwater welding are covered in this specification as follows:

(1) Welding in a pressure vessel in which the pressure is reduced to approximately one atmosphere,

independent of depth (dry welding at one atmosphere).

(2) Welding at ambient pressure in a large chamber from which water has been displaced in an atmosphere such that the welder/diver does not work in diving equipment (dry welding in a habitat).

(3) Welding at ambient pressure in a simple open-bottomed dry chamber that accommodates, as a minimum, the head and shoulders of the welder/diver in full diving equipment (dry chamber welding).

(4) Welding at ambient pressure in a small, transparent, gas-filled enclosure with the welder/diver outside in the water (dry-spot welding).

(5) Welding at ambient pressure with the welder/diver in the water without any mechanical barrier between the water and the welding arc (wet welding). This document is intended to define the important variables associated with underwater welding and to describe welding and inspection procedures so that work of a known quality level can be conveniently specified.

The Sixth Edition refined the cleaning requirements, aligned the ultrasonic examination to better align with the UT technique in AWS D1.1/D1.1M, and added Ultrasonic Stress Relieving.

AWS D3.6M would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198 to AWS D3.6M:2017, the Sixth Edition.

ANSI/AISC 360–22, Specification for Structural Steel Buildings, August 2022.

MMA proposes to update the already incorporated reference of ANSI/AISC 360 from the 2005 Edition to the 2022 Edition in the regulations. The Specification for Structural Steel Buildings (ANSI/AISC 360), applies to the design, fabrication, erection, and quality of the structural steel system or systems with structural steel acting compositely with reinforced concrete, where the steel elements are defined in Section 2.1 of the AISC Code of Standard Practice for Steel Buildings and Bridges (ANSI/AISC 303).

The 2022 Edition had several significant modifications from the previous editions including referencing ASTM for specific tolerances, additional design strength and stiffness provisions, and an alternative bolt tensile strength. See a complete list in the Preface of the standard.

ANSI/AISC 360 would remain as currently referenced in the regulations at § 250.901(a) and (d), but with an updated incorporation by reference in § 250.198(c) to ANSI/AISC 360–22, the 2022 Edition.

Hydrogen sulfide. (§ 250.490)

MMA proposes to revise the regulations found at § 250.490 by replacing the referenced ANSI Z88.2 in paragraphs (g)(4)(iv) and (j)(13)(ii) with the updated version previously discussed, ASTM F3387–23, and replacing NACE Standard MR0175–2003 referenced in paragraph (p)(2) with the updated ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020.

Tubing and wellhead equipment. (§ 250.518)

MMA proposes to revise the regulations found at § 250.518 by replacing the referenced NACE Standard MR0175–2003 in paragraph (a)(2) with the updated ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020.

What are the requirements for casing pressure management? (§ 250.519)

MMA proposes to revise the regulations found at § 250.519 by replacing the referenced API Recommended Practice 90 with the updated version previously discussed, API Recommended Practice 90–1.

Tubing and wellhead equipment. (§ 250.619)

MMA proposes to revise the regulations found at § 250.619 by replacing the referenced NACE Standard MR0175–2003 in paragraph (a)(2) with the updated ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020.

What are the general requirements for BOP systems and system components? (§ 250.730)

MMA proposes to revise the regulations found at § 250.730 by replacing the referenced ANSI/API Specification 16A with API Specification 16A in paragraph (a)(2)(ii), ANSI/API Specification 16C with API Specification 16C in paragraph (a)(2)(iii), and ANSI/API Specification Q1 with API Specification Q1 in paragraphs (d) and (d)(1).

Safety and pollution prevention equipment (SPPE) certification. (§ 250.801)

MMA proposes revising the regulations found at § 250.801 by replacing the referenced ANSI/API Specification Q1 with API Specification Q1 in paragraphs (b) and (c).

Requirements for SPPE. (§ 250.802)

MMA proposes to revise the regulations found at § 250.802 by replacing the referenced ANSI/API Specification 14A with the updated version previously discussed, API Specification 14A, in paragraphs (b) and (c)(1)(i).

What SPPE failure reporting procedures must I follow? (§ 250.803)

MMA proposes to revise the regulations found at § 250.803 by replacing the referenced ANSI/API Specification 14A with the updated version previously discussed, API Specification 14A, in paragraphs (a).

Specification for all boarding shutdown valves (BSDVs) associated with subsea systems. (§ 250.835)

MMA proposes to revise the regulations at § 250.835 by removing the requirement for operators to use BSDVs that are fire rated for 30 minutes and adding a reference to API Standard 6FA requiring compliance with the document to ensure all BSDV are fire resistant qualified.

Atmospheric vessels. (§ 250.872)

MMA proposes to revise the regulations at § 250.872 by adding a new paragraph (d) referencing API Standard 653 and requiring compliance with the document when making repairs to atmospheric vessels to ensure these vessels are repaired appropriately. MMA would consider an operator's request to utilize equivalent recognized engineering practices.

What industry standards must your platform meet? (§ 250.901)

MMA proposes to revise the regulations at § 250.901 by replacing outdated references with updated standards and simplifying document titles as follows:

- Replace ''ACI Standard 318–95, Building Code Requirements for Reinforced Concrete (ACI 318–95)'' in paragraph (a)(1) and ''ACI Standard 318–95 and ACI 318R–95'' in paragraph (d)(1) with ''ACI CODE–318–25.''
- Update ''ACI 357R–84, Guide for the Design and Construction of Fixed Offshore Concrete Structures, 1984; reapproved 1997'' in paragraph (a)(2) to the simplified ''ACI 357R–84.''
- Replace ''ANSI/AISC 360–05, Specification for Structural Steel Buildings'' in paragraph (a)(3) and ''ANSI/AISC 360–05'' in paragraphs (a)(3) and (d)(2) with a newer edition, ''ANSI/AISC 360–22.''
- Update ''ASTM C33–07'' in paragraphs (a)(12) and (d)(4) to ''ASTM C33/C33M–24a.''
- Replace ''ASTM C94/C 94M–07'' in paragraphs (a)(13) and (d)(5) with ''ASTM C94/C94M–24d.''
- Update ''ASTM C150–07'' in paragraphs (a)(14) and (d)(6) to ''ASTM C150/C150M–24.''
- Replace ''ASTM C330–05'' in paragraphs (a)(15) and (d)(7) with ''ASTM C330/C330M–23.''
- Update ''ASTM C595–08'' in paragraphs (a)(16) and (d)(8) to ''ASTM C595/595M–24.''
- Replace ''AWS D1.1, Structural Welding Code—Steel, including Commentary'' in paragraph (a)(17) and

''AWS D1.1:2000'' in paragraph (d)(9) with ''AWS D1.1/D1.1M:2025.''

• Update ''AWS D1.4, Structural Welding Code—Reinforcing Steel'' in paragraph (a)(18) and ''AWS D1.4–98'' in paragraph (d)(10) to ''AWS D1.4/D1.4M:2018.''

• Replace ''AWS D3.6M, Specification for Underwater Welding'' in paragraph (a)(19) and ''AWS D3.6M:1999'' in paragraph (d)(11) with ''AWS D3.6M:2017.''

• Update ''NACE Standard MR0175, Sulfide Stress Cracking Resistant Metallic Materials for Oilfield Equipment'' in paragraph (a)(20) to ''ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020.''

• Replace ''NACE Standard RP0176–2003, Item No. 21018, Standard Recommended Practice, Corrosion Control of Steel Fixed Offshore Structures Associated with Petroleum Production'' in paragraph (a)(21) and ''NACE Standard RP0176–2003'' in paragraph (d)(12) with ''NACE AMPP SP0176–2022.''

• Add references to ''ANSI/API Recommended Practice 2EQ'' and ''API Recommended Practice 2FB'' in new paragraphs (a)(28), (a)(29), (d)(13), and (d)(14), respectively, as these documents are being incorporated by reference for the first time under § 250.198.

Design requirements for DOI pipelines. (§ 250.1002)

MMA proposes to revise the regulations found at § 250.1002, paragraph (a), by rewriting the requirement in plain language using active voice and updating references to the sections in the newer edition of B31.8, which are now referred to as paragraphs. The formula for calculating the internal design pressure for steel pipe, previously located in ''section 841.121 of ANSI B31.8,'' would now be referenced as ''ASME B31.8, paragraph 841.1.'' Similarly, the reference to ''section 811.253(h) of ANSI B31.8'' for information about determining the specified minimum yield would be replaced with ''ASME B31.8 paras. 817.1.3(h) and 841.1.4.'' Information regarding the longitudinal joint factor, formerly cited as ''Table 841.1B of ANSI B31.8 (see also section 811.253(d)),'' would be updated to reflect its current location in the newer edition: ''ASME B31.8 Table 841.1.7–1 (see also ASME B31.8 para. 817.1.3(d)).'' Additionally, the reference to ''Table 841.1C of ANSI B31.8'' would be replaced with ''ASME B31.8 paras. 817.1.3(h) and 841.1.4,'' which pertains to information about the formula's temperature derating factor.

In paragraph (b), MMA would replace the reference to ''ANSI/ASME B16.5–2003'' with a reference to ''ASME B16.5''.

Liquid hydrocarbon measurement. (§ 250.1202)

MMA proposes to revise the regulation at § 250.1202 by updating the references to any superseded documents with the titles of these newer documents as follows:

• Replace ''API MPMS Chapter 2, Section 2A'' in paragraphs (a)(2)(i) and (l)(4)(i) with ''API MPMS Chapter 2.2A.''

• Update references to ''API MPMS Chapter 3, Section 1B'' in paragraphs (a)(2)(iv) and (l)(4)(iv) with ''API MPMS Chapter 3.1B.''

• Replace ''API MPMS Chapter 4, Section 6'' in paragraphs (a)(2)(ix) and (h)(5) with ''API MPMS Chapter 4.6.''

• Update references to ''API MPMS Chapter 5, Section 6'' in paragraphs (a)(2)(xviii) and (a)(3)(ii) with ''API MPMS Chapter 5.6.''

• Remove the reference to ''API MPMS Chapter 5.8'' in paragraph (a)(2)(xix) and (a)(3)(iii).

• Remove references to ''API MPMS Chapter 6, Section 7'' in existing paragraph (a)(2)(xxii).

• Replace the reference to ''API MPMS Chapter 6.1'' in existing paragraph (a)(2)(xx) with ''API MPMS Chapter 6.3A.'' The paragraph would be renumbered as (a)(2)(xix) because multiple referenced documents would be removed in paragraph (a)(2).

• Replace ''API MPMS Chapter 6, Section 6'' in existing paragraph (a)(2)(xxi) with ''API MPMS Chapter 6.4A.''. The paragraph would be renumbered as (a)(2)(xx) because multiple referenced documents would be removed in paragraph (a)(2).

• Replace ''API MPMS Chapter 10, Section 1'' in existing paragraph (a)(2)(xxxi) with ''API MPMS Chapter 10.1.'' The paragraph would be renumbered as (a)(2)(xxix) because multiple referenced documents would be removed in paragraph (a)(2).

• Replace ''API MPMS Chapter 12, Section 2, Part 4'' in existing paragraphs (a)(2)(xxxvii), (a)(3)(vii), (f)(1)(iii), and (g)(4) with ''API MPMS Chapter 12.4.1.'' Existing paragraph (a)(2)(xxxvii) would also be renumbered as (a)(2)(xxxvi) to relocate the reference in chronological order in paragraph (a)(2), which would be after the reference to API MPMS Chapter 12.2. Existing paragraph (a)(3)(vii) would be renumbered as (a)(3)(vi) because one referenced document would be removed in paragraph (a)(3).

• Replace ''API MPMS Chapter 11, Section 2, Part 2'' in existing paragraph (a)(3)(vi) with ''API MPMS Chapter 11.2.5.'' The paragraph would be renumbered as (a)(3)(v) because one referenced document would be removed in paragraph (a)(3).

Gas measurement. (§ 250.1203)

MMA proposes to revise the regulation at § 250.1203 as follows:

• Remove ''AGA Report No. 10'' in paragraph (b)(2)(v).

• Replace ''API MPMS Chapter 14, Section 8'' referenced in existing paragraph (b)(2)(xv) with ''API MPMS Chapter 14, Section 7.'' The paragraph would be renumbered as (b)(2)(xiv) because one referenced document would be removed in paragraph (b)(2).

• Replace the reference to ''API MPMS Chapter 21, Section 1'' in existing paragraphs (b)(2)(xviii) and (b)(4) with ''ANSI/API MPMS Chapter 21.1.'' Paragraph (b)(2)(xviii) would be renumbered as (b)(2)(xvii) because one referenced document would be removed in paragraph (b)(2).

What are the general requirements for decommissioning? (§ 250.1703)

MMA proposes to revise the regulations at § 250.1703 by replacing the reference to ''ANSI/API Specification 11D1'' in paragraph (b) with the title of the newer edition MMA proposes to incorporate be reference at § 250.198, API Specification 11D1.

III. Procedural Matters

Regulatory Planning and Review (Executive Order (E.O.) 12866 and 13563)

Executive Order (E.O.) 12866, provides that the OMB Office of Information and Regulatory Affairs (OIRA) will review all significant rules as defined by Section 3(f) in E.O. 12866. OIRA has determined that this rule is not significant under Sections 3(f)(2–4) in E.O. 12866, but it is not economically significant under Section 3(f)(1) in E.O. 12866 because it does not have an annual effect on the economy of $100 million or more. For such rules, Section 6 (a)(3)(B) of E.O. 12866 requires the issuing agency to provide: ''*An assessment of the potential costs and benefits of the regulatory action, including an explanation of the manner in which the regulatory action is consistent with a statutory mandate and, to the extent permitted by law, promotes the President's priorities and avoids undue interference with State, local, and tribal governments in the exercise of their governmental functions.*'' The underlying analyses for such assessments are only required for actions determined to be economically significant.

E.O. 13563 reaffirms the principles of E.O. 12866 while calling for improvements in the Nation's regulatory

system to promote predictability, to reduce uncertainty, and to use the best, most innovative, and least burdensome tools for achieving regulatory ends. E.O. 13563 directs agencies to consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public where these approaches are relevant, feasible, and consistent with regulatory objectives. E.O. 13563 further emphasizes that regulations must be based on the best available science and that the rulemaking process must allow for public participation and an open exchange of ideas. MMA has developed this proposed rule pursuant to the requirements of E.O. 13563 to use industry standards to promote predictability, reduce uncertainty, and maintain the status quo with respect to burden.

MMA is proposing to incorporate by reference consensus standards developed by industry. Industry construes the consensus standards to be minimum requirements for safe operations. The proposed rule would incorporate by reference sixty-one consensus standards in its regulations. The consensus standards are widely practiced by industry operating on the OCS. The consensus standards that this proposed rule incorporates by reference include eleven standards that have not been previously incorporated in the MMA regulations (30 CFR part 250) and the remainder are updates of standards that have been previously incorporated. All the consensus standards that this proposed rule would incorporate by reference have been and continue to be widely used and practiced by the offshore industry. Thus, this proposed rule would align the MMA regulations with existing industry practice.

Potential Cost Savings of the Proposed Action

Regarding the eleven standards not previously incorporated by reference in MMA regulations, this proposed rule imposes no new burdens and essentially maintains the burdens that industry has set for itself. Regarding the fifty out-of-date standards that have been previously incorporated by reference in MMA regulations, MMA believes that updating these will generate cost savings for industry by eliminating confusion as to which edition of each standard is required to be used to measure oil and gas production volumes. If a standard published in the CFR is out-of-date, the Department regulations require industry to submit an Alternate Compliance Request (ACR) for approval. Over the past four and a half years, MMA estimates this issue has required industry in the MMA Gulf of America Region to submit 101 ACRs to use a later edition of a document incorporated by reference, or an average of 23 ACRs per year. Using information in its PRA package submitted to OMB for Subpart A (MMA, Information Collection Request, Supporting Statement A, OMB Control Number 1014–0022, *https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202306-1014-002*),

MMA estimates that eliminating the need for such ACRs will save industry $53,043 per year, or $530,435 undiscounted over a ten-year period ($452,472 using a 3% discount rate, $372,555 using a 7% discount rate).

The federal government would also realize cost savings since it will have to process fewer ACRs. MMA estimates that such savings will amount to $52,548 per year, or $525,477 undiscounted over a ten-year period ($448,243 using a 3% discount rate, $369,073 using a 7% discount rate).

Potential Benefits of the Proposed Action

Documents Incorporated by Reference: The National Technology Transfer and Advancement Act (NTTAA) requires that ''all Federal agencies . . . use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.'' 104 Public Law 113, 12(d)(1) (March 7, 1996). The relevant guidance in OMB Circular A–119 instructs federal agencies to use appropriate industry consensus standards when developing regulations because consensus standards are written and updated routinely by industry experts. The American National Standards Institute (ANSI) generally requires that industry standards be updated at least every five years by the Standards Development Organizations (SDO). The continual updating of standards results in standards that progressively evolve with the most recent safety criteria and industry norms, thereby evolving with new technology and addressing lessons learned. In accordance with the NTTAA and OMB Circular A–119, MMA uses voluntary consensus standards, specifications, RPs, and other SDO documents as a means of establishing requirements for activities on the OCS. This practice provides industry with up-to-date, minimum requirements for certain OCS operations, equipment design and use, and enhance safety while also reducing the burden of complying with additional agency technical requirements. Updating the documents already incorporated by reference also would reduce regulatory uncertainty for the use of industry standards that have newer editions not referenced in the current MMA regulations.

Regulatory Flexibility Act

The Department of the Interior certifies that this proposed rule would not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

This proposed rule would affect lessees and operators of oil and gas leases on the OCS. This includes approximately 130 active Federal oil and gas lessees. Lessees that conduct business under this rule are coded under the Small Business Administration's North American Industry Classification System (NAICS) codes 211111, Crude Petroleum and Natural Gas Extraction, and 213111, Drilling Oil and Gas Wells. For these NAICS code classifications, a small company is defined as one with fewer than 500 employees. MMA estimates that approximately 70 percent of the 130 lessees and operators that explore for and produce oil and gas on the OCS meet the definition of a small company. This rule proposes to incorporate consensus standards developed by accredited standard development organizations (SDOs) as minimum acceptable requirements. The accredited SDOs are required to develop standards with a process that is open, has balanced participation, provides due process, and has a specific appeal procedure—*i.e.,* a multi-stakeholder process. The accredited SDOs require that all aspects of a consensus standard are fully negotiated including scope, definitions, and content. Any interested party can comment during the development process, and the comments must be fairly considered by the SDO and the commentor advised of the outcome and why—*i.e.,* a consensus-based approach where comments from all stakeholders are considered. All the standards in this rule were developed by SDOs using this multi-stakeholder, fully negotiated, fairly considered, consensus-based approach.

MMA understands that such a consensus-based approach leads to high voluntary conformance rates by industry participants because all parties are encouraged and allowed to participate. Consensus-building is a fundamental requirement encompassed by each standard in this rule. Industry parties

are required by SDO rules to resolve substantial objections early in the standards development stage. Thus, the regulated industry has had an opportunity to adopt and adhere to each consensus, industry standard prior to the publication of the standard and since. Furthermore, many of the industry standards being incorporated in this proposed rule are either updates to existing industry standards already incorporated by reference or have been adopted, adhered to, and published for numerous years. MMA estimates that industry will realize costs savings by not having to submit ACRs in relation to outdated standards. This consensus-based process has also given industry participants sufficient time to integrate the standard into their operations.

Since 2019, MMA has made a concerted effort to work with industry and the public to understand and analyze the utility of consensus standards used by MMA in its regulatory program. Over the past five years, four offshore standards workshops have been conducted by industry with MMA participation, namely on January 29, 2020, March 30, 2021, May 11, 2023, and April 2, 2024. Each workshop included an analysis of the standards that MMA uses or industry proposed MMA use in its regulatory program. MMA's engagement with SDOs and industry stakeholders during the SDO workshops confirmed that industry's voluntary conformance with consensus standards is high. The costs of incorporating such standards are, therefore, minimal since the high conformance rates mean the costs of adhering to the industry standard will be incurred regardless of this proposed rule and are appropriately considered to be part of the baseline. Although a few of the standards being incorporated by reference were adopted by SDOs within the last 2 years (*e.g.,* API Specification 14A, Subsurface Safety Valve and Annular Safety Valve Equipment, API Specification Q1, Quality Management System Requirements for Organizations Providing Products for the Petroleum and Natural Gas Industry, and API RP 500, Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1, and Division 2), voluntary conformance with these standards was already high at the time of adoption and is believed to have been increasing based on discussions during the SDO workshops. Therefore, most of the costs of adhering to these standards are also considered to be part of the baseline, as industry will incur them regardless of this proposed rule. Thus, incorporating the standards in this rule would not have a significant economic effect on a substantial number of small companies because any costs or burdens on any lessees or operators are a product of existing consensus minimum industry performance standards promulgated with broad stakeholder engagement and broadly adopted by industry regardless of incorporation into the regulations.

Although the standards are available as read-only documents at MMA offices and on the SDO websites, if any business wants to own a copy, then the primary economic effect of this rule on small business would be the nominal cost associated with the purchase of the standards.

Small Business Regulatory Enforcement Fairness Act

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the actions of MMA, call 1–888–734–3247. You may comment to the Small Business Administration without fear of retaliation. Allegations of discrimination/retaliation filed with the Small Business Administration will be investigated for appropriate action.

Congressional Review Act

The proposed rule is not a major rule under the Congressional Review Act. This proposed rule:

1. Would not have an annual effect on the economy of $100 million or more. The main purpose of this rule would be to add and update industry standards in the regulations to provide industry with up-to-date requirements in the use of new measurement and safety technology, consistent with existing industry practice.

2. Would not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions. The cost to comply with the rule would be consistent with the status quo, as it would only require compliance with industry standards to which affected entities already generally adhere.

3. Would not have a significant adverse effect on competition, employment, investment, productivity, innovation, or ability of U.S.-based enterprises to compete with foreign-based enterprises. The requirements would apply to all entities operating on the OCS and reflect existing industry standards.

Unfunded Mandates Reform Act of 1995

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess whether a rule would impose a Federal mandate that may result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of $100,000,000 or more (adjusted annually for inflation) in any 1 year. As of 2025, that threshold is approximately $206 million (2024 dollars). This regulation will not result in expenditures 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.

Takings Implication Assessment (E.O. 12630)

Under the criteria in E.O. 12630, this proposed rule does not have significant takings implications. The proposed rule is not a governmental action capable of interference with constitutionally protected property rights. A Takings Implication Assessment is not required.

Federalism (E.O. 13132)

Under the criteria in E.O. 13132, this proposed rule does not have federalism implications. This proposed rule would not substantially and directly affect the relationship between the Federal and State governments. To the extent that State and local governments have a role in OCS activities, this proposed rule would not affect that role. A Federalism Assessment is not required.

Civil Justice Reform (E.O. 12988)

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

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

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

Consultation With Indian Tribes (E.O. 13175)

Executive Order (E.O.) 13175 defines ''policies that have Tribal implications'' as ''regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and

Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.'' MMA complies with E.O. 13175 by following the Department of the Interior Policy on Consultation with Indian Tribes (512 Departmental Manual 4)[4] and Procedures for Consultation with Indian Tribes (512 Departmental Manual 5).[5] The Department's procedures require that: ''Bureaus/Offices must invite Indian Tribes early in the planning process to consult whenever a Departmental plan or action with Tribal Implications arises. Bureaus/Offices should operate under the assumption that all actions with land or resource use or resource impacts may have Tribal implications and should extend consultation invitations accordingly.'' 512 DM 5.4(A)

MMA fulfills its consultation obligations with Alaska Native Claims Settlement Act (ANCSA) Corporations on the same basis as Indian Tribes under E.O. 13175. MMA complies with E.O. 13175 by following the Department of the Interior Policy on Consultation with ANCSA Corporations (512 Departmental Manual 6)[6] and Procedures for Consultation with ANCSA Corporations (512 Departmental Manual 7).[7] The Department's procedures require that ''Bureaus and Offices should operate under the assumption that all actions with land or resource use or resource impacts may have ANCSA Corporation implications and should extend consultation invitations accordingly. When ANCSA Corporations indicate that there is substantial and direct effect of the Departmental Action with ANCSA Corporation Implications, the Department must engage in consultation.'' 512 DM 7.4(A).

MMA honors the special political and trust relationship between the United States and the Native Hawaiian Community and applies the principles of E.O. 13175 in its relations with the Native Hawaiian Community. MMA fulfills its obligations to consult with the Native Hawaiian Community by following the Department of the Interior Policy on Consultation with the Native Hawaiian Community (513 Departmental Manual 1)[8] and Procedures for Consultation with the Native Hawaiian Community (513 Departmental Manual 2).[9] The Department's procedures require that ''Bureaus and Offices must consult with the Native Hawaiian Community on all Actions with Native Hawaiian Community implications, as defined in 513 DM 1.4.A.'' 513 DM 2.4(A).

MMA evaluated this proposed rule pursuant to the Department's consultation policies and determined that this rule would not have substantial direct effects on Indian Tribes, ANCSA Corporations, or the Native Hawaiian Community and that consultation under the Department's consultation policies is not required. MMA does not plan to offer government-to-government, government-to-corporation, or government-to-sovereign consultation based on this determination. However, it is MMA's practice to initiate consultation at the request of any Tribe, ANCSA Corporation, or Native Hawaiian Organization in accordance with the Department's consultation procedures.

MMA will continue to keep Tribes, ANCSA Corporations, and the Native Hawaiian Community informed of, and invite consultation on, this rulemaking effort. MMA will inform Tribes, ANCSA Corporations, and the Native Hawaiian Community of any final rulemaking and provide a summary, if applicable, of Tribal, ANCSA Corporation, and Native Hawaiian Community input received, an explanation of how Tribal, ANCSA Corporation, and Native Hawaiian Community input was addressed, and the reasoning for any instance in which Tribal, ANCSA Corporation, and Native Hawaiian Community suggestions were not incorporated or consensus could not be attained.

Executive Order 14192—Unleashing Prosperity Through Deregulation

Executive Order (E.O.) 14192 ''Unleashing Prosperity Through Deregulation (90 FR 9065, February 6, 2025)[10] requires that, unless prohibited by law, federal agencies must identify at least ten existing regulations for elimination for every new regulation proposed or promulgated. Additionally, any new incremental costs associated with new regulations must be offset by the elimination of existing costs associated with prior regulations.

This proposed rule is not expected to be a regulatory action subject to the repeal and cost-offset requirements of E.O. 14192 because it does not establish new requirements that increase incremental costs. While this proposed rule introduces new requirements, MMA estimates that reducing the number of ACRs will save industry $53,043 per year. The details on the estimated benefits and savings associated with this proposed rule can be found above at the beginning of the procedural matters section in the ''Regulatory Planning and Review''.

The cumulative net economic impact of this proposed rule is therefore expected to comply with the Office of Management and Budget (OMB) annualized incremental cost allowance for DOI.

Paperwork Reduction Act

This proposed rule does not contain any new information collection and does not require a submission to the Office of Management and Budget for review and approval under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). However, MMA evaluated how the proposed rule may reduce information collection burdens under OMB control number 1014–0022, which contains the burdens that are relevant to this rulemaking (*i.e.,* under § 250.141, May I ever use alternate procedures or equipment?). The currently approved annual burden associated with this provision is 1,527 ACRs (or 33,594 burden hours). Because this proposed rule updates the standards in § 250.198, MMA estimates there may be 23 fewer ACRs submitted on an annual basis; approximately 1.5 percent of the 1,527 requests currently approved under OMB control number 1014–0022. MMA will make all adjustments to the information collections associated with ACRs under OMB control number 1014–0022 during the next renewal cycle. 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.

National Environmental Policy Act of 1969 (NEPA)

MMA intends to apply the Department Categorical Exclusion Review (CER) at 43 CFR 46.205(a) and (b) and 46.210(i) to comply with the National Environmental Policy Act. This CER covers policies, directives, regulations, and guidelines that are of an administrative, financial, legal,

[4] Available at *https://www.doi.gov/document-library/departmental-manual/512-dm-4-department-interior-policy-consultation-indian-0.*

[5] Available at *https://www.doi.gov/document-library/departmental-manual/512-dm-5-procedures-consultation-indian-tribes.*

[6] Available at *https://www.doi.gov/document-library/departmental-manual/512-dm-6-department-interior-policy-consultation-alaska-0.*

[7] Available at *https://www.doi.gov/document-library/departmental-manual/512-dm-7-procedures-consultation-alaska-native-claims-0.*

[8] Available at *https://www.doi.gov/document-library/departmental-manual/513-dm-1-department-interior-policy-consultation-native.*

[9] Available at *https://www.doi.gov/document-library/departmental-manual/513-dm-2-procedures-consultation-native-hawaiian-community.*

[10] *https://www.federalregister.gov/documents/2025/02/06/2025-02345/unleashing-prosperity-through-deregulation.*

technical, or procedural nature or whose environmental effects are too broad, speculative, or conjectural to lend themselves to meaningful analysis and will later be subject to the NEPA process, either collectively or case-by-case. The MMA plans to document the applicability of the CER concurrently with development of the final rule.

Data Quality Act

In developing this rule, we did not conduct or use a study, experiment, or survey requiring peer review under the Data Quality Act (Pub. L. 106–554, app. C § 515, 114 Stat. 2763, 2763A–153–154).

Effects on the Energy Supply (E.O. 13211)

This rule is not a significant energy action under the definition in E.O. 13211. A Statement of Energy Effects is not required.

Clarity of This Regulation

We are required by E.O. 12866, E.O. 12988, and by the Presidential Memorandum of June 1, 1998, to write all rules in plain language. This means that each rule we publish must:

(1) Be logically organized;

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

(3) Use clear language rather than jargon;

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

(5) Use lists and tables wherever possible.

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

Severability

MMA has reviewed this rule and determined that if a court holds any section or its paragraphs or their applicability to any person or circumstance invalid, the remainder of the rule should not be affected. For instance, any determination made against a single standard should not invalidate the inclusion of the rest of the update due to the benefits to safety, environment, and industry that the remainder of the consensus-based standards provide.

List of Subjects in 30 CFR Part 250

Administrative practice and procedure; Continental shelf, Environmental impact statements, Environmental protection, Government contracts, Incorporation by reference, Investigations, Oil and gas exploration, Outer Continental Shelf—mineral resources, Outer Continental Shelf—rights-of-way, Penalties, Pipelines, Reporting and recordkeeping requirements, Sulfur operations.

Lanny E. Erdos,

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

For the reasons stated in the preamble, the Bureau of Safety and Environmental Enforcement (BSEE)/ Marine Minerals Administration (MMA) is proposing to amend 30 CFR part 250 as follows:

Title 30: Mineral Resources

PART 250—OIL AND GAS AND SULFUR OPERATIONS IN THE OUTER CONTINENTAL SHELF

■ 1. The authority citation for part 250 continues to read as follows:

Authority: 30 U.S.C. 1751, 31 U.S.C. 9701, 33 U.S.C. 1321(j)(1)(C), 43 U.S.C. 1334.

* * * * *

■ 2. Amend § 250.108 as follows:
■ a. Revising paragraphs (a) and (c);
■ b. Remove paragraph (d); and
■ c. Redesignating paragraphs (e) and (f) as (d) and (e)

These revisions read as follows:

§ 250.108 What requirements must I follow for cranes and other material-handling equipment?

(a) All cranes installed on fixed platforms must be operated in accordance with API Recommended Practice 2D and API Recommended Practice 2D–2 (incorporated by reference, see § 250.198).

(b) * * *

(c) All newly installed cranes on a fixed platform must meet the requirements of API Specification 2C (incorporated by reference, see § 250.198).

* * * * *

■ 3. Amend § 250.198 as follows:
■ a. Revise paragraph (a);
■ b. Remove paragraph (b)(5) and renumber paragraph (b)(6) as (b)(5);
■ c. Revise paragraph (c)(1);
■ d. Revise paragraph (d);
■ e. Revise paragraph (e)(1)(ii)(A), (e)(1)(iii)(B), (e)(1)(iv)(E), (e)(1)(v)(F), remove (e)(1)(v)(G), revise paragraph (e)(1)(vi)(A), (e)(1)(vi)(B), remove (e)(1)(vi)(C), revise paragraph (e)(1)(vii)(A), (e)(1)(x)(A), (e)(1)(x)(E), (e)(1)(xi)(D), remove (e)(1)(xii)(D), renumber paragraph (e)(1)(xii)(E) as (e)(1)(xii)(D), add new paragraph (e)(1)(xii)(E), revise paragraphs (e)(1)(xiii)(F), (e)(1)(xiv)(B), (e)(1)(xv)(A), (e)(2)(i)(B) through (e)(2)(i)(OO), add (e)(2)(i)(PP) through (e)(2)(i)(TT), revise paragraph (e)(2)(ii)(A) though (e)(2)(ii)(D), renumber paragraph (e)(2)(iii) though (e)(2)(v) to paragraph (e)(2)(iv) though (e)(2)(vi), revise paragraph (e)(2)(iii) and (e)(2)(v)(A)
■ f. Revise paragraphs (f), (g), (h), (i).
■ g. Remove and reserve paragraph (l)

These revisions and additions read as follows:

§ 250.198 Documents incorporated by reference.

* * * * *

(a) * * *

(1) ACI CODE–318–25, Building Code for Structural Concrete—Code Requirements and Commentary—Inch-Pound Units (IN–LB), January 2025; into § 250.901(a) and (d).

(2) ACI 357R–84, Guide for the Design and Construction of Fixed Offshore Concrete Structures, 1984; reapproved 1997, into § 250.901(a) and (d).

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(c) * * *

(1) ANSI/AISC 360–22, Specification for Structural Steel Buildings, August 2022; into § 250.901(a) and (d).

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(d) The Associated for Materials Protection and Performance (AMMPP) 15835 Park Ten Place, Houston, Texas 77084–5145; phone: 281–228–6223; website *www.ampp.org*

(1) ANSI/NACE AMPP MR0175–2021/ISO 151561:2020, Petroleum and Natural Gas Industries—Materials for Use in H2S-containing Environments in Oil and Gas Production, Fourth Edition, Errata, June 1, 2023, Errata, February 25, 2025; into §§ 250.490; 250.518(a); 250.619(a); 250.901.

(2) NACE AMPP SP0176–2022, Corrosion Control of Submerged Areas of Permanently Installed Steel Offshore Structures Associated with Petroleum Production, June 2022; into § 250.901(a) and (d).

(e) * * *

(1) * * *

(ii) * * *

(A) API MPMS Chapter 2.2A, Measurement and Calibration of Upright Cylindrical Tanks by the Manual Tank Strapping Method, 2nd Edition, November 2019; into § 250.1202(a) and (l).

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(iii) * * *

(B) API MPMS Chapter 3.1B, Standard Practice for Level Measurement of Liquid Hydrocarbons in Stationary

Tanks by Automatic Tank Gauging, Fourth Edition, October 2021; into § 250.1202(a) and (l).

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(iv) * * *

(E) API MPMS Chapter 4.6, Pulse Interpolation, Third Edition, October 2021, reaffirmed October 2013; into § 250.1202(a) and (h).

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(v) * * *

(F) API MPMS Chapter 5.6, Measurement of Liquid Hydrocarbons by Coriolis Meters, Second Edition, December 2021; into § 250.1202(a).

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(vi) * * *

(A) API MPMS Chapter 6.3A, Metering Assemblies—Pipeline and Marine Loading/Unloading Measurement Systems, First Edition, July 2021; into § 250.1202(a).

(B) API MPMS Chapter 6.4A, Metering Assemblies—Lease Automatic Custody Transfer (LACT) Systems—First Edition, Dec 2023; into § 250.1202(a).

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(vii) * * *

(A) API MPMS Chapter 7.1, Temperature Determination—Liquid-in-Glass Thermometers, Third Edition, October 2024; into § 250.1202(a).

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(x) * * *

(A) API MPMS Chapter 10.1, Standard Test Method for Sediment in Crude Oils and Fuel Oils by the Extraction Method, Fourth Edition, November 2022; into § 250.1202(a)

* * * * *

(E) API MPMS Chapter 10.9, Standard Test Method for Water in Crude Oils by Coulometric Karl Fischer Titration, Fourth Edition, November 2024; into § 250.1202(a).

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(xi) * * *

(D) API MPMS Chapter 11.2.5, A Simplified Vapor Pressure Correlation for Commercial NGLs, Second Edition, December 2020, Errata 1, October 2023; into § 250.1202(a).

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(xii) * * *

(E) API MPMS Chapter 12.4.1 Calculation of Petroleum Quantities—Base Prover Volume Determination—Waterdraw Volumetric Method, First Edition, September 2023; into § 250.1202(a), (f), and (g).

(xiii) * * *

(F) API MPMS Chapter 14—Natural Gas Fluids Measurement, Section 7—Mass Measurement of Natural Gas Liquids and Other Hydrocarbons, Fifth Edition, February 2018, Reaffirmed July 2023; into § 250.1203(b).

(xiv) * * *

(B) API MPMS Chapter 20.3, Measurement of Multiphase Flow, Second Edition, February 2024; into § 250.1203(b)

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(xv) * * *

(A) ANSI/API MPMS Chapter 21.1, Flow Measurement Using Electronic Metering Systems—Electronic Gas Measurement, Second Edition, February 2013, Reaffirmed, June 2021; into § 250.1203*(b).*

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(2) * * *

(i) * * *

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(B) API Specification 2C, Specification for Offshore Pedestal Mounted Cranes, Eighth Edition, October 2020, Errata 1: June 2021, Reaffirmed, November 2025; into § 250.108.

(C) API Recommended Practice 2D, Operation and Maintenance of Offshore Cranes, Seventh Edition, December 2014, Errata: August 2015, Addendum 1, October 2020; into § 250.108.

(D) API Recommended Practice 2D–2, Training for Offshore Pedestal-Mounted Crane Riggers, Operators, and Inspectors—First Edition, October 2020; into § 250.108(a).

(E) ANSI/API Recommended Practice 2EQ, Seismic Design Procedures and Criteria for Offshore Structures—First Edition, November 2014, ADDENDUM 1, January 2019, Reaffirmed, January 2021; into § 250.901(a) and (d).

(F) API Recommended Practice 2FB, Recommended Practice for the Design of Offshore Facilities Against Fire and Blast Loading—First Edition, April 2006, Reaffirmed, September 2020; into § 250.901(a) and (d).

(G) API Recommended Practice 2FPS, Planning, Designing, and Constructing Floating Production Systems, Second Edition, October 2011, Reaffirmed September 2020; into § 250.901(a) and (d).

(H) API Recommended Practice 2FSIM, Floating Systems Integrity Management, First Edition, September 2019; into § 250.901(a) and (d).

(I) ANSI/API Recommended Practice 2GEO, Geotechnical and Foundation Design Considerations, First Edition April 2011, Addendum 1 October 2014, Reaffirmed January 2021; into § 250.901(a) and (d).

(J) API Recommended Practice 2I, In-Service Inspection of Mooring Hardware for Floating Structures; Third Edition, April 2008; into § 250.901(a) and (d).

(K) ANSI/API Recommended Practice 2MET, Derivation of Metocean Design and Operating Conditions; Second Edition, January 2021; into § 250.901(a) and (d).

(L) API Recommended Practice 2MIM, Mooring Integrity Management; First Edition, September 2019; into § 250.901(a) and (d).

(M) ANSI/API Recommended Practice 2N, Planning, Designing, and Constructing Structures and Pipelines for Arctic Conditions, Third Edition, April 2015; into § 250.470(g).

(N) API Recommended Practice 2RD, Design of Risers for Floating Production Systems (FPSs) and Tension-Leg Platforms (TLPs), First Edition, June 1998; reaffirmed, May 2006; Errata, June 2009; into §§ 250.733; 250.800(c); 250.901(a) and (d); 250.1002(b).

(O) API Recommended Practice 2RIM, Integrity Management of Risers from Floating Production Systems; First Edition, September 2019; into § 250.901(a) and (d).

(P) API Recommended Practice 2SIM, Structural Integrity Management of Fixed Offshore Structures, First Edition November 2014; reaffirmed September 2020; into §§ 250.901(a) and (d); 250.919(b) and (d); 250.920.

(Q) API Recommended Practice 2SK, Design and Analysis of Stationkeeping Systems for Floating Structures, Fourth Edition, February 2024; into §§ 250.800(c); 250.901(a) and (d).

(R) API Recommended Practice 2SM, Design, Manufacture, Installation, and Maintenance of Synthetic Fiber Ropes for Offshore Mooring, Second Edition, July 2014; Reaffirmation, September 2020; into §§ 250.800(c); 250.901(a) and (d).

(S) API Recommended Practice 2T, Planning, Designing, and Constructing Tension Leg Platforms, Third Edition, July 2010, reaffirmed June 2015; into § 250.901(a) and (d).

(T) API Specification 6A, Specification for Wellhead and Tree Equipment, Twenty-First Edition November 2018, Errata 1, April 2019, Errata 2, June 2020, Errata 3, September 2020, Errata 4, September 2021, Errata 5, May 2024, Errata 6, October 2024, Addendum 1, July 2020, Addendum 2, June 2021, Addendum 3, August 2022, Addendum 4, November 2024; into §§ 250.518(c); 250.619(c); 250.730(a); 250.802(a); 250.803(a); 250.833; 250.873(b); 250.874(g); 250.1002(b).

(U) API Standard 6AV1, Validation of Safety and Shutdown Valves for Sandy Service, Third Edition, July 2018; into §§ 250.802(a) and (c); 250.833; 250.873(b); 250.874(g).

(V) API Standard 6AV2, Installation, Maintenance, and Repair of Safety Valves (SSV, USV, BSDV), Second Edition, August 2020; into §§ 250.820; 250.834; 250.836; 250.880(c).

(W) API Specification 6D, Specification for Valves, Twenty-fifth Edition November 2021, Errata 1, December 2021, Errata 2, April 2022, Errata 3, October 2023, Addendum 1, April 2023, Addendum 2, September 2024, Addendum 3, March 2025; into § 250.1002(b).

(X) API Standard 6FA, Standard for Fire Test of Valves, Fifth Edition; Errata 1: August 2020; Errata 2: August 2020; into § 250.835(b).

(Y) API Specification 11D1, Packers and Bridge Plugs, Fourth Edition, March 2021, Addendum 1, April 2022, Errata 1, October 2024; into §§ 250.518(e); 250.619(e); 250.1703(b).

(Z) API Specification 14A, Subsurface Safety Valve and Annular Safety Valve Equipment, Thirteenth Edition, March 2024 into §§ 250.802; 250.803(a).

(AA) ANSI/API Recommended Practice 14B, Design, Installation, Operation, Test, and Redress of Subsurface Safety Valve Systems, Sixth Edition, September 2015; into §§ 250.802(b); 250.803(a); 250.814(d); 250.828(c); 250.880(c).

(BB) API Recommended Practice 14C, Analysis, Design, Installation, and Testing of Basic Surface Safety Systems for Offshore Production Platforms, Seventh Edition, March 2001, reaffirmed: March 2007; into §§ 250.125(a); 250.841(a); 250.842(a); 250.850; 250.852(a); 250.855, 250.856(a); 250.858(a); 250.862(e); 250.865(a); 250.867(a); 250.869(a) through (c); 250.872(a); 250.873(a); 250.874(a); 250.880(b) and (c); 250.1002(d); 250.1004(b).

(CC) API Recommended Practice 14E, Design and Installation of Offshore Production Platform Piping Systems, Fifth Edition, October 1991; reaffirmed, January 2013; into §§ 250.841(b); 250.842(a).

(DD) API Recommended Practice 14F, Design, Installation, and Maintenance of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class 1, Division 1 and Division 2 Locations, Sixth Edition, October 2018; into §§ 250.114(c); 250.842(c); 250.862(e).

(EE) API Recommended Practice 14FZ, Design, Installation, and Maintenance of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Zone 0, Zone 1 and Zone 2 Locations, Second Edition, May 2013; into §§ 250.114(c); 250.842(c); 250.862(e).

(FF) API Recommended Practice 14G, Fire Prevention and Control on Fixed Open-type Offshore Production Platforms, Fourth Edition, April 2007; Reaffirmed, January 2013; into §§ 250.859(a); 250.862(e); 250.880(c).

(GG) API Recommended Practice 14J, Design and Hazards Analysis for Offshore Production Facilities, Second Edition, May 2001; reaffirmed: January 2013; into §§ 250.800(b) and (c); 250.842(c); 250.901(a) and (d).

(HH) API Specification 16A, Specification for Drill-through Equipment, Fourth Edition, April 2017, Errata 1, August 2017, Errata 2, November 2017, Errata 3, May 2018, Errata 4, March 2025, Addendum 1, October 2017, Addendum 2, March 2025; into § 250.730(a).

(II) API Specification 16C, Specification for Choke and Kill Systems, Third Edition March 2021, Errata 1, July 2022, Errata, 2 October 2022, Addendum 1, July 2024; into § 250.730(a).

(JJ) API Specification 16D, Control Systems for Drilling Well Control Equipment and Control Systems for Diverter Equipment, Third Edition, November 2018, Addendum 1, August 2023; into § 250.730(a).

(KK) API Specification 17D, Specification for Subsea Wellhead and Tree Equipment, Third Edition, October 2021, Errata 1, December 2021, Addendum 1, December 2022, Addendum 2, March 2025; into §§ 250.518(c); 250.619(c); 250.730(a).

(LL) API Recommended Practice 17H, Remotely Operated Tools and Interfaces on Subsea Production Systems, Third Edition, July 2019; Errata 1, December 2021; into § 250.734(a).

(MM) API Specification 17J, Specification for Unbonded Flexible Pipe, Fifth Edition, May 2024; into §§ 250.852(e); 250.1002(b); 250.1007(a).

(NN) API Specification 20E, Alloy and Carbon Steel Bolting for Use in the Petroleum and Natural Gas Industries, Third Edition, March 2024; into § 250.730(a).

(OO) API Specification 20F, Corrosion-resistant Bolting for Use in the Petroleum and Natural Gas Industries; Second Edition, May 2018, Errata 1 October 2020, Addendum 1 November 2021; into § 250.730(a).

(PP) API Standard 53, Well Control Equipment Systems for Drilling Wells, Fifth Edition, December 2018; into §§ 250.730(a); 250.734(a); 250.735(a); 250.736(d); 250.737(d); 250.739(a).

(QQ) API Recommended Practice 65–1, Cementing Shallow-Water Flow Zones in Deepwater Wells, Second Edition, June 2018; into § 250.415(e).

(RR) API Standard 65—Part 2, Isolating Potential Flow Zones During Well Construction; Second Edition, December 2010; into §§ 250.415(f); 250.420(a).

(SS) API Recommended Practice 75, Recommended Practice for Development of a Safety and Environmental Management Program for Offshore Operations and Facilities, Third Edition, May 2004, reaffirmed May 2008; into §§ 250.1900(a); 250.1902(c); 250.1903; 250.1909; 250.1920(a) and (b).

(TT) API Recommended Practice 90–1, Annular Casing Pressure Management for Offshore Wells, Second Edition, August 2021; into § 250.519.

* * * * *

(ii) * * *

(A) API Recommended Practice 500, Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1 and Division 2, Fourth Edition, June 2023; into §§ 250.114(a); 250.459; 250.842(a); 250.862(a) and (e); 250.872(a).

(B) API Recommended Practice 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Zone 0, Zone 1, and Zone 2, Third Edition, January 2025; into §§ 250.114(a); 250.459; 250.842(a); 250.862(a) and (e); 250.872(a).

(C) API 510, Pressure Vessel Inspection Code: In-Service Inspection, Rating, Repair, and Alteration, Eleventh Edition, October 2022, Errata 1, March 2023; into § 250.851(a).

(D) API 570, Piping Inspection Code: In-service Inspection, Rating, Repair, and Alteration of Piping Systems, Fifth Edition, February 2024; into § 250.841(b).

(iii) 600–699. (A) API Standard 653, Tank Inspection, Repair, Alteration, and Reconstruction, Fifth Edition, November 2014, Addendum 1, April 2018, Addendum 2, May 2020, Addendum 3, November 2023, Errata 1, March 2020, Errata 2, February 2025; into § 250.872(d)

(B) [Reserved]

* * * * *

(v) * * *

(A) API Specification Q1, Quality Management System Requirements for Organizations Providing Products for the Petroleum and Natural Gas Industry, Tenth Edition, September 2023; Errata 1, October 2023, Errata 2, October 2024, Errata 3, November 2024, Addendum 1, October 2024, Addendum 2, June 2025; into §§ 250.730; 250.801(b) and (c);

* * * * *

(f) * * *

(1) ASME Boiler and Pressure Vessel Code, Section I, Rules for Construction of Power Boilers, 2023 Edition, July 1, 2023; into § 250.851(a).

(2) ASME Boiler and Pressure Vessel Code, Section IV, Rules for Construction of Heating Boilers, 2023 Edition, July 1, 2023; into § 250.851(a);.

(3) ASME Boiler and Pressure Vessel Code (BPVC), Section VIII, Rules for Construction of Pressure Vessels; into § 250.851(a)—as follows:

(i) ASME BPVC.VIII.1–2023, Division 1, 2023 Edition, July 1, 2023.

(ii) ASME BPVC.VIII.2–2023, Division 2: Alternative Rules, 2023 Edition, July 1, 2023.

(iii) ASME BPVC.VIII.3–2023, Division 3: Alternative Rules for Construction of High Pressure Vessels, 2023 Edition, July 1, 2023.

(4) ASME B16.5–2020, Pipe Flanges and Flanged Fittings NPS ½ Through NPS 24 Metric/Inch Standard; into § 250.1002(b).

(5) ASME B31.8–2022, Gas Transmission and Distribution Piping Systems; into § 250.1002(a).

* * * * *

(g) * * *

(1) ASTM C33/C33M–24a, Standard Specification for Concrete Aggregates, Revision A, November 2024; into § 250.901(a) and (d).

(2) ASTM C94/C94M–24d, Standard Specification for Ready-Mixed Concrete, Revision D, December 2024; into § 250.901(a) and (d).

(3) ASTM C150/C150M–24, Standard Specification for Portland Cement, July 2024; into § 250.901(a) and (d).

(4) ASTM C330/C330M–23, Standard Specification for Lightweight Aggregates for Structural Concrete, June 2023; into § 250.901(a) and (d).

(5) ASTM C595/C595M–24, Standard Specification for Blended Hydraulic Cements, July 2024; into § 250.901(a) and (d).

(6) ASTM F3387–23, Standard Practice for Respiratory Protection, November 2023; into § 250.490(g) and (j).

* * * * *

(h) * * *

(1) AWS D1.1/D1.1M:2025, Structural Welding Code—Steel, 25th Edition, March, 2025; into § 250.901(a) and (d).

(2) AWS D1.4/D1.4M:2018, Structural Welding Code—Steel Reinforcing Bars, 8th Edition, February 2018; into § 250.901(a) and (d).

(3) AWS D3.6M:2017, Underwater Welding Code, 6th Edition, January 2017; into § 250.901(a) and (d).

* * * * *

(l) [Reserved]

■ 4. Amend § 250.490 by revising paragraphs (g)(4)(iv), (j)(13)(ii), and (p)(2) to read as follows:

§ 250.490 Hydrogen sulfide.

* * * * *

(g) * * *

(4) * * *

(iv) Restrictions and corrective measures concerning beards, spectacles, and contact lenses in conformance with ASTM F3387–23 (incorporated by reference, see § 250.198);

* * * * *

(j) * * *

(13) * * *

(ii) Design, select, use, and maintain respirators in conformance with ASTM F3387–23 (incorporated by reference, see § 250.198).

* * * * *

(p) * * *

(2) Use BOP system components, wellhead, pressure-control equipment, and related equipment exposed to H2S-bearing fluids in conformance with ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020 (incorporated by reference, see § 250.198).

* * * * *

■ 5. Amend § 250.518 by revising paragraph (a)(2) and (e)(1), to read as follows:

§ 250.518 Tubing and wellhead equipment.

* * * * *

(a) * * *

(2) The tubing string materials must be appropriate for the environment. You must follow ANSI/NACE AMPP MR0175–2021/ISO 15156:2020 (incorporated by reference, see § 250.198) when H2S concentration may equal or exceed 0.05 psi partial pressure.

* * * * *

(e) * * *

(1) The uppermost permanently installed packer and all permanently installed bridge plugs qualified as mechanical barriers must comply with API Specification 11D1 (incorporated by reference, see § 250.198);

* * * * *

■ 6. Revise and republish § 250.519 to read as follows:

§ 250.519 What are the requirements for casing pressure management?

Once you install your wellhead, you must meet the casing pressure management requirements of API Recommended Practice 90–1 (incorporated by reference, see § 250.198) and the requirements of §§ 250.519 through 250.531. If there is a conflict between API Recommended Practice 90–1 and the casing pressure requirements of this subpart, you must follow the requirements of this subpart.

* * * * *

■ 7. Amend § 250.619 by revising paragraph (a)(2) to read as follows:

§ 250.619 Tubing and wellhead equipment.

* * * * *

(a) * * *

(2) The tubing string materials must be appropriate for the environment. You must follow ANSI/NACE AMPP MR0175–2021/ISO 15156:2020 (incorporated by reference, see § 250.198) when H2S concentration may equal or exceed 0.05 psi partial pressure.

* * * * *

§ 250.730 [Amended]

■ 8. Amend § 250.730 by removing the text ''ANSI/API'' wherever it appears, and adding in its place, the text ''API''

§ 250.801 [Amended]

■ 9. Amend § 250.801 by revising paragraphs (b) and (c), by removing the text ''ANSI/API'' wherever it appears, and adding in its place, the text ''API''.

§ 250.802 [Amended]

■ 10. Amend § 250.802 by removing the text ''ANSI/API'' wherever it appears, and adding in its place, the text ''API''.

§ 250.803 [Amended]

■ 11. Amend § 250.803 by removing the text ''ANSI/API'' wherever it appears, and adding in its place, the text ''API''.

§ 250.814 [Amended]

■ 12. Amend § 250.814 by removing the text ''ANSI/API'' in paragraph (d), and adding in its place, the text ''API''.

§ 250.828 [Amended]

■ 13. Amend § 250.828 by removing the text ''ANSI/API'' in paragraph (c), and adding in its place, the text ''API''.

■ 14. Amend § 250.835 by revising paragraph (b) to read as follows:

§ 250.835 Specification for all boarding shutdown valves (BSDVs) associated with subsea systems.

* * * * *

(b) A BSDV must be qualified in accordance with API Standard 6FA (incorporated by reference, see § 250.198), also known as being fire resistance qualified, and must be pressure rated for the maximum allowable pressure (MAOP) approved in your pipeline application.

* * * * *

■ 15. Amend § 250.872 by adding paragraph (d) to read as follows.

§ 250.872 Atmospheric vessels.

* * * * *

(d) You must make repairs to atmospheric vessels in accordance with API Standard 653 (incorporated by reference, see § 250.198), or by utilizing equivalent recognized engineering practices.

■ 16. Amend § 250.901 by:

■ a. Revising paragraphs (a)(1) through (a)(3) and (a)(12) through (a)(21);

■ b. Adding paragraph (a)(28) and (a)(29);

■ c. Renumbering paragraphs (d)(13) through (d)(26) as (d)(15) through (d)(28);
■ d. Insert revised new paragraphs (d)(13) and (d)(14)

The revisions and additions read as follows:

§ 250.901 What industry standards must your platform meet?

(a) * * *

(1) ACI CODE 318–25 (incorporated by reference, see § 250.198)
(2) ACI 357R–84 (incorporated by reference, see § 250.198)
(3) ANSI/AISC 360–22 (incorporated by reference, see § 250.198)
* * * * *
(12) ASTM C33/C33M–24a (incorporated by reference, see § 250.198)
(13) ASTM C94/C94M–24a (incorporated by reference, see § 250.198)
(14) ASTM C150/C150M–24 (incorporated by reference, see § 250.198)
(15) ASTM C330/C330M–23 (incorporated by reference, see § 250.198)
(16) ASTM C595/595M–24 (incorporated by reference, see § 250.198)
(17) AWS D1.1/D1.1M:2025 (incorporated by reference, see § 250.198)
(18) AWS D1.4/D1.4M:2018 (incorporated by reference, see § 250.198)
(19) AWS D3.6M:2017 (incorporated by reference, see § 250.198)
(20) ANSI/NACE AMPP MR0175–2021/ISO 15156–1:2020 (incorporated by reference, see § 250.198)
(21) NACE AMPP SP0176–2022 (incorporated by reference, see § 250.198)
* * * * *
(28) ANSI/API Recommended Practice 2EQ (incorporated by reference, see § 250.198)
(29) API Recommended Practice 2FB (incorporated by reference, see § 250.198).
* * * * *

(d) * * *

Industry standard	Applicable to . . .
(1) ACI Standard 318–25;	* * *
(2) ANSI/AISC 360–22;	
* * * * * * *	
(4) ASTM C33/C33M–24a;	
(5) ASTM C94/C94M–24d;	
(6) ASTM C150/C150M–24;	
(7) ASTM C330/C330M–23;	
(8) ASTM C595/595M–24;	
(9) AWS D1.1/D1.1M:2025;	
(10) AWS D1.4/D1.4M:2018;	
(11) AWS D3.6M:2017;	
(12) NACE AMPP SP0176–2022;	
(13) ANSI/API Recommended Practice 2EQ;	
(14) API Recommended Practice 2FB;	
* * * * * * *	

■ 17. Amend § 250.1002 by revising paragraphs (a) and (b) to read as follows:

§ 250.1002 Design requirements for DOI pipelines.

(a) You must determine the internal design pressure for steel pipe using the following ASME B31.8 (incorporated by reference, see § 250.198) para. 841.1 formula:

$$P = \frac{2(S)(t)}{D}(F)(E)(T)$$

Where:

D = nominal outside diameter of pipe, in inches
E = longitudinal weld joint quality factor obtained from ASME B31.8 Table 841.1.7–1 [see also ASME B31.8 para. 817.1.3(d)]
F = design factor obtained of 0.72 for the submerged component and 0.60 for the riser component
P = Internal design pressure in pounds per square inch (psi)
S = Specified minimum yield strength, psi, stipulated in the specifications under which the pipe was purchased from the manufacturer or determined in accordance with ASME B31.8 paras. 817.1.3(h) and 841.1.4.
T = temperature derating factor obtained from ASME B31.8 Table 841.1.8–1
t = nominal wall thickness, inches.

(b) * * *

(2) Pipeline flanges and flange accessories shall meet the minimum design requirements of ASME B16.5, API Specification 6A (incorporated by reference, see § 250.198), or the equivalent. Each flange assembly must be able to withstand the maximum pressure at which the pipeline is to be operated and to maintain its physical and chemical properties at any temperature to which it is anticipated that it might be subjected in service.

* * * * *

■ 18. Amend § 250.1202 by:

■ a. Removing paragraphs (a)(2)(xxi) and (a)(2)(xxii);
■ b. Renumbering paragraphs (a)(2)(xxiii) through (xliv) as (a)(2)(xxi) through (xlii);
■ c. Removing paragraph (a)(3)(iii),
■ d. Renumbering paragraphs (a)(3)(iv) through (viii) as (a)(3)(iii) through (vii);
■ e. Revising paragraphs (a)(2), (a)(3), (f)(1)(iii), (g)(4), (h)(5) and (l)(4) to read as follows:

§ 250.1202 Liquid hydrocarbon measurement.

(a) * * *
(2) * * *
(i) API MPMS Chapter 2.2A (incorporated by reference, see § 250.198)
* * * * *
(iv) API MPMS Chapter 3.1B (incorporated by reference, see § 250.198)
* * * * *
(ix) API MPMS Chapter 4.6 (incorporated by reference, see § 250.198)
* * * * *
(xviii) API MPMS Chapter 5.6 (incorporated by reference, see § 250.198)
* * * * *
(xix) API MPMS Chapter 6.3A (incorporated by reference, see § 250.198)
(xx) API MPMS Chapter 6.4A (incorporated by reference, see § 250.198)
* * * * *
(xxix) API MPMS Chapter 10.1 (incorporated by reference, see § 250.198)
* * * * *
(xxxv) API MPMS Chapter 12.2 (incorporated by reference, see § 250.198). You may temporarily continue to use API MPMS Chapter 12, Section 2, Part 1, API MPMS Chapter 12, Section 2, Part 2, and API MPMS Chapter 12, Section 2, Part 3 (incorporated by reference, see § 250.198) for flow computer systems at MMA designated facility measurement points (FMP) in existence as of August 10, 2026. However, you must comply with API MPMS Chapter 12.2 at these FMPs commencing 5 years after this same date unless otherwise approved by the Regional Supervisor;
(xxxvi) API MPMS Chapter 12.4.1 (incorporated by reference, see § 250.198)
(3) * * *
(ii) API MPMS Chapter 5.6 (incorporated by reference, see § 250.198)
* * * * *
(v) API MPMS Chapter 11.2.5 (incorporated by reference, see § 250.198)
(vi) API MPMS Chapter 12.4.1 (incorporated by reference, see § 250.198)
* * * * *
(f) * * *
(1) * * *
(iii) API MPMS Chapter 12.4.1 (incorporated by reference, see § 250.198)
* * * * *
(g) * * *
(4) API MPMS Chapter 12.4.1 (incorporated by reference, see § 250.198)
* * * * *
(h) * * *
(5) Proving systems that employ the dual chronometry method of pulse interpolation must be compliant with API MPMS Chapter 4.6 (incorporated by reference, see § 250.198) unless otherwise approved by the Regional Supervisor.
* * * * *
(l) * * *
(4) * * *
(i) API MPMS Chapter 2.2A;
* * * * *
(iv) API MPMS Chapter 3.1B; and
* * * * *
■ 19. Amend § 250.1203 by:
■ a. Removing paragraph (b)(2)(v),
■ b. Redesignating paragraphs (b)(2)(vi) through (xviii) as (b)(2)(v) through (xvii); and
■ c. Revising paragraph (b)(2) and (b)(4) to read as follows:

§ 250.1203 Gas measurement.

* * * * *
(b) * * *
(2) * * *
(xiv) API MPMS Chapter 14, Section 7 (incorporated by reference, see § 250.198)
* * * * *
(xvii) ANSI/API MPMS Chapter 21.1 (incorporated by reference, see § 250.198)
* * * * *
(4) Equip the meter with a chart or electronic data recorder. If an electronic data recorder is used, you must follow the recommendations in ANSI/API MPMS Chapter 21.1 (incorporated by reference, see § 250.198).
* * * * *

§ 250.1703 [Amended]

■ 20. Amend § 250.1703, by removing the text ''ANSI/API'' wherever it appears, and adding in its place, the text ''API''.

[FR Doc. 2026–23859 Filed 11–23–26; 8:45 am]
BILLING CODE 4310–VH–P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 77

[Docket No. VA–2026–VHA–0496]

RIN 2900–AS64

Streamlining the Application Process for Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces

AGENCY: Department of Veterans Affairs.

ACTION: Proposed rule.

SUMMARY: This proposed rule would amend the Department of Veterans Affairs (VA) regulations that govern grants for adaptive sports programs for disabled veterans and disabled members of the armed forces to allow for a more efficient review and selection of applicants for the grant. This rule would ensure that the grant aligns with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards by requiring applicants to submit an application within the VA established deadline for submission; requiring that all adaptive sports grants be openly competed; and adding a new section on appropriate actions VA may take to enforce this part. The changes proposed by this rulemaking will improve program administration without negatively impacting the veteran athletes supported by these grants.

DATES: Comments must be received on or before January 25, 2027.

ADDRESSES: You may submit comments through *www.regulations.gov* under RIN 2900–AS64. That website includes a plain-language summary of this rulemaking. Comments will be posted for viewing by the public on *www.regulations.gov,* including any personally identifiable information (*e.g.,* a social security number or address) within a comment and its supporting materials. However, VA retains discretion to redact personal or sensitive information, including but not limited to personal or sensitive information pertaining to third parties. Additionally, VA will not post public comments that make threats to individuals or institutions or suggest that the commenter will take actions to harm an individual. Instructions for accessing agency documents, submitting comments, and viewing the rulemaking docket, are available on *www.regulations.gov* under ''FAQ.'' Any public comment received after the comment period's closing date is

considered late and will not be considered in the final rulemaking.

FOR FURTHER INFORMATION CONTACT: Rachel McArdle, Deputy Executive Director, VHA Rehabilitation Prosthetics Service, (727) 219–6296. (This is not a toll-free telephone number.)

SUPPLEMENTARY INFORMATION:

I. Background

Section 521A of title 38, United States Code (U.S.C.) provides that the Secretary may carry out a program under which the Secretary may make grants to eligible entities for planning, developing, managing, and implementing programs to provide adaptive sports opportunities for disabled veterans and disabled members of the Armed Forces (adaptive sports grants). On July 1, 2014, VA established regulations in part 77 of title 38, Code of Federal Regulations (CFR) to establish the adaptive sports grant program. See 79 **Federal Register** (FR) 37211. As described in detail below, VA proposes to amend these regulations by making both substantive changes and technical corrections to part 77. These changes would align this part with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR part 200 and with other VA and Federal grant programs.

II. Substantive Changes to 38 CFR Part 77

A. Proposed Removal of § 77.6 Amendments to Grant Applications

In this rulemaking VA proposes to remove § 77.6, which establishes that an applicant may seek an amendment to its grant application after the deadline for submission and establishes the requirements for amending an application before or after the submission deadline. This change is necessary to comply with the Office of Management and Budget's (OMB) Memorandum M–04–01, Memorandum for Heads of Executive Departments and Agencies, dated October 15, 2003, which directs all Federal grant-making agencies to publish funding opportunity announcements—called ''synopses''—on *Grants.gov*. This website views each application as a separate entry and does not allow an applicant to use the process described in current § 77.6 to amend an application package after the package has been submitted. If an applicant wants to amend an application, the applicant must resubmit a complete application package prior to the submission deadline (and not an amendment limited to the individual documents currently listed in § 77.6). A resubmission is needed because the electronic application portal does not allow the applicant to access their prior application package once the application is submitted. VA will continue to allow applicants to resubmit complete grant applications with updated documents prior to the deadline, even after this proposed rule becomes final. However, VA will not accept resubmitted complete applications after the submission deadline because the application portal closes at the submission deadline.

In addition to the technical limitations, with the growth of the grant program, allowing submission of revised applications after the application deadline and during the review process creates an administrative burden that prevents VA from being able to fully review all grant applications within a reasonable time period. In turn, this results in potential delay in the award and distribution of grants.

Further, removing current § 77.6 would be consistent with other grant programs, such as VA Homeless Grant and Per Diem and Supportive Services for Veteran Families Program (see part 62 of chapter I of Title 38 of the Code of Federal Regulations), which do not allow for amendment of applications after the deadline for their submission.

For these reasons, VA proposes to remove current § 77.6. VA would not replace the current language with revised language.

B. Proposed Removal of Noncompetitive Adaptive Sports Grants

The current adaptive sports grants regulations allow for noncompetitive grants. Current § 77.13 provides that when VA identifies that an eligible entity is the only entity capable of providing an adaptive sports activity and VA determines that the award of a grant to this entity is warranted to enable adaptive sports activities, VA may request that entity to submit a grant application. Current § 77.4(c) establishes the application process for these noncompetitive grants. Further, §§ 77.9 and 77.10(a) address the use of pre-applications for noncompetitive grant applications and VA's use of a peer review process when reviewing noncompetitive grant applications, respectively.

In this rulemaking, VA proposes to remove all regulation text that authorizes or governs noncompetitive grants to ensure that VA complies with 2 CFR 200.204, by establishing that adaptive sports grant awards are openly competed and there is an equal opportunity for funding under this grant mechanism to all applicants. Section 200.204 provides that a Federal agency must announce specific funding opportunities for Federal financial assistance that will be openly competed. The term ''openly competed'' means opportunities that are not directed to one or more specifically identified applicants.

Therefore, VA proposes to remove § 77.13 in its entirety, § 77.4(c), and the references to noncompetitive grants in § 77.9 and § 77.10(a).

C. Proposed Amendment of Current § 77.21

Current § 77.21 is titled ''Application of other regulations'' and states that for purposes of this part, the requirements in 38 CFR parts 43 and 49 are superseded by those in 2 CFR part 200. In this rulemaking, VA proposes to remove the current title and regulation text because 38 CFR parts 43 and 49 have been removed, thereby making the language unnecessary. VA will then use § 77.21 to establish remedies for noncompliance when a grantee fails to comply with the grant agreement or this part.

Parts 43 and 49 codified various OMB guidance on cost principals and awards to non-Federal entities in the form of Circulars.[1] As previously stated in this rulemaking, 2 CFR part 200 establishes the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards to non-Federal entities (Uniform Guidance). On December 19, 2014, OMB published an interim final rule jointly with VA and other Federal Agencies in the **Federal Register**, making corrections to the Uniform Guidance. See 79 FR 75871. Notably, it added 2 CFR 802.101, which provided that ''The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth in 2 CFR part 200 shall apply to the Department of Veterans Affairs,'' and removed part 43 from 38 CFR. See id. at 76024. For the

[1] Part 43 codified OMB Circulars A–21, Cost Principles for Educational Institutions, A–87, Cost Principles for State, Local and Indian Tribal Governments, A–122 Cost Principles for Non-Profit Organizations, A–89, Catalog of Federal Domestic Assistance, A–102, Grants and Cooperative Agreements With State and Local Governments, A–133, Audits of States, Local Governments and Non-Profit Organizations, and the guidance in Circular A–50 on Single Audit Act follow-up. Part 49 codified OMB Circular A–110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations. Part 200 of 2 CFR establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities, to include awards by VA (Uniform Guidance).

same reasons, VA removed part 49 from 38 CFR in a separate rulemaking. See 80 FR 43320 (Jul. 22, 2015).

VA no longer needs to clarify that the requirements in such parts are superseded by those in 2 CFR part 200 because 38 CFR parts 43 or 49 no longer exist. Therefore, the current provisions of § 77.21 are unnecessary.

Instead of reserving § 77.21 for future use, VA proposes to amend § 77.21 to establish VA's enforcement authority when a grantee fails to comply with the terms of the grant agreement or this part. VA proposes to change the title of § 77.21 to ''Remedies for noncompliance''. This authority would be consistent with 2 CFR part 200, specifically, 2 CFR 200.208 (specific conditions), 200.305 (Federal payment), 200.339 through 200.343 (remedies for noncompliance), and 200.346 (collections of amounts due).

Proposed paragraph (a) would state that if a grantee fails to comply with the terms of the grant agreement, VA will enforce this part through actions consistent with 2 CFR part 200 that may include, but are not limited to, withholding, suspension, disallowing costs for all or part of the activity associated with the noncompliance of the grantee, and termination.

VA would explicitly reference 2 CFR part 200 to ensure that grantees know where to locate the remedies VA can use when the grantee is noncompliant. VA refers to 2 CFR part 200 rather than the specific sections, as described above, so that future changes to those sections can be implemented immediately without VA needing to conduct further rulemakings. VA would use withholding, suspension, disallowing costs for all or part of the activity associated with the noncompliance of the grantee, and termination as examples because those are the most common actions VA would take. However, the list is not exhaustive.

VA acknowledges that when certain actions (such as suspension and termination) are taken against grantees pursuant to this section and 2 CFR part 200, a disruption in services to participants may occur. VA is not proposing to regulate responsibilities for grantees to continue to provide services in circumstances where VA suspends or terminates a grant for adaptive sports programs. Instead, VA will include these requirements in the grant agreement pursuant to part 77. This would ensure that the disruption and impact upon participants is minimized as much as possible.

Proposed paragraph (b) would address recovery of funds by VA. This language is currently in § 77.17; however, VA proposes to move the language to proposed § 77.21(b) because recovery of funds results from a grantee's noncompliance. These recovery provisions would be included in proposed § 77.21, with no revisions to the regulation text. VA would only revise the numbering of the sections in current § 77.17 to conform with the numbering convention in proposed § 77.21. As such, VA would remove § 77.17.

Proposed § 77.21(b) would state that (1) VA may recover from the grantee any funds that are not used in accordance with a grant agreement. If VA decides to recover funds, VA will issue to the grantee a notice of intent to recover grant funds, and grantee will then have 30 days to submit documentation demonstrating why the grant funds should not be recovered. After review of all submitted documentation, VA will determine whether action will be taken to recover the grant funds. (2) When VA makes a final decision that action will be taken to recover grant funds from the grantee, VA must stop further payments of grant funds under this part until the grant funds are recovered and the condition that led to the decision to recover grant funds has been resolved.

D. Proposed Addition of Suspension and Withholding to Definitions in § 77.2

In this rulemaking, VA proposes to add definitions of suspension and withholding to § 77.2 in alphabetical order.

VA proposes to define suspension to mean an action by VA that temporarily withdraws VA funding under an adaptive sports grant, pending corrective action by the grantee or pending a decision to terminate the grant by VA. Suspension of a grant is a separate action from suspension under VA regulations or guidance implementing Executive Orders 12549 and 12689, ''Debarment and Suspension.'' This definition is consistent with the definition for this term used in other VA grant programs, such as the Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program and the Legal Services for Homeless Veterans and Veterans At-Risk for Homelessness Grant Program. See §§ 78.5 and 79.5.

VA proposes to define withholding to mean that an adaptive sports grant will not be paid until VA determines that the grantee has provided sufficient documentation, and/or actions to correct a deficiency, to pay the grant. This definition provides a general description of how this term is used in 2 CFR part 200. This definition is also generally consistent, with only minor clarifying edits, with how this term is defined in other VA grant programs, such as the Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program and the Legal Services for Homeless Veterans and Veterans At-Risk for Homelessness Grant Program. See §§ 78.5 and 79.5.

III. Technical Edits to 38 CFR Part 77

A. Proposed Changes to Terminology Related to Notice of Funding Availability

VA proposes to change the term Notice of Funding Availability (NOFA) to Notice of Funding Opportunity (NOFO) throughout part 77. The Federal government, including VA, used these terms at the time VA established the regulations for part 77. However, since that time, 2 CFR 200.204, which governs discretionary grants and cooperative agreements, including the instant grant program, uses the terminology Notice of Funding Opportunity or NOFO. VA also uses Notice of Funding Opportunity or NOFO in its other grant programs, such as the Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program (see 38 CFR 78.110) and the Legal Services for Homeless Veterans and Veterans At-Risk for Homeless Grant Program (see § 79.65).

To be consistent with § 200.204 and the use of Notice of Funding Opportunity and NOFO in other grant programs VA administers, VA proposes to replace all references in part 77 to ''Notice of Funding Availability'' with ''Notice of Funding Opportunity'' and all references to ''NOFA'' with ''NOFO''. Specifically, VA proposes to make these changes to the definition of Notice of Funding Availability in 38 CFR 77.2, 77.12 Notice of Funding Availability section, and all mentions of NOFA found in 77.3(b), 77.4(a) through (c), 77.5(b), 77.8(a) and (h), 77.9, 77.10(a) and (b), the title and introductory paragraph of § 77.12, and 77.15(a).

These technical edits would not change the meaning of the term and would have no substantive impact.

B. Proposed Changes to Cross References

1. Definition of Adaptive Sports Grant Agreement in § 77.2

VA defines the term adaptive sports grant agreement to mean the agreement executed between VA and a grantee as specified under § 77.17. VA made a technical error in citing to § 77.17, which authorizes VA to recover funds from the grantee if they are not used in accordance with an adaptive sports grant agreement. Section 77.14 describes grant agreements for this program. Thus,

VA proposes to make a technical revision to the definition of adaptive sports grant agreement in § 77.2 by removing the reference to § 77.17 and adding, in its place, § 77.14. This revision has no substantive impact on the definition of adaptive sports grant agreement.

2. Definition of Notice of Funding Opportunity (NOFO)

VA currently defines the term Notice of Funding Availability to mean a Notice of Funding Availability published in the OMB-designated government-wide website in accordance with § 77.13 and 2 CFR part 200. As previously stated in this rulemaking, VA proposes to revise the term Notice of Funding Availability (NOFA) to Notice of Funding Opportunity (NOFO) throughout part 77. In addition to making this revision, VA would also make a technical revision to the definition of NOFO. VA made a technical error in citing to § 77.13 because this section addresses applications for noncompetitive adaptive sports grants, not NOFOs; section 77.12 addresses NOFOs. Thus, VA proposes to make a technical revision to the definition of NOFO in § 77.2 by removing the reference to § 77.13 and adding, in its place, § 77.12. This revision would have no substantive impact on the definition of NOFO.

3. Definition of Peer Review

VA currently defines the term peer review to mean ''the technical and programmatic evaluation by a group of experts qualified by training and experience to give expert advice, based on selection criteria established under § 77.13 or in a program announcement, on the technical and programmatic merit of adaptive sports grant applications.'' 38 CFR 77.2. VA made a technical error in citing to § 77.13, which addresses applications for noncompetitive adaptive sports grants, not selection criteria. Section 77.12 is the appropriate citation because it addresses NOFOs and the NOFO provides for the selection criteria. Thus, VA proposes to make a technical revision to the definition of peer review in § 77.2 by removing the reference to § 77.13 and adding, in its place, § 77.12. This revision would have no substantive impact on the definition of peer review.

3. Definition of Veteran in § 77.2

VA proposes to revise the definition of veteran in § 77.2 by citing to 38 U.S.C. 101(2) instead of 38 CFR 3.1. Current § 77.2 defines the term ''veteran'' by adopting the regulatory definition in 38 CFR 3.1, which, in turn, adopts the statutory definition of veteran in 38 U.S.C. 101(2). Referencing the statute ensures that the regulation fully aligns with its statutory authority as well as any future amendments to that statutory authority.

4. Definition of Veterans Service Organization in § 77.2

VA proposes to revise the definition of Veterans Service Organization. VA will technically amend the reference to ''section 5902 of title 38, United States Code'' in the current definition of Veterans Service Organization to simply read ''38 U.S.C. 5902.'' This change is consistent with other statutory references in 38 CFR.

5. Sections 77.4, Applications, and 77.9, Use of Pre-Applications

VA proposes to revise the parenthetical at the end of current § 77.4 that explains that OMB has approved the information collection requirements in this section under control numbers 2900–0820, 4040–0004 for Standard Form 424, and 4040–0008 for Standard Form 424C. VA further proposes to amend the parenthetical at the end of current § 77.9, which describes VA's authority to request pre-application for grant applications and similarly refers to 4040–0008 for Standard Form 424C.

The form associated with the OMB approved number 4040–0008 is Standard Form 424C, which relates to Budget Information for Construction Programs. However, this grant program does not have any provisions for the construction of any type of building. Instead, it should reference Standard Form number 424A, which is Budget Information for Non-Construction Programs and is currently approved by OMB under 4040–0006. Thus, VA proposes to revise the parenthetical of §§ 77.4 and 77.9 to correctly refer to 4040–0006 for Standard Form 424A instead of 4040–0008 for Standard Form 424C. This has no substantive impact on the administration or implementation of §§ 77.4 and 77.9.

6. Section 77.10 Peer Review Methods

Section 77.10 describes VA's use of its internal peer review process when reviewing pre-applications (initial threshold review to determine if the application meets the minimum eligibility criteria) and formal applications for selection of grantees. Both paragraphs (a) and (b) explain that the peer reviewer use the selection criteria in § 77.5. However, § 77.8 also includes requirements that the peer reviewer must take into consideration. Therefore, VA proposes to also include a reference to § 77.8. This would ensure that § 77.10 provides all pertinent references used during the peer review process. This addition has no substantive impact on the administration or implementation of § 77.10.

Executive Orders 12866 and 13563, and 14192

VA examined the impact of this rulemaking as required by Executive Orders 12866 (Sept. 30, 1993) and 13563 (Jan. 18, 2011), 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. The Office of Information and Regulatory Affairs has determined that this rulemaking is not a significant regulatory action under Executive Order 12866, as supplemented by Executive Order 13563. Additionally, VA examined this proposed final rule and has determined that it is consistent with the policies and directives outlined in Executive Order 14192, Unleashing Prosperity Through Deregulation (90 FR 2065, Feb. 6, 2025), and is considered an Executive Order 14192 deregulatory action.

Economic Impact: VA believes this proposed rule is deregulatory because it removes outdated and unused provisions that no longer align with current technology or Federal grants management requirements. By eliminating inefficiencies, the rule streamlines administrative processes and reduces confusion for applicants while improving consistency with other VA grant programs. VA does not anticipate any costs or transfers to be associated with this rule. These changes provide qualitative benefits through improved clarity and efficiency in the adaptive sports grant program.

Regulatory Flexibility Act

The Secretary hereby certifies that this proposed rule would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (5 U.S.C. 601–612). The basis for this certification relies on the grant program providing Federal awards (*e.g.,* grant money) to small entities. Although the small entities must apply for Federal awards, there are no out-of-pocket expenses (*e.g.,* no filing fees) created by this rulemaking. Therefore, pursuant to 5 U.S.C. 605(b), the initial and final regulatory flexibility analysis requirements of 5 U.S.C. 603 and 604 do not apply.

Unfunded Mandates

This proposed rule would not result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of $100 million or more (adjusted annually for inflation) in any one year.

Paperwork Reduction Act (PRA)

Although this proposed rule contains collection of information under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521), there are no provisions associated with this rulemaking constituting any new collection of information or any revisions to the existing collection of information. The collections of information for 38 CFR part 77 are found in §§ 77.4, 77.8, 77.9, 77.16, and 77.19. These collections are currently approved by the Office of Management and Budget (OMB) and have been assigned OMB control numbers 2900–0820, 4040–0004, and 4040–0006. Collections of information are also found in § 77.6. However, that section is proposed to be removed by this rulemaking, and as a result, the reference to collections of information in § 77.6 would also be removed. Additionally, those collections of information in § 77.6 are not currently approved. Thus, the current collections would not be affected by the removal of § 77.6.

Assistance Listing

The Assistance Listing number and title for the program affected by this document is 64.034, Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces.

List of Subjects in 38 CFR Part 77

Administrative practice and procedure, Grant programs—health, Grant programs—veterans, Health care, Health facilities, Reporting and recordkeeping requirements, Travel and transportation expenses, Veterans.

Signing Authority

Douglas A. Collins, Secretary of Veterans Affairs, approved this document on November 17, 2026, and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs.

Gabriela DeCuir,

Alternate Federal Register Liaison Officer, Department of Veterans Affairs.

For the reasons stated in the preamble, the Department of Veterans Affairs proposes to amend 38 CFR part 77 as set forth below:

PART 77—GRANTS FOR ADAPTIVE SPORTS PROGRAMS FOR DISABLED VETERANS AND DISABLED MEMBERS OF THE ARMED FORCES

■ 1. The authority citation for part 77 continues to read as follows:

Authority: 38 U.S.C. 501, 521A, unless otherwise noted.

§§ 77.2, 77.3, 77.4, 77.5, 77.6, 77.8, 77.10, 77.12, 77.13, 77.15 [Amended]

■ 2. In the table below, for each section indicated in the left column, remove the words indicated in the middle column from wherever they appear in the title or section, and add the words indicated in the right column:

Section	Remove	Add
77.2	Notice of Funding Availability	Notice of Funding Opportunity.
77.2	Notice of funding availability	Notice of funding opportunity.
77.2	NOFA	NOFO.
77.2	section 5902 of title 38, United States Code	38 U.S.C. 5902.
77.2	77.17	77.14.
77.2	77.13	77.12.
77.3	NOFA	NOFO.
77.4	NOFA	NOFO.
77.4	4040–0008 for Standard Form 424C	4040–0006 Standard Form for 424A.
77.5	NOFA	NOFO.
77.8	NOFA	NOFO.
77.10	NOFA	NOFO.
77.10	§ 77.5	§§ 77.5, 77.8.
77.12	Availability	Opportunity.
77.12	NOFA	NOFO.
77.15	NOFA	NOFO.

§ 77.2 [Amended]

■ 3. Amend § 77.2 by:

■ (a) Adding a definition of suspension in alphabetical order.

■ (b) Revising the definition of veteran.

■ (c) Adding a definition of withholding in alphabetical order.

The revision and additions read as follows:

§ 77.2 Definitions.

* * * * *

Suspension means an action by VA that temporarily withdraws VA funding under an adaptive sports grant, pending corrective action by the grantee or pending a decision to terminate the grant by VA. Suspension of a grant is a separate action from suspension under VA regulations or guidance implementing Executive Orders 12549 and 12689, ''Debarment and Suspension.''

* * * * *

Veteran means an individual as defined in 38 U.S.C 101(2).

* * * * *

Withholding means that an adaptive sports grant will not be paid until VA determines that the grantee has provided sufficient documentation, and/or actions to correct a deficiency, to pay the grant.

§ 77.4 [Amended]

■ 4. Amend § 77.4 by removing paragraph (c).

§ 77.6 [Removed]

■ 5. Remove § 77.6 and mark as reserved for future use.

§ 77.9 [Amended]

■ 6. Revise and republish § 77.9 to read as follows.

§ 77.9 Use of pre-applications.

VA may request pre-applications for competitive grant applications. Such request would be made in a NOFO.

(OMB has approved the information collection requirements in this section under control numbers 2900–0820, 4040–0004 for Standard Form 424, and 4040–0006 Standard Form for 424A.)

§ 77.10 [Amended]

■ 7. Amend § 77.10 by revising paragraph (a) to read as follows.

§ 77.10 Peer review methods.

(a) VA may subject both pre-applications and formal applications to a peer review process. For competitive applications, peer review will normally consist of written comments based on the selection criteria established in §§ 77.5, 77.8, and any weighting factors identified in the NOFO, together with the assignment of numerical values. Peer review may occur at meetings of peer reviewers that are held under VA oversight, through mail reviews, or a combination of both. When advisable, site visits may also be employed. The method of peer review anticipated for each announced competitive program, including the weighting factors to be used by peer reviewers, will be specified in each NOFO.

* * * * *

§ 77.13 [Removed]

■ 8. Remove § 77.13 and mark as reserved for future use.

§ 77.17 [Removed]

■ 9. Remove § 77.17 and mark as reserved for future use.

§ 77.21 [Amended]

10. Revise and republish § 77.21 to read as follows.

§ 77.21 Remedies for noncompliance.

(a) *Noncompliance.* If a grantee fails to comply with the terms of the grant agreement, VA will enforce this part through actions in accordance with 2 CFR part 200 that may include, but are not limited to, withholding, suspension, disallowing costs for all or part of the activity associated with the noncompliance of the grantee, and termination.

(b) *Recovery of funds by VA.* (1) *General.* VA may recover from the grantee any funds that are not used in accordance with a grant agreement. If VA decides to recover funds, VA will issue to the grantee a notice of intent to recover grant funds, and grantee will then have 30 days to submit documentation demonstrating why the grant funds should not be recovered. After review of all submitted documentation, VA will determine whether action will be taken to recover the grant funds.

(2) *Prohibition of additional adaptive sports grant payments.* When VA makes a final decision that action will be taken to recover grant funds from the grantee, VA must stop further payments of grant funds under this part until the grant funds are recovered and the condition that led to the decision to recover grant funds has been resolved.

[FR Doc. 2026–23886 Filed 11–23–26; 8:45 am]

BILLING CODE 8320–01–P

Notices

Federal Register
Vol. 91, No. 225
Tuesday, November 24, 2026

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[Docket No. AMS–LP–26–2311]

Notice of Request for a Revision of a Currently Approved Information Collection; Livestock, Poultry, and Grain Market News

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Agricultural Marketing Service's (AMS) intention to request approval from the Office of Management and Budget (OMB) for a revision of the currently approved information collection, ''Livestock, Poultry, and Grain Market News'' (OMB 0581–0033). This request merges the currently approved collection, ''Plan for Estimating Daily Livestock Slaughter Under Federal Inspection'' (OMB 0581–0050), with the Livestock, Poultry, and Grain Market News collection. Both collections are authorized by the Agricultural Marketing Act of 1946, use the same information collection methods, and rely on voluntary cooperation from the livestock industry to collect and disseminate marketing information.

DATES: Comments received by January 25, 2027 will be considered.

ADDRESSES: Interested persons are invited to submit comments concerning this information collection document. Comments should be submitted online at *www.regulations.gov* or sent to Russell Avalos, Assistant to the Director; Livestock, Poultry, and Grain Market News Division; Livestock and Poultry Program; Agricultural Marketing Service, U.S. Department of Agriculture, 400 N 8th Street, Room 726; Richmond, VA 23219; telephone (202) 738–2112; or email *Russell.Avalos@usda.gov.* All comments should reference the docket number (AMS–LP–26–2311), the date, and page number of this issue of the **Federal Register**. All comments received will be posted without change, including any personal information provided, online at *www.regulations.gov* and will be made available for public inspection at the above physical address during regular business hours.

FOR FURTHER INFORMATION CONTACT: Russell Avalos at the above physical address, by telephone (202) 738–2112, or by email at *Russell.Avalos@usda.gov.*

SUPPLEMENTARY INFORMATION:

Title: Livestock, Poultry, and Grain Market News.

OMB Number: 0581–0033.

Expiration Date of Approval: January 31, 2027.

Type of Request: Request for a revision of a currently approved information collection.

Abstract: The Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627), as amended, authorizes the Secretary of Agriculture to provide timely nationwide coverage of prices, supply, demands, trends, movement, and other pertinent information affecting the trading of livestock, poultry, meat, eggs, grain, and their related products, as well as locally produced and marketed products. The market reports compiled and disseminated by the Livestock, Poultry, and Grain Market News (LPGMN) Division provide current, unbiased, and factual information to all stakeholders in the U.S. agricultural industry. Market News reports assist producers, processors, wholesalers, retailers, and others to make informed production, purchasing, and sales decisions. LPGMN reports also promote orderly marketing by placing buyers and sellers on a more equal negotiation basis.

LPGMN reporters communicate with buyers and sellers of livestock, poultry, meat, eggs, grain, local products, and their respective commodities on a daily basis to accomplish the Division's mission. This communication and information gathering is accomplished through the use of telephone conversations, facsimile transmissions, face-to-face meetings, and email messages. The information provided by respondents underpins Market News reporting, which must be timely, accurate, unbiased, and continuous if it is to be meaningful to the industry. AMS collects information on price, supply, demand, trends, movement, and other information regarding livestock, poultry, meat, grain, eggs, local products, and their respective commodities.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average .099 hours per response.

Respondents: Business or other for-profit and farms.

Estimated Number of Respondents: 2,208.

Estimated Total of Annual Responses: 156,048.

Estimated Number of Responses per Respondent: 71 (*rounded*).

Estimated Total Annual Burden on Respondents: 15,547 (*rounded*).

Comments are invited on: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

All responses to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record.

Melissa Bailey,

Associate Administrator, Agricultural Marketing Service.

[FR Doc. 2026–23871 Filed 11–23–26; 8:45 am]

BILLING CODE 3410–02–P

COMMISSION ON CIVIL RIGHTS

Notice of Public Meeting of the South Carolina Advisory Committee to the U.S. Commission on Civil Rights

AGENCY: U.S. Commission on Civil Rights.

ACTION: Notice of virtual business meeting.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the South Carolina Advisory Committee (Committee) to the U.S. Commission on Civil Rights will hold a public meeting via Zoom. The Committee will hold a briefing to hear testimony for their study on Occupational Licensing. If time allows, they may hold a business meeting to debrief.

DATES: Thursday, January 28, 2027, from 1:30 p.m.–3:30 p.m. Eastern Time.

ADDRESSES: The meeting will be held via Zoom.

Registration Link (Audio/Visual):

Join by Phone (Audio Only): 1–833–435–1820 USA Toll Free; Webinar ID: 165 965 5731#, Passcode: 347769.

FOR FURTHER INFORMATION CONTACT: Victoria Moreno, Designated Federal Officer, at *vmoreno@usccr.gov* or (434) 515–0204.

SUPPLEMENTARY INFORMATION: This Committee meeting is available to the public through the registration link above. Any interested members of the public may attend this meeting. An open comment period will be provided to allow members of the public to make oral comments as time allows. Pursuant to the Federal Advisory Committee Act, public minutes of the meeting will include a list of persons who are present at the meeting. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning is available by selecting ''CC'' in the meeting platform. To request additional accommodations, please email *csanders@usccr.gov* at least 10 business days prior to the meeting.

Members of the public are entitled to submit written comments; the comments must be received in the regional office within 30 days following the scheduled meeting. Written comments may be submitted via the following form: *https://wkf.ms/4n7DKT3.* Persons who desire additional information may contact the Regional Programs Coordination Unit at (434) 515–0204.

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit Office, as they become available, both before and after the meeting. Records of the meetings will be available via the file sharing website, *https://usccr.box.com/s/fnqfsb0fcfhn0nmca2sdpgnldqv2etv7*. Persons interested in the work of this Committee are directed to the Commission's website, *http://www.usccr.gov,* or may contact the Regional Programs Coordination Unit at *csanders@usccr.gov*.

Agenda: Will be available at the following link in advance of the meeting date—*https://usccr.box.com/s/amp84amsp3lazktr67igupuzln17wutm*.

Dated: November 19, 2026.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026–23822 Filed 11–23–26; 8:45 am]

BILLING CODE P

COMMISSION ON CIVIL RIGHTS

Notice of Public Meeting of the South Carolina Advisory Committee to the U.S. Commission on Civil Rights

AGENCY: U.S. Commission on Civil Rights.

ACTION: Notice of virtual business meeting.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the South Carolina Advisory Committee (Committee) to the U.S. Commission on Civil Rights will hold a public meeting via Zoom. The Committee will hold a briefing to hear testimony for their study on Occupational Licensing and will also hold a business meeting to debrief.

DATES: Thursday, December 10, 2026, from 2:00 p.m.–4:00 p.m. Eastern Time.

ADDRESSES: The meeting will be held via Zoom.

Registration Link (Audio/Visual): https://www.zoomgov.com/webinar/register/WN_F1eM5mYTTXW-Whu7IjFGLw.

Join by Phone (Audio Only): 1–833–435–1820 USA Toll Free; Webinar ID: 165 487 8371, Passcode: 401899.

FOR FURTHER INFORMATION CONTACT: Victoria Moreno, Designated Federal Officer, at *vmoreno@usccr.gov* or (434) 515–0204.

SUPPLEMENTARY INFORMATION: This Committee meeting is available to the public through the registration link above. Any interested members of the public may attend this meeting. An open comment period will be provided to allow members of the public to make oral comments as time allows. Pursuant to the Federal Advisory Committee Act, public minutes of the meeting will include a list of persons who are present at the meeting. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning is available by selecting ''CC'' in the meeting platform. To request additional accommodations, please email *csanders@usccr.gov* at least 10 business days prior to the meeting.

Members of the public are entitled to submit written comments; the comments must be received in the regional office within 30 days following the scheduled meeting. Written comments may be submitted via the following form: *https://wkf.ms/4n7DKT3.* Persons who desire additional information may contact the Regional Programs Coordination Unit at (434) 515–0204.

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit Office, as they become available, both before and after the meeting. Records of the meetings will be available via the file sharing website, *https://usccr.box.com/s/fnqfsb0fcfhn0nmca2sdpgnldqv2etv7*. Persons interested in the work of this Committee are directed to the Commission's website, *http://www.usccr.gov,* or may contact the Regional Programs Coordination Unit at *csanders@usccr.gov*.

Agenda: Will be available at the following link in advance of the meeting date—*https://usccr.box.com/s/uc965s27v1pol1mznfn0bdzwe95n7d2f*.

Dated: November 19, 2026.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026–23823 Filed 11–23–26; 8:45 am]

BILLING CODE 6335–01–P

COMMISSION ON CIVIL RIGHTS

Notice of Public Meeting of the New Jersey Advisory Committee to the U.S. Commission on Civil Rights

AGENCY: U.S. Commission on Civil Rights.

ACTION: Notice of virtual business meeting.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the New Jersey Advisory Committee (Committee) to the U.S. Commission on

Civil Rights will hold a business meeting via Zoom. The Committee will continue planning briefings for their chosen topic of antisemitism and civil rights.

DATES: Tuesday, December 15, 2026, at 3:00 p.m. Eastern Time.

ADDRESSES: *Registration Link (Audio/Visual): https://www.zoomgov.com/webinar/register/WN_dPt_FXEgQ_qS9nPiL94gFA.*

•*Join by Phone (Audio Only):* 1–833–435–1820 USA Toll Free; Webinar ID: 165 913 8612 #.

Agendas: https://usccr.box.com/s/xkqj535ofm9fw8fhsn3sb99nv5yhvl3a (*note: final meeting agendas will be available prior to each meeting date*).

FOR FURTHER INFORMATION CONTACT: Victoria Moreno, Designated Federal Officer, at *vmoreno@usccr.gov* or 1–434–515–0204.

SUPPLEMENTARY INFORMATION: Committee meetings are available to the public through a registration link (above). Any interested members of the public may attend committee meetings. Open comment periods will be provided to allow members of the public to make oral statements as time allows. Pursuant to the Federal Advisory Committee Act, public minutes of each meeting will include a list of persons who are present. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning is available by selecting ''CC'' in the meeting platform. To request additional accommodations, please email *ebohor@usccr.gov* at least 10 business days prior to meetings.

Members of the public are entitled to submit written comments; the comments must be received in the regional office within 30 days following the scheduled meeting. Written comments may be emailed to Evelyn Bohor at *https://wkf.ms/4de4nCi.* Persons who desire additional information may contact the Regional Programs Coordination Unit at 1–202–656–8937.

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit Office, as they become available, both before and after meetings. Records of the meetings will be available via the file sharing website, *https://tinyurl.com/3ev8d9n9* as well as at: *www.facadatabase.gov* under the Commission on Civil Rights, selecting the Advisory Committee of interest. Persons interested in the work of this Committee are directed to the Commission's website, *http://www.usccr.gov,* or may contact the Regional Programs Coordination Unit at *ebohor@usccr.gov.*

Dated: November 19, 2026.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026–23825 Filed 11–23–26; 8:45 am]

BILLING CODE;P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[S–508–2026]

Foreign-Trade Zone Subzone 21; Application for Subzone Expansion; DMA Industries, LLC; Mullins, South Carolina

An application has been submitted to the Foreign-Trade Zones (FTZ) Board by the South Carolina State Ports Authority, grantee of FTZ 21, requesting expansion of Subzone 21I for FTZ designation at additional facility of DMA Industries, LLC, located in Mullins, South Carolina. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a–81u), and the regulations of the FTZ Board (15 CFR part 400). It was formally docketed on November 17, 2026.

The proposed subzone site (30.35 acres) is located at 6424 East Highway 76, Mullins, South Carolina. No authorization for production activity has been requested at this time. The proposed subzone would be subject to the existing activation limit of FTZ 21.

In accordance with the FTZ Board's regulations, Juanita Chen of the FTZ Staff is designated examiner to review the application and make recommendations to the Executive Secretary.

Public comment is invited from interested parties. Submissions shall be addressed to the FTZ Board's Executive Secretary and sent to: *ftz@trade.gov.* The closing period for their receipt is January 4, 2027. Rebuttal comments in response to material submitted during the foregoing period may be submitted through January 19, 2027.

A copy of the application will be available for public inspection in the ''Online FTZ Information System'' section of the FTZ Board's website, which is accessible via *www.trade.gov/ftz.*

For further information, contact Juanita Chen at *juanita.chen@trade.gov.*

Dated: November 19, 2026.

Colin Agostisi,

Executive Secretary.

[FR Doc. 2026–23938 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[S–509–2026]

Foreign-Trade Zone 143; Application for Subzone; Peak Energy Technologies Inc.; Sacramento, California

An application has been submitted to the Foreign-Trade Zones (FTZ) Board by the Sacramento-Yolo Port District, grantee of FTZ 143, requesting subzone status for the facility of Peak Energy Technologies Inc., located in Sacramento, California. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a–81u), and the regulations of the FTZ Board (15 CFR part 400). It was formally docketed on November 17, 2026.

The proposed subzone (9.44 acres) is located at 7180 Badiee Dr., Sacramento, California. A notification of proposed production activity has been submitted and will be published separately for public comment. The proposed subzone would be subject to the existing activation limit of FTZ 143.

In accordance with the FTZ Board's regulations, Qahira El-Amin of the FTZ Staff is designated examiner to review the application and make recommendations to the Executive Secretary.

Public comment is invited from interested parties. Submissions shall be addressed to the FTZ Board's Executive Secretary and sent to: *ftz@trade.gov.* The closing period for their receipt is January 4, 2027. Rebuttal comments in response to material submitted during the foregoing period may be submitted through January 19, 2027.

A copy of the application will be available for public inspection in the ''Online FTZ Information System'' section of the FTZ Board's website, which is accessible via *www.trade.gov/ftz.*

For further information, contact Qahira El-Amin at *Qahira.El-Amin@trade.gov.*

Dated: November 19, 2026.

Colin Agostisi,

Executive Secretary.

[FR Doc. 2026–23937 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–570–915]

Light-Walled Rectangular Pipe and Tube From the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2024

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that countervailable subsidies were not provided to Hangzhou Ailong Metal Products Co., Ltd. (Hangzhou Ailong), a producer and exporter of light-walled rectangular pipe and tube (LWR pipe and tube) from People's Republic of China (China). The period of review (POR) is January 1, 2024, through December 31, 2024.

DATES: Applicable November 24, 2026.

FOR FURTHER INFORMATION CONTACT: Isabella Przybylo, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–1079.

SUPPLEMENTARY INFORMATION:

Background

On July 17, 2026, Commerce published in the **Federal Register** the preliminary results of the 2024 administrative review of the countervailing duty order on LWR pipe and tube from China [1] and invited interested parties to comment.[2] We received no comments. Accordingly, we have not modified our analysis from the *Preliminary Results* and are, hereby, adopting the *Preliminary Results* as the final results of this review; thus, no decision memorandum accompanies this notice. Commerce conducted this review in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act).

Scope of the Order

The merchandise covered by the *Order* is LWR pipe and tube from China. For a complete description of the scope of the *Order, see* the *Preliminary Results* PDM.[3]

Final Results of Review

Commerce determines the following net countervailable subsidy rate exists for the POR, January 1, 2024, through December 31, 2024:

Producer/exporter	Subsidy rate (percent *ad valorem*)
Hangzhou Ailong Metal Products Co., Ltd	76.07

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with the final results within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of the notice of the final results in the **Federal Register**, in accordance with 19 CFR 351.224(b). However, because we made no changes from the *Preliminary Results,* there are no new calculations to disclose.

Assessment Rates

Commerce shall determine, and U.S. Customs and Border Protection (CBP) shall assess, countervailing duties on all appropriate entries covered by this review, pursuant to section 751(a)(2)(C) of the Act and 19 CFR 351.212(b)(2).

Commerce intends to issue assessment instructions to CBP regarding Hangzhou Ailong 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

Pursuant to section 751(a)(1) of the Act, Commerce also intends to instruct CBP to collect cash deposits of estimated countervailing duties with regard to shipments of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of this final results, as follows: (1) the cash deposit rate for the company listed above will be equal to the company-specific estimated individual countervailable subsidy rates determined 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) if both the producer and exporter of the subject merchandise have company-specific estimated subsidy rates assigned, and their rates differ, then the applicable cash deposit rate will be the higher of these two rates; (3) if either the producer or the exporter, but not both, of the subject merchandise has a company-specific estimated subsidy rate assigned, the applicable cash deposit rate will be that company's company-specific rate; and (4) the cash deposit rate for all other producers and exporters will be continue to be 15.28 percent, the all-others subsidy rate established in the investigation.[4] These cash deposit requirements, when imposed, shall remain in effect until further notice.

Administrative Protective Order (APO)

This notice serves as the final reminder to parties subject to APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

Notification to Interested Parties

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i) of the Act, and 19 CFR 351.221(b)(5)

Dated: November 16, 2026.

Kasey O'Connor,

Deputy General Counsel, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

[FR Doc. 2026–23940 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–DS–P

[1] *See Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Notice of Countervailing Duty Order,* 73 FR 45405 (August 5, 2008) (*Order*).

[2] *See Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Preliminary Results and Rescission, In Part, of Countervailing Duty Administrative Review; 2024,* 91 FR 44809 (July 17, 2024) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM).

[3] *See Preliminary Results* PDM at 3.

[4] *See Order,* 73 FR at 45406.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–520–812]

Certain Oil Country Tubular Goods From the United Arab Emirates: Postponement of Final Determination of Sales at Less Than Fair Value Investigation and Extension of Provisional Measures; Correction

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

ACTION: Notice; correction.

SUMMARY: The U.S. Department of Commerce (Commerce) published a notice in the **Federal Register** on November 16, 2026, in which Commerce postponed the deadline for issuing the final determination in the less-than-fair-value (LTFV) investigation of certain oil country tubular goods (OCTG) from the United Arab Emirates (UAE) and extended the application of provisional measures in that investigation. This notice corrects the postponed deadline for the final determination from March 15, 2027, to March 19, 2027.

FOR FURTHER INFORMATION CONTACT: Alexander Rodriguez, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–0190.

SUPPLEMENTARY INFORMATION:

Background

On November 16, 2026, Commerce published in the **Federal Register** its postponement of the final determination of sales at less than fair value in the LTFV investigation of OCTG from the UAE and extension of provisional measures.[1] In that notice, Commerce postponed the deadline for the final determination until 135 days after the date of publication of the *Preliminary Determination*,[2] in accordance with section 735(a)(2) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.210(b)(2). Because Commerce published its *Preliminary Determination* in the **Federal Register** on November 4, 2026, the correct postponed deadline is March 19, 2027. The notice, however, inadvertently stated the postponed deadline as March 15, 2027. In addition, footnote 4 is no longer relevant because the correct deadline falls on a weekday.

Correction

In the **Federal Register** of November 16, 2026, in FR Doc. 2026–23276, on page 73528, in the first column, correct the **SUMMARY** caption to read: ''The U.S. Department of Commerce (Commerce) is postponing the deadline for issuing the final determination in the less-than-fair-value (LTFV) investigation of Oil Country Tubular Goods (OCTG) from the United Arab Emirates (UAE) until March 19, 2027.''

In the **Federal Register** of November 16, 2026, in FR Doc. 2026–23276, on page 73528, in the second column, in the ''Postponement of Final Determination'' caption, correct the last sentence to read: ''Accordingly, Commerce will issue its final determination no later than March 19, 2027.''

In the **Federal Register** of November 16, 2026, in FR Doc. 2026–23276, on page 73528, in the second column, remove footnote 4.

Notification to Interested Parties

This notice is issued and published in accordance with 19 CFR 351.210(g).

Dated: November 19, 2026.

Kasey O'Connor,

Deputy General Counsel, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

[FR Doc. 2026–23945 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–026, C–570–027]

Certain Corrosion-Resistant Steel Products From the People's Republic of China: Preliminary Negative Determination of Circumvention of the Antidumping Duty and Countervailing Duty Orders

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines on a country-wide basis that imports of certain corrosion-resistant steel products (CORE) completed in Indonesia using hot-rolled steel (HRS) or cold-rolled steel (CRS) manufactured in the People's Republic of China (China) are not circumventing the antidumping duty (AD) and countervailing duty (CVD) orders on CORE from China. The period of inquiry is January 1, 2021, through December 31, 2025. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable November 24, 2026.

FOR FURTHER INFORMATION CONTACT: Cassie Graham or Garrison Goetsch, Office of Policy, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–2159 or (202) 482–1606, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 25, 2016, Commerce published in the **Federal Register** the AD and CVD orders on CORE from China.[1] On March 25, 2026, Commerce initiated a country-wide circumvention inquiry pursuant to section 781(b) of the Tariff Act of 1930, as amended (the Act), to determine whether imports of CORE completed in Indonesia using HRS or CRS manufactured in China are circumventing the *Orders,* and, accordingly, should be covered by the scope of the *Orders.*[2]

On April 9, 2026, Commerce issued quantity and value (Q&V) questionnaires to PT. AMNS (AMNS), NS BlueScope Indonesia (NS BlueScope), PT. Sunrise Steel (Sunrise), and PT. Tata Metal Lestari (TML).[3] Between April 21 and 23, 2026, Commerce received timely responses to the Q&V questionnaire from all four companies, in addition to one voluntary response from PT Aluminium Extrusion Indonesia (PT Alex Indo).[4] On July 28,

[1] *See Certain Oil Country Tubular Goods From the United Arab Emirates: Postponement of Final Determination of Sales at Less Than Fair Value Investigation and Extension of Provisional Measures,* 91 FR 73528 (November 16, 2026).

[2] *See Certain Oil Country Tubular Goods From the United Arab Emirates: Preliminary Affirmative Determination of Sales at Less Than Fair Value,* 91 FR 69539 (November 4, 2026) (*Preliminary Determination*).

[1] *See Certain Corrosion-Resistant Steel Products from India, Italy, the People's Republic of China, the Republic of Korea and Taiwan: Amended Final Affirmative Antidumping Determination for India and Taiwan, and Antidumping Duty Orders,* 81 FR 48390 (July 25, 2016); *see also Certain Corrosion-Resistant Steel Products from India, Italy, Republic of Korea and the People's Republic of China: Countervailing Duty Order,* 81 FR 48387 (July 25, 2016) (collectively, *Orders*).

[2] *See Certain Corrosion-Resistant Steel Products from the People's Republic of China: Initiation of Circumvention Inquiry on the Antidumping and Countervailing Duty Orders,* 91 FR 14533 (March 25, 2026), and accompanying Initiation Checklist, ''Corrosion-Resistant Steel Products from the People's Republic of China,'' dated March 19, 2026.

[3] *See* Commerce's Letter, ''Quantity and Value Questionnaire for Indonesian Producers or Exporters,'' dated April 9, 2026; *see also* Memorandum, ''Issuance of Quantity and Value Questionnaire,'' dated April 9, 2026.

[4] *See* AMNS' Letter, ''PT. AM/NS INDONESIA Response to Quantity and Value Questionnaire,'' dated April 21, 2026; *see also* NS BlueScope's

2026, Commerce extended the deadline to issue its preliminary determination by 60 days.[5] On October 9, 2026, Commerce extended the deadline to issue its preliminary determination by an additional 30 days.[6] Accordingly, the deadline for this preliminary determination is now November 20, 2026.

For a complete description of the events that followed the initiation of this circumvention inquiry, *see* the Preliminary Decision Memorandum.[7] 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 Orders

The products covered by these *Orders* are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. For a full description of the scope of the *Orders, see* the Preliminary Decision Memorandum.[8]

Merchandise Subject to the Circumvention Inquiry

This circumvention inquiry covers CORE completed in Indonesia using Chinese-origin HRS or CRS that is subsequently exported from Indonesia and imported into the United States (inquiry merchandise).

Methodology

Commerce is conducting this circumvention inquiry in accordance with section 781(b) of the Act and 19 CFR 351.226. For a complete description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum. A list of topics discussed in the Preliminary Decision Memorandum is included in the appendix to this notice.

Preliminary Determination

As detailed in the Preliminary Decision Memorandum, Commerce preliminarily determines that CORE completed in Indonesia using Chinese-origin HRS or CRS that is subsequently exported from Indonesia to the United States is not circumventing the *Orders* on a country-wide basis. Accordingly, Commerce is making a negative preliminary finding of circumvention of the *Orders.*

Verification

As provided in 19 CFR 351.307, Commerce intends to verify information relied upon in making its final determination.

Public Comment

Because Commerce intends to conduct verification, a timeline for the submission of case briefs and written comments will be provided to interested parties at a later date.[9] Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline for case briefs.[10] Parties who submit case or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.[11]

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.[12] Further, we request that interested parties limit their executive summary of each issue to no more than 450 words, not including citations. We intend to use the executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final results in this administrative review. We request that interested parties include footnotes for relevant citations in the executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).[13]

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, U.S. Department of Commerce, within 30 days after the date of publication of this notice in the **Federal Register**, filed electronically via ACCESS. Hearing requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants and whether any participant is a foreign national; and (3) a list of the issues to be discussed. Issues raised in the hearing will be limited to issues raised in the respective comments.[14] If a request for a hearing is made, Commerce intends to hold the hearing at a time and date to be determined and will notify the parties through ACCESS.[15] Parties should confirm the date, time, and location of the hearing two days before the scheduled date.

All submissions, including affirmative and rebuttal comments, as well as hearing requests, should be filed using ACCESS. An electronically-filed document must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time on the established deadline.

Notification to Interested Parties

This determination is issued and published in accordance with section 781(b) of the Act and 19 CFR 351.226(g)(1).

Dated: November 19, 2026.

Kasey O'Connor,

Deputy General Counsel, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

I. Summary
II. Background
III. Scope of the *Orders*

Letter, ''PT NS BlueScope Indonesia Response to Quantity and Value Questionnaire,'' dated April 22, 2026; Sunrise's Letter, ''PT Sunrise Steel Response to Quantity and Value Questionnaire,'' dated April 23, 2026; TML's Letter, ''PT Tata Metal Lestari Response to Quantity and Value Questionnaire,'' dated April 23, 2026; and PT Alex Indo's Letter, ''PT Aluminum Extrusion Indonesia's Quantity and Value Questionnaire Response,'' dated April 23, 2026.

[5] *See* Memorandum, ''Extension of Deadline for the Preliminary Determination in the Circumvention Inquiry,'' dated July 28, 2026.

[6] *See* Memorandum, ''Extension of Deadline for the Preliminary Determination in the Circumvention Inquiry,'' dated October 9, 2026.

[7] *See* Memorandum, ''Preliminary Decision Memorandum in the Circumvention Inquiry of the Antidumping Duty and Countervailing Duty Orders on Certain Corrosion-Resistant Steel Products from the People's Republic of China,'' dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

[8] *Id.* at 4–6.

[9] *See* 19 CFR 351.309(c). Interested parties will be notified through ACCESS regarding the deadline for submitting case briefs.

[10] *See* 19 CFR 351.309(d); *see also Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings,* 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

[11] *See* 19 CFR 351.309(c)(2)(d)(2).

[12] We use the term ''issue'' here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

[13] *See APO and Service Procedures.*

[14] *See* 19 CFR 351.310.

[15] *See* 19 CFR 351.310(d).

IV. Merchandise Subject to the Circumvention Inquiry
V. Period of Circumvention Inquiry
VI. Statutory and Regulatory Framework for the Circumvention Inquiry
VII. Analysis of Statutory Criteria for the Circumvention Inquiry
VIII. Verification
IX. Recommendation

[FR Doc. 2026–23942 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–016]

Certain Passenger Vehicle and Light Truck Tires From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2024–2025

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that producers/exporters subject to this review made sales of subject merchandise at less than normal value during the period of review (POR) August 1, 2024, through July 31, 2025.

DATES: Applicable November 24, 2026.

FOR FURTHER INFORMATION CONTACT: Eric Chen, AD/CVD Operations, Office IX, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–2860.

SUPPLEMENTARY INFORMATION:

Background

On July 16, 2026, Commerce referred potential evasion of antidumping duties to U.S. Customs and Border Protection (CBP).[1] On July 17, 2026, we published the *Preliminary Results* of the 2024–2025 administrative review of the antidumping duty order on certain passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (China) in the **Federal Register** and invited interested parties to comment.[2] We received no comments. Accordingly, we made no changes from the *Preliminary Results,* we adopt the *Preliminary* Results as the final results; thus, there is no decision memorandum accompanying this notice. Commerce conducted this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Scope of the Order [3]

The products covered by the *Order* are passenger tires from China. For a complete description of the scope of the *Order, see* the *Preliminary Results.*

Final Results of Review

For the final results, we continue to find that, because Triangle Tyre Co., Ltd (Triangle); Shandong Yongsheng Rubber Group Co., Ltd. (Yongsheng); and Shandong Zhongyi Rubber Co., Ltd. (Zhongyi) failed to establish their eligibility for a separate rate,[4] they are part of the China-wide entity. Because no party requested a review of the China-wide entity in this review, China-wide entity is not under review and the China-wide entity rate (*i.e.,* 76.46 percent) [5] is not subject to change.

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in 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 the notice of preliminary results in the **Federal Register**, in accordance with 19 CFR 351.224(b). However, because Commerce has not performed any calculations in this review, there are no calculations to disclose for these final results.

Assessment Rates

Pursuant to section 751(a)(2)(A) of the Act and 19 CFR 351.212(b)(1), Commerce has determine, and CBP shall assess, antidumping duties on all appropriate entries of subject merchandise in accordance with the final results of this review. Specifically, we will instruct CBP to liquidate all entries of subject merchandise exported by Triangle, Yongsheng, and Zhongyi during the POR at the rate for the China-wide entity (*i.e.,* 76.46 percent).

Commerce intends to issue these assessment instructions to CBP no earlier than 35 days after the date of publication of this notice 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). Pursuant to commerce Practice, we will instruct CBP to liquidate entries from the China-wide entity at 76.46 percent.

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.

Cash Deposit Requirements

The following cash deposit requirements will be effective for all shipments of the subject merchandise from China 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) for previously investigated or reviewed Chinese and non-Chinese exporters for which a review was not requested and that received a separate rate in a prior segment of this proceeding, the cash deposit rate will continue to be the existing exporter-specific rate; (2) for all Chinese exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be the rate for the China-wide entity (*i.e.,* 76.46 percent); and (3) for all non-Chinese exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the China exporter that supplied that non-Chinese exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping and/or countervailing duties prior to liquidation of the relevant entries during the POR. Failure to comply with this requirement could result in Commerce's presumption that reimbursement of antidumping and/or countervailing duties occurred and the subsequent assessment of double antidumping duties, and/or an increase in the amount of antidumping duties by the amount of the countervailing duties.

Administrative Protective Order

This notice also serves as a reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the return or

[1] *See* Commerce's Letter, ''Duty Evasion,'' dated July 16, 2026.

[2] *See Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Results and Rescission, in Part, of Antidumping Duty Administrative Review; 2024–2025,* 91 FR 44801 (July 17, 2026) (*Preliminary Results*).

[3] *See Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order,* 80 FR 47902 (August 10, 2015) (*Order*).

[4] *See Preliminary Results,* 91 FR at 44803.

[5] *See Order,* 80 FR at 47904.

destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

We are issuing and publishing these final results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(5).

Dated: November 16, 2026.

Kasey O'Connor,

Deputy General Counsel, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

[FR Doc. 2026–23939 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–028]

Hydrofluorocarbon Blends From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2024–2025

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that producers/exporters subject to this review made sales of subject merchandise at less than normal value during the period of review (POR) August 1, 2024, through July 31, 2025.

DATES: Applicable November 24, 2026.

FOR FURTHER INFORMATION CONTACT: Caroline Carroll, AD/CVD Operations, Office IX, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–4948.

SUPPLEMENTARY INFORMATION:

Background

On July 17, 2026, Commerce published in the **Federal Register** the preliminary results of the 2024–2025 administrative review of the antidumping duty order on hydrofluorocarbon (HFC) blends from the People's Republic of China (China) and invited interested parties to comment.[1] We received no comments from interested parties on the *Preliminary Results.* Therefore, we made no changes from the *Preliminary Results,* and accordingly, there is no decision memorandum accompanying this notice. Commerce conducted this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Scope of the Order[2]

The products covered by the *Order* are HFC blends from China. For a complete description of the scope of the *Order, see* the *Preliminary Results.*

Final Results of Review

For the final results, we continue to find that, because the 12 companies listed in the appendix to this notice failed to establish their eligibility for a separate rate,[3] they are part of the China-wide entity. Because no party requested a review of the China-wide entity, the entity is not under review, and the entity's rate (*i.e.,* 216.37 percent)[4] is not subject to change.

Disclosure

Normally, Commerce discloses to interested parties the calculations of the final results of an administrative review within five days of a public announcement or, if there is no public announcement, within five days of the date of publication of the final results in the **Federal Register**, in accordance with 19 CFR 351.224(b). However, because Commerce has not performed any calculations in this review, there are no calculations to disclose for these final results.

Assessment Rates

Pursuant to section 751(a)(2)(C) of the Act and 19 CFR 351.212(b), 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. Specifically, we will instruct CBP to liquidate entries all entries of subject merchandise exported by the companies listed in the Appendix to this notice during the POR at the rate for the China-wide entity (*i.e.,* 216.37 percent).

Commerce intends to issue assessment instructions to CBP no earlier than 35 days after the date of publication of the final results in the **Federal Register**. If a timely summons is filed at the U.S. Court of International Trade, the assessment instructions will direct CBP not to liquidate relevant entries until the time for parties to file a request for a statutory injunction has expired (*i.e.,* within 90 days of publication).

Cash Deposit Requirements

The following cash deposit requirements will be effective for all shipments of 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) for previously investigated or reviewed Chinese and non-Chinese exporters for which a review was not requested and that received a separate rate in a prior segment of this proceeding, the cash deposit rate will continue to be the existing exporter-specific rate; (2) for all Chinese exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be the rate for the China-wide entity (*i.e.,* 216.37 percent); and (3) for all non-Chinese exporters of subject merchandise that have not received their own rate, the cash deposit rate will be the rate applicable to the Chinese exporter that supplied that non-Chinese exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during the POR. Failure to comply with this requirement could result in Commerce's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

Administrative Protective Order

This notice also serves as a reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written

[1] *See Hydrofluorocarbon Blends from the People's Republic of China: Preliminary Results and Recission, in Part, of Antidumping Duty Administrative Review; 2024–2025,* 91 FR 44815 (July 17, 2026) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum.

[2] *See Hydrofluorocarbon Blends from the People's Republic of China: Antidumping Duty Order,* 81 FR 55436 (August 19, 2016) (*Order*).

[3] *See Preliminary Results,* 91 FR at 44816–18.

[4] *See Order.*

notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation subject to sanction.

Notification to Interested Parties

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(5).

Dated: November 16, 2026.

Kasey O'Connor,

Deputy General Counsel, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix

Companies Determined To Be Part of the China-Wide Entity

1. A-Gas (Shanghai) Chemical Co., Ltd
2. Best Inc. Limited
3. Dongyang Weihua Refrigerants Co., Ltd.
4. Foshan Midea Carrier
5. Jinhua Slihe Chemical Co. Limited
6. Ningbo Icer Ie Co., Ltd.
7. Superfy Industrial Limited
8. TSR Worldwide Limited
9. Quzhou Rongqiang Chem Co., Ltd.
10. Qingdao Shingchem New Material Co.
11. Zhejiang Boxin Import & Export Co.
12. Zhejiang Jinze Refrigerant Co., Ltd

[FR Doc. 2026–23941 Filed 11–23–26; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–082; C–570–083]

Certain Steel Wheels from the People's Republic of China: Preliminary Affirmative Determination of Circumvention of the Antidumping Duty and Countervailing Duty Orders

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that imports of certain steel wheels (steel wheels), completed in the Socialist Republic of Vietnam (Vietnam) using hot-rolled steel (HRS) produced in the People's Republic of China (China), are circumventing the antidumping duty (AD) and countervailing duty (CVD) orders on steel wheels from China. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable November 24, 2026.

FOR FURTHER INFORMATION CONTACT: Jacob Saude, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–0981.

SUPPLEMENTARY INFORMATION:

Background

On May 24, 2019, Commerce published the AD and CVD orders on steel wheels from China.[1] On March 19, 2026, Commerce initiated a country-wide circumvention inquiry pursuant to section 781(b) of the Tariff Act of 1930, as amended (the Act), to determine whether imports of steel wheels completed in Vietnam using HRS manufactured in China are circumventing the *Orders*.[2] On August 10, 2026, Commerce selected NCC Vietnam Co., Ltd. (NCC Vietnam) as the mandatory respondent in this circumvention inquiry.[3] On August 14, 2026, pursuant to section 351.226(e)(1), Commerce extended the deadline for the preliminary determination by 83 days until November 9, 2026.[4] On November 6, pursuant to section 351.226(e)(1), Commerce extended the deadline for the preliminary determination by 7 days until November 16, 2026.[5] Accordingly, the deadline for this preliminary determination is now November 16, 2026.

For a detailed description of the events that followed the initiation of this review, *see* the Preliminary Decision Memorandum.[6] A list of topics discussed in the Preliminary Decision Memorandum is attached as an appendix to this notice. The Preliminary Decision Memorandum is a public document and is available 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 Orders

The merchandise subject to the *Orders* is certain steel wheels produced primarily from hot-rolled steel. For a complete description of the scope of the *Orders, see* the Preliminary Decision Memorandum.[7]

Merchandise Subject to the Circumvention Inquiry

This circumvention inquiry covers steel wheels assembled and completed in Vietnam using Chinese-origin hot-rolled steel, that is subsequently exported from Vietnam to the United States (inquiry merchandise).

Methodology

Commerce is conducting this circumvention inquiry in accordance with section 781(b) of the Act and 19 CFR 351.226. For a complete description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum. A list of topics discussed in the Preliminary Decision Memorandum is included as the appendix to this notice.

Preliminary Circumvention Determination

As detailed in the Preliminary Decision Memorandum, Commerce preliminarily determines that steel wheels completed in Vietnam using Chinese-origin HRS and subsequently exported from Vietnam to the United States is circumventing the *Orders* on a country-wide basis. As a result, in accordance with section 781(b) of the Act, we preliminarily determine that this merchandise should be included within the scope of the *Orders. See* the ''Suspension of Liquidation and Cash Deposit Requirements'' section below for details regarding suspension of liquidation and cash deposit requirements.

Suspension of Liquidation and Cash Deposit Requirements

Based on the preliminary affirmative country-wide determination of circumvention with respect to Vietnam, in accordance with 19 CFR 351.226(l)(2), Commerce will direct U.S.

[1] *See Certain Steel Wheels from the People's Republic of China: Antidumping and Countervailing Duty Orders,* 84 FR 24098 (May 24, 2019) (*Orders*).

[2] *See Certain Steel Wheels from the People's Republic of China: Initiation of Circumvention Inquiries on the Antidumping and Countervailing Duty Orders* 91 FR 13280 (March 19, 2026) (*Initiation Notice*), and accompanying Initiation Checklist, ''Certain Steel Wheels from the People's Republic of China,'' dated March 16, 2026.

[3] *See* Memorandum, ''Circumvention Inquiry of Certain Steel Wheels from China: Respondent Identification,'' dated August 10, 2026.

[4] *See* Memorandum, ''Certain Steel Wheels from the People's Republic of China: Extension of Deadline for the Preliminary Determination in the Circumvention Inquiry,'' dated August 14, 2026.

[5] *See* Memorandum, ''Certain Steel Wheels from the People's Republic of China: Second Extension of Deadline for the Preliminary Determination in the Circumvention Inquiry,'' dated November 6, 2026.

[6] *See* Memorandum, ''Circumvention Inquiry of the Antidumping Duty and Countervailing Duty Orders on Certain Steel Wheels from the People's Republic of China: Preliminary Decision Memorandum,'' dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

[7] *Id.* at 5–6.

Customs and Border Protection (CBP) to suspend liquidation and to require a cash deposit of estimated duties on unliquidated entries of inquiry merchandise that were entered, or withdrawn from warehouse, for consumption, on or after March 19, 2026,[8] the date of initiation.

Steel wheels completed in Vietnam from HRS that are not of Chinese origin is not subject to this inquiry. Therefore, cash deposits are not required for such merchandise under the *China Orders.* However, Commerce preliminarily finds that steel wheels completed in Vietnam using China-origin HRS is circumventing the AD and CVD orders on steel wheels from China. Imports of steel wheels completed in Vietnam are subject to certification requirements, and cash deposits may be required.

Certifications

Considering our affirmative country-wide preliminary circumvention determination, Commerce preliminarily determines that no Vietnamese company, including NCC Vietnam, is currently ineligible to certify that individual entries of steel wheels are not subject to the collection of cash deposits. If any company, including NCC Vietnam, wishes to certify that its individual entries of steel wheels are not subject to the *Orders,* it must demonstrate to Commerce its eligibility and capability in a certification review. Upon reviewing any selected respondent in a future administrative review segment, or upon a company's request for a certification review within the context of the administrative review segment, Commerce will evaluate each individual company's certification eligibility, which may be subject to verification. This requirement will allow Commerce to better administer the country-wide circumvention determination and ensure accuracy of certifications following the publication of the *Final Determination* of this inquiry.

Public Comment

Pursuant to 19 CFR 351.226(f)(4), case briefs or other written comments should be submitted to the Assistant Secretary for Enforcement and Compliance no later than 14 days after the date of the publication of this notice.[9] Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline for case briefs.[10] Parties who submit case or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities. As provided under 19 CFR 351.309(c)(2) and (d)(2), we request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.[11]

Further, we request that interested parties limit their executive summary of each issue to no more than 450 words, not including citations. We intend to use the executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final determination in this proceeding. We request that interested parties include footnotes for relevant citations in the executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).[12]

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, U.S. Department of Commerce, within 30 days after the date of publication of this notice in the **Federal Register**, filed electronically via ACCESS. Hearing requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants and whether any participant is a foreign national; and (3) a list of the issues to be discussed. Issues raised in the hearing will be limited to issues raised in the respective comments.[13] If a request for a hearing is made, Commerce intends to hold the hearing at a date and time to be determined and will notify the parties through ACCESS.[14] Parties should confirm the date, time, and location of the hearing two days before the scheduled date.

All submissions, including affirmative and rebuttal comments, as well as hearing requests, should be filed using ACCESS. An electronically-filed document must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time on the established deadline.

U.S. International Trade Commission (ITC) Notification

Consistent with section 781(e) of the Act, Commerce will notify the ITC of this preliminary determination to include the merchandise subject to this circumvention inquiry within the *Orders.* Pursuant to section 781(e) of the Act, the ITC may request consultations concerning Commerce's proposed inclusion of the inquiry merchandise. If, after consultations, the ITC believes that a significant injury issue is presented by the proposed inclusion, it will have 60 days from the date of notification by Commerce to provide written advice.

Notification to Interested Parties

This determination is issued and published in accordance with section 781(b) of the Act and 19 CFR 351.226(g)(1).

Dated: November 16, 2026.

Kasey O'Connor,

Deputy General Counsel, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

I. Summary
II. Background
III. Scope of the *Orders*
IV. Merchandise Subject to the Circumvention Inquiry
V. Period of Inquiry
VI. Surrogate Country and Methodology for Valuing Factors of Production from Non-Market Economy Sources and Processing in China
VII. Surrogate Country and Methodology for Valuing Factors of Production and Inputs from Non-Market Economy Sources and Processing in Vietnam
VIII. Statutory and Regulatory Framework for a Circumvention Inquiry
IX. Analysis of Statutory Criteria for the Circumvention Inquiry
X. Other Statutory Criteria
XI. Summary of Analysis
XII. Suspension of Liquidation Prior at Initiation
XIII. Certification Process and Country-Wide Affirmative Determination of Circumvention
XIV. Recommendation

[FR Doc. 2026–23943 Filed 11–23–26; 8:45 am]

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[8] *Id.* at 17.

[9] *See* 19 CFR 351.309(f)(4).

[10] *See* 19 CFR 351.309(d); *see also Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings,* 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

[11] We use the term ''issue'' here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

[12] *See APO and Service Final Rule.*

[13] *See* 19 CFR 351.310.

[14] *See* 19 CFR 351.310(d).

DEPARTMENT OF COMMERCE

International Trade Administration

[A–552–843, C–552–844]

Certain Corrosion-Resistant Steel Products From the Socialist Republic of Vietnam: Preliminary Negative Determination of Circumvention of the Antidumping Duty and Countervailing Duty Orders

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines on a country-wide basis that imports of certain corrosion-resistant steel products (CORE) completed in Indonesia using cold-rolled steel (CRS) manufactured in the Socialist Republic of Vietnam (Vietnam) are not circumventing the antidumping duty (AD) and countervailing duty (CVD) orders on CORE from Vietnam. The period of inquiry is January 1, 2025, through December 31, 2025. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable November 24, 2026.

FOR FURTHER INFORMATION CONTACT: Natalie Jersa at (202) 482–6353 or Mark Ross at (202) 482–4794, Office of Policy, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On December 19, 2025, Commerce published in the **Federal Register** the AD and CVD orders on CORE from Vietnam.[1] On March 25, 2026, Commerce initiated a country-wide circumvention inquiry pursuant to section 781(b) of the Tariff Act of 1930, as amended (the Act), to determine whether imports of CORE completed in Indonesia using CRS manufactured in Vietnam are circumventing the *Orders,* and, accordingly, should be covered by the scope of the *Orders*.[2] On April 9, 2026, Commerce issued quantity and value (Q&V) questionnaires to PT. AMNS (AMNS), PT. Sunrise Steel (Sunrise), and PT. Tata Metal Lestari (TML).[3] Between April 22 and 23, 2026, Commerce received timely responses from all three companies, in addition to one voluntary response from PT Aluminium Extrusion Indonesia (PT Alex Indo).[4] On July 28, 2026, Commerce extended the deadline to issue its preliminary determination by 60 days.[5] On October 9, 2026, Commerce extended the deadline to issue its preliminary determination by an additional 30 days.[6] Accordingly, the deadline for this preliminary determination is now November 20, 2026.

For a complete description of the events that followed the initiation of this circumvention inquiry, *see* the Preliminary Decision Memorandum.[7] 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 Orders

The products covered by these *Orders* are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. For a full description of the scope of the *Orders, see* the Preliminary Decision Memorandum.[8]

Merchandise Subject to the Circumvention Inquiry

This circumvention inquiry covers CORE completed in Indonesia using Vietnamese-origin CRS that is subsequently exported from Indonesia and imported into the United States (inquiry merchandise).

Methodology

Commerce is conducting this circumvention inquiry in accordance with section 781(b) of the Act and 19 CFR 351.226. For a complete description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum. A list of topics discussed in the Preliminary Decision Memorandum is included in the appendix to this notice.

Preliminary Determination

As detailed in the Preliminary Decision Memorandum, Commerce preliminarily determines that CORE completed in Indonesia using Vietnamese-origin CRS that is subsequently exported from Indonesia to the United States is not circumventing the *Orders* on a country-wide basis. Accordingly, in accordance with section 781(b) of the Act, Commerce is making a negative preliminary determination of circumvention of the *Orders.*

Verification

As provided in 19 CFR 351.307, Commerce intends to verify information relied upon in making its final determination.

Public Comment

Because Commerce intends to conduct verification, a timeline for the submission of case briefs and written comments will be provided to interested parties at a later date regarding the deadline for submitting case briefs.[9] Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline for

[1] *See Corrosion-Resistant Steel Products from Brazil and Mexico: Amended Final Antidumping DutyDetermination; Corrosion-Resistant Steel Products from Australia, Brazil, Canada, Mexico, the Netherlands, South Africa, Taiwan, the Republic of Türkiye, the United Arab Emirates, and the Socialist Republic of Vietnam: Antidumping Duty Orders,* 90 FR 59494 (December 19, 2025); *see also Certain Corrosion-Resistant Steel Products from Brazil, Canada, Mexico and the Socialist Republic of Vietnam: Countervailing Duty Orders,* 90 FR 59488 (December 19, 2025) (collectively, *Orders*).

[2] *See Certain Corrosion-Resistant Steel Products from the Socialist Republic of Vietnam: Initiation of Circumvention Inquiry on the Antidumping and Countervailing Duty Orders,* 91 FR 14530 (March 25, 2026) (*Initiation Notice*), and accompanying Initiation Checklist, ''Certain Corrosion-Resistant Steel Products from the Socialist Republic of Vietnam,'' dated March 19, 2026 (Initiation Checklist).

[3] *See* Commerce's Letter, ''Quantity and Value Questionnaire for Indonesian Producers or Exporters,'' dated April 9, 2026; *see also* Memorandum, ''Issuance of Quantity and Value Questionnaire,'' dated April 9, 2026.

[4] *See* AMNS' Letter, ''PT. AM/NS INDONESIA Response to Quantity and Value Questionnaire,'' dated April 22, 2026; *see also* Sunrise's Letter, ''PT Sunrise Steel Response to Quantity and Value Questionnaire,'' dated April 23, 2026; TML's Letter, ''PT Tata Metal Lestari Response to Quantity and Value Questionnaire for Indonesian Producers or Exporters,'' dated April 23, 2026; and PT Alex Indo's Letter, ''PT Aluminum Extrusion Indonesia's Quantity and Value Questionnaire Response,'' dated April 23, 2026.

[5] *See* Memorandum, ''Extension of Deadline for the Preliminary Determination in the Circumvention Inquiry,'' dated July 28, 2026.

[6] *See* Memorandum, ''Extension of Deadline for the Preliminary Determination in the Circumvention Inquiry,'' dated October 9, 2026.

[7] *See* Memorandum, ''Preliminary Decision Memorandum in the Circumvention Inquiry of the Antidumping Duty and Countervailing Duty Orders on Certain Corrosion-Resistant Steel Products from the Socialist Republic of Vietnam,'' dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

[8] *Id.* at 4–6.

[9] *See* 19 CFR 351.309(c). Interested parties will be notified through ACCESS regarding the deadline for submitting case briefs.

case briefs.[10] Parties who submit case or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.[11]

As provided under 19 CFR 351.309(c)(2) and (d)(2), we request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.[12] Further, we request that interested parties limit their executive summary of each issue to no more than 450 words, not including citations. We intend to use the executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final determination in this proceeding. We request that interested parties include footnotes for relevant citations in the executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).[13]

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, U.S. Department of Commerce, within 30 days after the date of publication of this notice in the **Federal Register**, filed electronically via ACCESS. Hearing requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants and whether any participant is a foreign national; and (3) a list of the issues to be discussed. Issues raised in the hearing will be limited to issues raised in the respective comments.[14] If a request for a hearing is made, Commerce intends to hold the hearing at a date and time to be determined and will notify the parties through ACCESS.[15] Parties should confirm the date, time, and location of the hearing two days before the scheduled date.

All submissions, including affirmative and rebuttal comments, as well as hearing requests, should be filed using ACCESS. An electronically-filed document must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time on the established deadline.

Notification to Interested Parties

This determination is issued and published in accordance with section 781(b) of the Act and 19 CFR 351.226(g)(1).

Dated: November 19, 2026.

Kasey O'Connor,

Deputy General Counsel, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

I. Summary
II. Background
III. Scope of the *Orders*
IV. Merchandise Subject to the Circumvention Inquiry
V. Period of Circumvention Inquiry
VI. Statutory and Regulatory Framework for the Circumvention Inquiry
VII. Analysis of Statutory Criteria for the Circumvention Inquiry
VIII. Verification
IX. Recommendation

[FR Doc. 2026–23944 Filed 11–23–26; 8:45 am]

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DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XG158]

New England Fishery Management Council; Public Meeting

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

ACTION: Notice of public meeting.

SUMMARY: The New England Fishery Management Council (Council) will hold a 3-day meeting with online webinar participation options to consider actions affecting New England fisheries in the exclusive economic zone (EEZ).

DATES: The meeting will be held Tuesday, December 8, 2026, through Thursday, December 10, 2026, beginning at 10:30 a.m. EST on the first day and 9 a.m. EST on the last 2 days.

ADDRESSES: The meeting will be held at Hotel Viking, One Bellevue Avenue, Newport, RI 02848; telephone (844) 806–4895. Webinar registration: Information on how to register and provide public comment via webinar will be posted on the Council's December 2026 meeting web page at: *https://www.nefmc.org/calendar/december-2026-council-meeting.*

Register for the webinar at *https://nefmc-org.zoom.us/webinar/register/WN_qKedpYXjRqutjNtJdQnoAQ#/registration.*

Address: New England Fishery Management Council, 50 Water Street, Mill 2, Newburyport, MA 01950; telephone (978) 465–0492; *www.nefmc.org.*

FOR FURTHER INFORMATION CONTACT: Cate O'Keefe, Executive Director, New England Fishery Management Council; telephone: (978) 465–0492, ext. 113.

SUPPLEMENTARY INFORMATION:

Agenda

Tuesday, December 8, 2026

The Council will begin the December meeting with a closed session of the Executive Committee at 9 a.m. pursuant to the Magnuson-Stevens Fishery Conservation and Management Act to discuss information about Council resources. Following the closed session, the meeting will open with introductions and announcements by Council Chair Daniel Salerno. The Council will then receive reports on recent activities from the Council Chair and Executive Director; the Greater Atlantic Regional Fisheries Office (GARFO) Regional Administrator; the NOAA Office of the General Counsel; the Northeast Fisheries Science Center (NEFSC); the Mid-Atlantic Fishery Management Council (MAFMC); the Atlantic States Marine Fisheries Commission (ASMFC); the U.S. Coast Guard; NOAA Office of Law Enforcement; and the Highly Migratory Species (HMS) program and International Commission for the Conservation of Atlantic Tunas (ICCAT). Following a lunch break, NOAA General Counsel will provide a briefing on financial disclosure requirements and voting recusal regulations for regional fishery management council members. The Council will then receive a report from Council staff on the October 2026 Council Coordination Committee (CCC) meeting, followed by a report on the November 2026 Northeast Region Coordinating Council (NRCC) meeting.

The Council will then hold an open period for public comment on issues that are not listed on the agenda. Following public comment, the Council will adjourn to a closed session to discuss appointments to the Scientific and Statistical Committee (SSC), coordinated by Council Chair Daniel Salerno. At 6 p.m., the Council will host a public outreach event at the Hotel Viking to provide an opportunity for informational exchange and foster open

[10] *See* 19 CFR 351.309(d); *see also Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings,* 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

[11] *See* 19 CFR 351.309(c)(2)(d)(2).

[12] We use the term ''issue'' here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

[13] *See APO and Service Final Rule.*

[14] *See* 19 CFR 351.310.

[15] *See* 19 CFR 351.310(d).

lines of communication among meeting attendees.

Wednesday, December 9, 2026

The second day of the meeting will begin with Executive Director Cate O'Keefe presenting the Council's 2027 priorities. The Council will take final action on priorities for all fishery management plans and other Council responsibilities. After a lunch break, the Council will receive a report from the Scientific and Statistical Committee (SSC), chaired by Dr. Conor McManus. The report will include the SSC's overfishing limit (OFL) and acceptable biological catch (ABC) recommendations for Atlantic sea scallops, small-mesh multispecies, and several groundfish stocks. Next, the Council will receive a report from the Scallop Committee, chaired by Melanie Griffin, and take final action to set specifications for Atlantic sea scallops for Fishing Years 2027 and 2028, or default specifications if necessary.

Thursday, December 10, 2026

The third day of the meeting will begin with a report from the Small-Mesh Multispecies (Whiting) Committee after which the Council will take final action to set specifications for small-mesh multispecies stocks for Fishing Years 2027–2031 and consider other management measures. The Council will then receive a report from Council staff on the Transboundary Management Guidance Committee (TMGC) and consider approval of recommendations for 2027 total allowable catches (TACs) for shared U.S./Canada groundfish resources on Georges Bank, including Eastern Georges Bank cod and haddock and Georges Bank yellowtail flounder. Next, the Council will receive a report from the Groundfish Committee and take final action on Framework Adjustment 74. The action will establish specifications for several groundfish stocks for Fishing Years 2027–2031, U.S./Canada TACs for 2027, and other management measures. Executive Director Cate O'Keefe will provide updates on Council planning and activities, including fishery management plans, Council priorities, IRA initiatives, and other ongoing efforts. The meeting will conclude with other business and adjourn at approximately 1 p.m.

Special Accommodations

This meeting is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Executive Director Cate O'Keefe (see **ADDRESSES**) at least 5 days prior to the meeting date.

(Authority 16 U.S.C. 1801 *et seq.*)

Dated: November 20, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–23935 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Gear-Marking Requirement for Atlantic Large Whale Take Reduction Plan

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on June 24, 2026, during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: National Oceanic and Atmospheric Administration (NOAA), Commerce.

Title: Gear-Marking Requirement for Atlantic Large Whale Take Reduction Plan.

OMB Control Number: 0648–0364.

Form Number(s): None.

Type of Request: Regular submission [extension of a current information collection].

Number of Respondents: 3,970 Vessels.

Average Hours per Response: Each mark requires approximately 6.6–8.6 minutes of time, and each respondent has an average of 392 marks per vessel.

Total Annual Burden Hours: 222,803 burden hours per year.

Needs and Uses: This is a request for an extension of a currently approved information collection. Pursuant to section 118 of the MMPA, the National Marine Fisheries Service (NMFS) established and convened an Atlantic Large Whale Take Reduction Team (Team) to assist in the development of the Atlantic Large Whale Take Reduction Plan (Plan). Throughout this process, the Team has provided NMFS with recommended measures designed to reduce serious injury and mortality to North Atlantic right (*Eubalaena glacialis*), humpback *(Megaptera novaeangliae*), minke (*Balaenoptera acutorostrata*), and fin (*Balaenoptera physalus*) whales from incidental interactions with commercial fishing gear. To gather information on entanglements, the Team developed gear marking requirements. As a result, any person setting trap/pot or gillnet gear to fish commercially in some areas of the Atlantic Ocean are required to paint or otherwise mark their gear with specific color codes, designating the type of gear and area where it is set, as well as buoy marking requirements.

NMFS is continuing the existing gear marking regulations in Northeast Region Trap/Pot Management Area (northeast region) commercial trap/pot fisheries because gear marking is necessary to improve our understanding of where entanglement incidents occur. The goal is to continue to gather information on entanglement origins that will further enable NMFS to reduce injuries and deaths of large whales, especially North Atlantic right whales, due to incidental entanglement in United States commercial fishing gear. In order to develop fair and effective management measures, the team requires comprehensive data on when, where, and how fixed gear vessels fish, and where whales become entangled in fishing gear. The only changes to this collection since the 2023 submission were to update material and labor costs based on 2025 economic data.

Affected Public: Primary respondents are business or other for-profit organizations (fishermen), and individuals or households.

Frequency: All gear must be marked and maintained so marks are visible. On average, gear is replaced every 5–6 years, at which time the new gear must be marked.

Respondent's Obligation: Mandatory.

Legal Authority: Marine Mammal Protection Act, Endangered Species Act.

This information collection request may be viewed at *www.reginfo.gov.* Follow the instructions to view the Department of Commerce collections currently under review by OMB. Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website *www.reginfo.gov/public/do/PRAMain.* Find this

particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function and entering either the title of the collection or the OMB Control Number 0648–0364.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–23869 Filed 11–23–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF DEFENSE

Department of the Air Force

[Docket ID: USAF–2026–HQ–0133]

Proposed Collection; Comment Request

AGENCY: Department of the Air Force, Department of Defense (DoD).

ACTION: 60-Day information collection notice.

SUMMARY: In compliance with the *Paperwork Reduction Act of 1995,* the Department of the Air Force/A4C announces the proposed extension of an approved public information collection and seeks public comment on the provisions thereof. Comments are invited on: whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; the accuracy of the agency's estimate of the burden of the proposed information collection; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

DATES: Consideration will be given to all comments received by January 25, 2027.

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 War, 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 Air Force Life Cycle Management Center, 201 East Moore Drive, Bldg. 856, Rm. 134, Maxwell AFB-Gunter Annex, AL 36114, ATTN: Ms. Rachel Nemitz, or call 334–416–3985.

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Fire Emergency Services—Information Management System (FES–IMS) Personnel Information; OMB Control Number 0701–0173.

Needs and Uses: Information collection is necessary to establish user accounts for Fire and Emergency Services—Information Management System (FES–IMS) users. Users are Fire Department support personnel including Air Force Active Duty, Air National Guard, Air Force Reserve personnel, Air Force Department of Defense Civilians, and Air Force Civil Engineering contractors. Air Force DoD Civilians and Contracted employees at OCONUS locations may include foreign nationals employed at U.S. Military facilities. Data collected supports the daily operations of Air Force Fire Departments and Emergency Dispatch Centers for personnel tracking, shift scheduling, training requirements tracking, and documenting after-action reports of an incident. This information is critical to protect installation resources, equipment, and personnel that require emergency services.

The data collected consists of 26 questions used to develop the personnel profile for the individual within the system. Information is collected from respondents via a face-to-face interview conducted at the respective duty location. The interview will be hosted and carried out by a uniformed military member or government civilian, assigned the FES–IMS ''Core Data'' collection role.

Affected Public: Individuals or households.

Annual Burden Hours: 500.

Number of Respondents: 2,000.

Responses per Respondent: 1.

Annual Responses: 2,000.

Average Burden per Response: 15 minutes.

Frequency: On occasion.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register, Liaison Officer, Department of Defense.

[FR Doc. 2026–23901 Filed 11–23–26; 8:45 am]

BILLING CODE 3911–44–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–2047]

Submission for OMB Review; Comment Request

AGENCY: Office of the Under Secretary of Defense for Personnel and Readiness, Department of Defense (DoD).

ACTION: 30-day information collection notice.

SUMMARY: The DoD (referred to herein as ''Department of War'' or ''DoW'') has submitted to the Office of Management of 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 December 24, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Reginald Lucas, (571) 372–7574, *whs.mc-alex.esd.mbx.dd-dod-information-collections@mail.mil.*

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Department of Defense Consent to Conduct Installation Records Check (IRC) (DD 3058); OMB 0704–0586.

Type of Request: Extension.

Number of Respondents: 14,000.

Responses per Respondent: 1.

Annual Responses: 14,000.

Average Burden per Response: 10 minutes.

Annual Burden Hours: 2,333 hours.

Needs and Uses: The information collection requirement is necessary to obtain information pertinent to the criminal history background investigation of individuals working with children in DoW child care programs. The form facilitates vetting an individual's military installation criminal history records and used for

suitability and/or fitness determination to work with children.

Authority is granted by DoD Instruction 1402.05, Background Checks on Individual in DoD Child Care Services Programs which states all individuals who have regular contact with children under 18 years of age in DoD-sanctioned child care services programs and who also have a current or prior DoD affiliation must also undergo an installation records check (IRC).

Individuals who are interested in working for DoW or for a program operated by or through a contract with the DoW must complete the DD Form 3058 ''DoD Installation Records Check'' before working with children under the age of 18 years. DoW programs and services that use this form include but are not limited to: Child Protective Services (CPS) (including the investigation of child abuse and neglect reports), faith-based (religious) programs, Social Services Programs, Health and Mental Health Care Programs, to include Physicians, Dentists, Nurse Practitioners, Technicians; Childcare, Education Programs (whether or not directly involved in teaching), Foster Care, Residential care, Recreational or Rehabilitative programs, and Detention, Correctional, and Treatment services. The types of individuals screened include civilian applicants and employees, military members, contractors, family child care/home day care providers and their family members, and volunteers.

These critical checks help ensure all individuals working with children have been thoroughly vetted and that all background check findings have been properly adjudicated before the individual is authorized to have access to children.

Affected Public: Individuals or households.

Frequency: Every 5 years.

Respondent's Obligation: Voluntary.

DoD Clearance Officer: Mr. Reginald Lucas.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23925 Filed 11–23–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

Renewal of Department of Defense Federal Advisory Committees—Defense Health Board

AGENCY: Department of Defense (DoD).

ACTION: Renewal of Federal Advisory Committee.

SUMMARY: The DoD (referred to herein as ''the Department of War'' or ''DoW'') is publishing this notice to announce it is renewing the Defense Health Board (''the DHB'') as a discretionary Federal advisory committee.

FOR FURTHER INFORMATION CONTACT: Jim Freeman, Advisory Committee Management Officer for the Department of War (DoW), 703–692–5952.

SUPPLEMENTARY INFORMATION: The DoW is renewing the DHB in accordance with chapter 10 of title 5 U.S.C. (commonly known as the ''Federal Advisory Committee Act'' or ''FACA''), and 41 Code of Federal Regulations (CFR) part 102–3, ''Federal Advisory Committee Management,'' [90 **Federal Register** 58417; December 16, 2025], and DoW policies and procedures. The public or interested organizations may submit written statements about the DHB mission and functions. Written statements may be submitted at any time or in response to the stated agenda of planned meetings of the DHB. All written statements shall be submitted to the DHB's Designated Federal Officer (DFO), and this individual will ensure that all written statements are provided to the membership for their consideration. The DHB's DFO is CAPT Shawn Clausen, U.S. Navy, and she may be contacted at 703–275–6060, or *shawn.s.clausen.mil@health.mil.*

Consistent with 41 CFR 102–3.65(a), the DoW is publishing the DHB's Public Interest Determination.

Pursuant to 41 CFR 102–3.60(a), to establish, renew, reestablish, or merge a discretionary (agency discretion) advisory committee, an agency must first consult with the General Services Administration's Committee Management Secretariat (the Secretariat) and, as part of the consultation, provide a written public interest determination approved by the head of the agency to the Secretariat with a copy to the Office of Management and Budget. In addition, pursuant to 41 CFR 102–3.35, an agency shall follow the same consultation process and document in writing the same determination of need before creating a subcommittee under a discretionary committee that is not made up entirely of members of a parent advisory committee.

Information on the following factors for the Defense Health Board (''DHB'') is provided to the Secretariat to demonstrate that renewing the DHB is in the public interest:

1. *Annual Budget:* The DoW estimates annual operating costs to support the DHB are $1,369,539, which includes personnel travel, meetings, and contract support.

a. *Federal personnel on a full-time equivalent (FTE) basis:* The estimated annual personnel costs to the DoW are 1.5 full-time equivalent at $422,044, which includes basic pay with cost of living allowance (COLA).

b. *Other Federal internal costs:* Program element to support DHB contract and supplies costs are $862,495.

c. *Proposed payments to members:* Consistent with 10 U.S.C. 173, members of the DHB are not compensated for their services, except for travel and per diem reimbursement for official DHB related business.

d. *Proposed number of members:* As authorized by the Secretary of War (SecWar), the DHB will be composed of not more than 20 members. The DHB's total parent-level and subcommittee-level membership cannot exceed 50 members unless otherwise directed by the DoW Appointing Authority.

e. *Reimbursable costs:* The estimated reimbursement costs, to include travel, for DHB staff and members are $85,000.

2. *If applicable, the total dollar value of grants expected to be recommended during the fiscal year:* Not applicable.

3. *Criteria for selecting members to ensure the committee has the necessary expertise and fairly balanced membership:* As described in its proposed charter and membership balance plan, the DHB is composed of members who are talented, innovative private and public sector health care leaders with expertise in at least one of the following disciplines:

a. clinical medicine;
b. surgery;
c. public health/preventive medicine;
d. mental health;
e. health care policy;
f. safety/quality of care;
g. and health technology.

This diverse expertise will equip the DHB to respond to high level Departmental taskings in support of warrior and beneficiary health, a ready medical force, and Military Health System operations. In evaluating candidates for the DHB, the DoW considers education, life experience, and professional credentials concerning the subject matters anticipated to be

tasked to the DHB. The DoW has found that viewing the complex issues facing the DoW through the lens of a multidisciplinary advisory committee provides the DoW and, more importantly, the American public with a broader understanding of the issues on which subsequent policy decisions are based. Membership shall be fairly balanced in terms of points of view represented and the functions to be performed by the DHB. The DHB's membership balance is not static, and the DoW Appointing Authority may change the membership based upon work assigned to the DHB.

4. *List of all other DoW Federal Advisory Committees:* A complete listing of DoW Federal advisory committees can be located at: *https://www.facadatabase.gov/FACA/s/account/001t000000DCAooAAH/department-of-defense.*

5. *Justification that the information or advice provided by the Federal advisory committee or subcommittee is not available from another Federal advisory committee, another Federal Government source, or any other more cost-effective and less burdensome source:*

The DHB is a Federal advisory committee dedicated to improving the health and health care of all Military Health System beneficiaries, including Service members, retirees, and their families. The DHB provides independent advice and recommendations on the accessibility, quality, safety, effectiveness, and value of health care delivered through the Military Health System; the military health care benefit; and the DoW's dual mission of medical readiness and health care delivery. Its scope encompasses the continuum of care, including preventive services, treatment, rehabilitation, and recovery, as well as medical force readiness, force health protection, and combat casualty care. The DHB considers these responsibilities within the broader context of the Defense Health Program and Departmental resource priorities. The DHB draws upon volunteer subject matter experts to develop independent, high-quality reports and recommendations. Members receive only travel and per diem reimbursement for official committee-related business.

6. If *the consultation is a committee renewal, a summary of the previous accomplishments of the committee and the reasons it needs to continue:* The Army Epidemiological Board was first established in 1941 and has continually adapted to meet the needs of the Department. In 2006, the Army Epidemiological Board merged with several other health-related committees to become the DHB. Since then, the DHB has produced 73 comprehensive reports related to the health and health care of military members and their families. Over 87% of recommendations from these reports have received concurrence or partial concurrence by the DoW. A few examples of reports and recommendations and their impact include:

- *Prolonged Theater Care Parts One and Two* provided clear recommendations related to trauma care training and the importance of military-civilian partnerships for both trauma care training and trauma care in the context of large-scale combat operations.
- *Tactical Combat Casualty Care (TCCC) Training for Deploying Personnel* helped accelerate the Department's adoption of standardized battlefield trauma training, reinforcing TCCC as the foundation of prehospital combat casualty care.
- *Modernization of the TRICARE Benefit* recommended transforming TRICARE into a patient- and family-centered, value-based health benefit by aligning payment incentives with quality outcomes, expanding coordinated team-based care, improving transparency, and using performance measurement to enhance beneficiary health while controlling costs.
- *Optimizing Virtual Health in the MHS* informed efforts to advance telehealth in the military.
- *Ethical Guidelines and Practices for U.S. Military Medical Professionals* led to establishment of the Defense Medical Ethics Center to address the ethical training requirements for military personnel; and others.

7. *Explanation of why the committee/subcommittee is essential to the conduct of agency business:* The DHB provides the SecWar and Deputy Secretary of War with a unique advisory capability specific to warrior and beneficiary health, a ready medical force, and Military Health System operations that is not otherwise available within the Department. The DHB draws on subject matter experts who are highly knowledgeable national health care leaders. Members receive only travel and per diem reimbursement for official committee-related business. The DHB provides the Secretary and Deputy Secretary of War with a unique, independent advisory capability. The DHB provides the SecWar and Deputy Secretary of War with a unique, independent advisory capability addressing the full spectrum of health care and health benefits provided through the Military Health System (MHS) to all eligible beneficiaries, including Service members, military retirees, and their families. Unlike advisory bodies focused primarily on warfighter health, readiness, and human performance optimization, the DHB examines the broader military health care benefit, including access to care; health care quality, safety, effectiveness, and value; beneficiary health outcomes; health care delivery; and the policies, programs, and resources necessary to sustain the MHS's dual mission of medical readiness and beneficiary health care. The DHB also provides independent advice on medical force readiness, force health protection, and combat casualty care across the continuum of care. This comprehensive, beneficiary-centered perspective, informed by nationally recognized experts in clinical medicine, public health, health care delivery, health policy, and health systems management, provides independent expertise and perspectives not otherwise available within the Department. Members serve without compensation and receive only travel and per diem reimbursement for official committee-related business.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23947 Filed 11–23–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

Renewal of Department of Defense Federal Advisory Committees—Department of Defense Wage Committee

AGENCY: Department of Defense (DoD).

ACTION: Renewal of Federal advisory committee.

SUMMARY: The DoD is publishing this notice to announce it is renewing the Department of Defense Wage Committee (''the DoD Wage Committee'') as a discretionary Federal advisory committee.

FOR FURTHER INFORMATION CONTACT: Jim Freeman, Advisory Committee Management Officer for the Department of War (DoW), 703–692–5952.

SUPPLEMENTARY INFORMATION: The DoW is renewing the DoD Wage Committee in accordance with chapter 10 of title 5 U.S.C. (commonly known as the ''Federal Advisory Committee Act'' or ''FACA''), and 41 Code of Federal Regulations (CFR) part 102–3, ''Federal Advisory Committee Management,'' [90 FR 58417; December 16, 2025], and DoW policies and procedures. The

public or interested organizations may submit written statements about the DoD Wage Committee mission and functions. Written statements may be submitted at any time or in response to the stated agenda of planned meetings of the DoD Wage Committee. All written statements shall be submitted to the DoD Wage Committee's Designated Federal Officer (DFO), and this individual will ensure that all written statements are provided to the membership for their consideration. The DoD Wage Committee's DFO is Mr. Karl Fendt, and he may be contacted at (571) 372–1618, or *karl.h.fendt.civ@mail.mil.*

Consistent with 41 CFR 102–3.65(a), the DoW is publishing the DoD Wage Committee's Public Interest Determination.

Pursuant to 41 CFR 102–3.60(a), to establish, renew, reestablish, or merge a discretionary (agency discretion) advisory committee, an agency must first consult with the General Services Administration's Committee Management Secretariat (the Secretariat) and, as part of the consultation, provide a written public interest determination approved by the head of the agency to the Secretariat with a copy to the Office of Management and Budget. In addition, pursuant to 41 CFR 102–3.35, an agency shall follow the same consultation process and document in writing the same determination of need before creating a subcommittee under a discretionary committee that is not made up entirely of members of a parent advisory committee.

Information on the following factors for the DoD Wage Committee is provided to the Secretariat to demonstrate that renewing the DoD Wage Committee is in the public interest:

1. *Annual Budget:* The Department of War (DoW) estimates annual operating costs to support the DoD Wage Committee are $54,896.54, which includes personnel travel, meetings, and contract support.

a. *Federal personnel on a full-time equivalent (FTE) basis:* The estimated annual personnel costs to the DoW are 0.3 full-time equivalent at $47,160.87, which includes basic pay with cost of living allowance (COLA).

b. *Other Federal internal costs:* Program element to support DoD Wage Committee contract costs are $5,592.00.

c. *Proposed payments to members:* Consistent with 10 U.S.C. 173, members of the DoD Wage Committee are not compensated for their services, except for travel and per diem reimbursement for official DoD Wage Committee related business.

d. *Proposed number of members:* The DoD Wage Committee will be comprised of not more than 5 members with the chairperson and two members designated by the Secretary of War (SecWar).

e. *Reimbursable costs:* The estimated reimbursement costs, to include travel, for DoD Wage Committee staff and members are $2,143.67.

2. *If applicable, the total dollar value of grants expected to be recommended during the fiscal year:* Not applicable

3. *Criteria for selecting members to ensure the committee has the necessary expertise and fairly balanced membership:* As described in its proposed charter and membership balance plan, the DoD Wage Committee, pursuant to 5 CFR 532.227(b) consists of five members, with the chair and two members designated by the SecWar. Of the remaining two members, pursuant to 5 CFR 532.227(b)(1), one member shall be designated by each of two labor organizations having the largest number of wage employees covered by exclusive recognition in the DoW.

Those individuals representing the labor organizations are each selected by their home labor organization to provide the DoD Wage Committee with the points of view of nongovernment entities or a recognizable group of persons that have interests in the subject matter under consideration by the DoD Wage Committee. The DoW in evaluating the other three candidates for DoD Wage Committee membership, considers each candidate's educational and professional experience concerning the subject matters tasked to the DoD Wage Committee through statute and regulations.

The DoW has found that viewing the complex issues facing the DoW through the lens of a multidisciplinary advisory committee provides the DoW and, more importantly, the American public with a broader understanding of the issues on which subsequent policy decisions are based. Membership shall be fairly balanced in terms of points of view represented and the functions to be performed by the DoD Wage Committee. The DoD Wage Committee's membership balance is not static, and the DoW Appointing Authority may change the membership based upon work assigned to the DoD Wage Committee.

4. *List of all other DoW Federal Advisory Committees:* A complete listing of DoW Federal advisory committees can be located at: *https://www.facadatabase.gov/FACA/s/account/001t000000DCAooAAH/department-of-defense.*

5. *Justification that the information or advice provided by the Federal advisory committee or subcommittee is not available from another Federal advisory committee, another Federal Government source, or any other more cost-effective and less burdensome source:* The DoD Wage Committee is a Federal advisory committee that provides independent advice and recommendations on matters relating to the conduct of wage surveys and the establishment of wage schedules for all appropriated fund and non-appropriated fund wage areas of blue-collar employees within the Federal wage system. Members receive only travel and per diem reimbursement for official committee-related business.

6. If the consultation is a committee renewal, a summary of the previous accomplishments of the committee and the reasons it needs to continue: The DoD Wage Committee meets bi-weekly to approve wage survey matters and pay schedule adjustments for 131 Appropriated Fund and 118 Nonappropriated Fund wage areas, with a population of over 240,000 crafts and trades employees. In accordance with 5 U.S.C. 5343(a)(3), a lead agency, DoD in this case, ''shall conduct wage surveys, analyze wage survey data, and develop and establish appropriate wage schedules and rates for prevailing rate employees.'' Title 5 CFR 532.227(a) provides greater details of the requirement for a committee when it states, ''shall establish an agency wage committee for the purpose of considering matters relating to the conduct of wage surveys, the establishment of wage schedules and making recommendations thereon to the lead agency.'' The regulation then requires the lead agency to submit to the wage committee its data and analysis for the committee's consideration and recommendations. The Defense Civilian Personnel Advisory Service (DCPAS) also cannot commence wage change surveys without the DoD Wage Committee because 5 CFR 532.247(g)(2) requires DoD to ''consult with the agency wage committee'' before it does so and then to consider ''all of the information, analysis, and recommendations made available to it pursuant to this subpart.'' Title 5 CFR 532.245(a). Once approved, the pay schedule adjustments are then administered by DCPAS and distributed each pay period for use at all Federal agencies, not only DoD. Another provision at 5 CFR 532.307(c), requires the lead agency to submit survey matters to the wage committee to gain the committee's recommendations before ordering a full-scale survey

related to the determination of a dominant industry, which is used to ensure DoD is capturing relevant data compared to the workforce itself.

7. *Explanation of why the committee/subcommittee is essential to the conduct of agency business:* The DoD Wage Committee's work is directed by 5 CFR 532.209, 532.227, 532.231(e), and 532.243 and the Office of Personnel Management Operating Manual, Federal Wage System, Appropriated and Nonappropriated Funds, S3–2 Agency Level. The DoD Wage Committee shall: (a) consider and make recommendations to the DoD on any matter involved in developing specifications for a wage survey on which the DoD proposes not to accept the recommendations of a local wage survey committee and any matters on which a minority report has been filed; (b) consider the survey data, upon completion of a wage survey, of the local wage survey committee's report and recommendations, and the statistical analyses and proposed pay schedules derived from them, as well as any other data or recommendations pertinent to the survey, and recommends wage schedules to the pay-fixing authority; and (c) have a majority of the DoD Wage Committee to constitute a decision and recommendation of the DoD Wage Committee, but a member of the minority may file a report with the DoD Wage Committee's recommendations. Meetings are scheduled to be held approximately 24 times a year on a bi-weekly schedule to receive, review, and consider wage survey specifications; wage survey data; local wage survey committee reports and recommendations; and to approve wage schedule adjustments. Schedules are then issued on the same schedule throughout the year. The Committee is also critical in guaranteeing labor-management involvement in determining the wage schedules. Without these committee meetings, wage surveys would not occur and pay schedule adjustments would cease for the entire Federal Wage System (FWS) population.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23946 Filed 11–23–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–1915]

Submission for OMB Review; Comment Request

AGENCY: Office of the Under Secretary of Defense for Personnel and Readiness, Department of Defense (DoD).

ACTION: 30-Day information collection notice.

SUMMARY: The DoD (referred to herein as ''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 December 24, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Reginald Lucas, (571) 372–7574, *whs.mc-alex.esd.mbx.dd-dod-information-collections@mail.mil.*

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Department of War Education Activity (DoWEA) Employment Opportunities for Educators; DoWEA Forms 5010, 5011, and 5013; OMB Control Number: 0704–0370.

Type of Request: Extension.

Number of Respondents: 23,100.

Responses per Respondent: 3.

Annual Responses: 69,300.

Average Burden per Response: 12.7774 minutes.

Annual Burden Hours: 14,758.

Needs and Uses: The information collection requirement is necessary to obtain information on prospective applicants for educator positions with the DoWEA. The information is used to verify employment history of educator applicants and to determine creditable previous experience for pay-setting purposes on candidates selected for positions. In addition, the information is used to ensure that those individuals selected for employment with the DoWEA possess the abilities which give promise of outstanding success under the unusual circumstances they will find working abroad. Completion of all forms is entirely voluntary.

Affected Public: Individuals and households.

Frequency: On occasion.

Respondent's Obligation: Voluntary.

DoD Clearance Officer: Mr. Reginald Lucas.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23920 Filed 11–23–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–2081]

Submission for OMB Review; Comment Request

AGENCY: United States Transportation Command (USTRANSCOM), Department of Defense (DoD).

ACTION: 30-day information collection notice.

SUMMARY: The DoD 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 December 24, 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: Global Air Transportation Execution System (GATES); OMB Control Number 0704–0530.

Type of Request: Extension.

Number of Respondents: 568,879.

Responses Per Respondent: 1.

Annual Responses: 568,879.

Average Burden per Response: 2 minutes.

Annual Burden Hours: 18,963.

Needs and Uses: GATES is the single DoD port processing and manifesting system providing support for the global air and surface movement of personnel and materiel, to include processing and

tracking from port to port. It supports USTRANSCOM air and surface port management, provides functionality for Defense Courier Divisions, SDDC/G3, and AMC/A4T, while providing billing information for Transportation Working Capital Fund (TWCF) accounting.

Affected Public: Individuals or households.

Frequency: On occasion.

Respondent's Obligation: Voluntary.

DoD Clearance Officer: Mr. Reginald Lucas.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23927 Filed 11–23–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–2080]

Submission for OMB Review; Comment Request

AGENCY: Office of the Under Secretary of Defense for Acquisition and Sustainment, Department of Defense (DoD).

ACTION: 30-Day information collection notice.

SUMMARY: The DoD 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 December 24, 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:* Request for Approval for Qualification Training and Approval of Contractor Flight Crewmember; DD Forms 1821, 2627, 2628, 3062; OMB Control Number 0704–0347.

[DD Form 1821]

Number of Respondents: 100.

Number of Responses per Respondent: 5.

Number of Total Annual Responses: 500.

Response Time: 30 minutes.

Respondent Burden Hours: 250 hours.

[DD Form 2627]

Number of Respondents: 100.

Number of Responses per Respondent: 5.

Number of Total Annual Responses: 500.

Response Time: 30 minutes.

Respondent Burden Hours: 250 hours.

[DD Form 2628]

Number of Respondents: 100.

Number of Responses per Respondent: 5.

Number of Total Annual Responses: 500.

Response Time: 30 minutes.

Respondent Burden Hours: 250 hours.

[DD Form 3062]

Number of Respondents: 100.

Number of Responses per Respondent: 52.

Number of Total Annual Responses: 5,200.

Response Time: 15 minutes.

Respondent Burden Hours: 1,300 hours.

[Total]

Total Number of Respondents: 400.

Total Responses per Respondent: 33.5.

Total Annual Responses: 6,700.

Total Average Burden per Response: 18.36 minutes.

Total Annual Burden Hours: 2,050.

Needs and Uses: The information collection requirement supported by these DD Forms supports contractor requirements to have government approval of contract flight crewmembers and contract flights as specified in Defense Contract Management Command Instruction (DCMA INST) 8210.1, Contractor's Ground and Flight Operations. The contractor provides information on contractor personnel to the government. The government approves the contractor's request for aircrew training and, eventually, approval for contractor personnel to operate and fly government aircraft. The government also approves all flights under contract.

The DD Form 2627 is used by contractors to request qualification training for contractor crewmembers. The contractor provides a personal history, verifies the crewmember's records, and requests government approval for training in a particular type of government aircraft. The 2627 and supporting documentation can be provided in hard or soft copy.

The DD Form 1821 is used by contractors to provide a succinct summary of a crewmember's flight history. This form is submitted along with DD Form 2627 as part of the supporting documentation for the request for qualification training.

The DD Form 2628 is used by contractors to request aircrew qualification for contractor crewmembers. The contractor verifies the crewmember's training completion and requests government approval for specific aircrew qualification in a particular type of government aircraft. The 2628 and supporting documentation can be provided in hard or soft copy.

The DD Form 3062 is used by contractors to request approval of flights under contract. The 3062 can be provided in hard or soft copy. Without the approval from the government, the contractor cannot fly under the liability coverage provided by DFARS 252.228–7001, Ground and Flight Risk.

Affected Public: Individuals or households.

Frequency: DD Forms 1821, 2627, and 2628 are completed once to verify a contractor's aircrew qualification. DD Form 3062 is completed as needed to request approval of flights under contract.

Respondent's Obligation: Voluntary.

DoD Clearance Officer: Mr. Reginald Lucas.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23918 Filed 11–23–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–2509]

Proposed Collection; Comment Request

AGENCY: Office of Strategic Capital (OSC), Department of Defense.

ACTION: 60-day information collection notice.

SUMMARY: In compliance with the *Paperwork Reduction Act of 1995,* the OSC 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 January 25, 2027.

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 War, 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 Office of Strategic Capital, 1100 New York Ave, Washington, DC 20547, Andrew Ballou, (571) 735–4489, or to *osd.pentagon.ousd-r-e.mbx.osc-engagements@mail.mil.*

SUPPLEMENTARY INFORMATION:

Title; Associated Form; and OMB Number: Potential Borrower Intake Form; Form Number; OMB Control Number 0704–PBIF.

Needs and Uses: The intake form on OSC's website informs prospective borrowers about OSC credit programs and guides them through initial intake process. With the form, OSC collects preliminary information necessary to determine whether a proposed investment directly strengthens the national security or critical economic interests of the United States. It serves as a standardized, early-stage intake filter that prevents inefficient or premature application submissions. It enables direct, informed coordination between OSC loan officers and qualifying prospective borrowers. Without this collection, OSC cannot efficiently identify eligible financing opportunities or evaluate applicant alignment with statutory defense priorities.

Affected Public: Businesses.

Annual Burden Hours: 25.

Number of Respondents: 100.

Responses per Respondent: 1.

Annual Responses: 100.

Average Burden Per Response: 15 minutes.

Frequency: 1.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23930 Filed 11–23–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Department of the Navy

[Docket ID: USN–2026–HQ–0463]

Submission for OMB Review; Comment Request

AGENCY: Department of the Navy, Department of Defense (DoD).

ACTION: 30-day information collection notice.

SUMMARY: The DoD 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 December 24, 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: Navy Family Accountability and Assessment System; OMB Control Number 0703–0091.

Type of Request: Revision.

Number of Respondents: 6,956.

Responses per Respondent: 2.

Annual Responses: 13,912.

Average Burden per Response: 3 minutes.

Annual Burden Hours: 696.

Needs and Uses: The primary purpose of the Navy Family Accountability and Assessment System (NFAAS) is personnel accountability following a natural or man-made disaster for all Active Duty, Reserve, Navy Civilians, Contractors serving Outside the Continental United States (OCONUS), and their dependents. NFAAS also assesses the impact of the disaster on Navy families and Command's ability to fulfill its missions by providing services and tracking support provided to families in recovery. Additionally, NFAAS supports the sponsor and family members during Sailor Individual Augmentation deployments. This collection of information is authorized by Department of Defense Instruction (DoDI) 3001.02, ''Personnel Accountability in Conjunction with Natural or Manmade Disasters,'' and Office of the Chief of Naval Operations Instruction (OPNAVINST) 3006.1, ''Personnel Accountability in Conjunction with Catastrophic Events.'' Respondents include all Navy personnel who are responsible for accounting after a disaster and updating or verifying sponsor and dependent information. Per DoDI 3001.02, this includes all active and reserve military personnel, Navy civilian employees, Nonappropriated Fund employees, Navy Exchange employees, and OCONUS contractors. Continental United States (CONUS) contractors are not included. To comply with the Paperwork Reduction Act, the burden estimates in this information collection request only account for respondents who are members of the public.

Affected Public: Individuals or households.

Frequency: On occasion.

Respondent's Obligation: Voluntary.

DoD Clearance Officer: Mr. Reginald Lucas.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23903 Filed 11–23–26; 8:45 am]

BILLING CODE 3810–FF–P

DEPARTMENT OF DEFENSE

Department of the Navy

[Docket ID: USN–2026–HQ–0397]

Submission for OMB Review; Comment Request

AGENCY: Department of the Navy, Department of Defense (DoD).

ACTION: 30-Day information collection notice.

SUMMARY: The DoD 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 December 24, 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: Marine Corps Marathon Organization (MCMO) Participant Registrations; OMB Control Number 0712–0005.

Type of Request: Revision.

Marine Corps Marathon and Historic Half Weekend Registration

Number of Respondents: 47,800.
Responses per Respondent: 1.
Annual Responses: 47,800.
Average Burden per Response: 10 minutes.
Annual Burden Hours: 7,967.

Other Races Registration

Number of Respondents: 11,000.
Responses per Respondent: 1.
Annual Responses: 11,000.
Average Burden per Response: 5 minutes.
Annual Burden Hours: 917.

Volunteer Registration

Number of Respondents: 2,500.
Responses per Respondent: 1.
Annual Responses: 2,500.
Average Burden per Response: 2 minutes.
Annual Burden Hours: 83.

Total

Number of Respondents: 61,300.
Annual Responses: 61,300.
Annual Burden Hours: 8,967.
Needs and Uses: The Marine Corps Marathon Organization (MCMO) is tasked with the management of the Marine Corps Marathon (MCM) races on behalf of the Marine Corps. The MCM Race Application collection is necessary to register individuals for MCM races, identify participants for timing and results purposes, determine award categories, and to ensure appropriate contact information is on file if emergency treatment is required. The collection serves a secondary purpose to foster marketing relationships for the Marine Corps and provide participation data for future event planning and promotion.
Affected Public: Individuals or households.
Frequency: On occasion.
Respondent's Obligation: Voluntary.
DoD Clearance Officer: Mr. Reginald Lucas.

Dated: November 20, 2026.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–23907 Filed 11–23–26; 8:45 am]

BILLING CODE 3810–FF–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 2614–042]

City of Hamilton, Ohio and American Municipal Power, Inc.; Notice of Availability of Environmental Assessment

In accordance with the National Environmental Policy Act of 1969 and the Federal Energy Regulatory Commission's (Commission) regulations, 18 CFR part 380, the Office of Energy Projects has reviewed the application for a new license for the Greenup Hydroelectric Project, located at the U.S. Army Corps of Engineers' (Corps) Greenup Locks and Dam on the Ohio River in Scioto County, Ohio and Greenup County, Kentucky. The project occupies 12.74 acres of federal land managed by the Corps. Commission staff has prepared an Environmental Assessment (EA) for the project.[1]

[1] For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1769181282.

The EA contains staff's analysis of the potential environmental impacts of the project and concludes that licensing the project, with appropriate environmental protective measures, would not constitute a major federal action that would significantly affect the quality of the human environment.

The Commission provides all interested persons with an opportunity to view and/or print the EA via the internet through the Commission's Home Page (*http://www.ferc.gov/*), using the ''eLibrary'' link. Enter the docket number, excluding the last three digits in the docket number field, to access the document. For assistance, contact FERC Online Support at *FERCOnlineSupport@ferc.gov,* or toll-free at (866) 208–3676, or for TTY, (202) 502–8659.

You may also register online at *https://ferconline.ferc.gov/FERCOnline.aspx* to be notified via email of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

Any comments should be filed by 5:00 p.m. Eastern Time on December 18, 2026.

The Commission strongly encourages electronic filing. Please file comments using the Commission's eFiling system at *https://ferconline.ferc.gov/FERCOnline.aspx.* Commenters can submit brief comments up to 10,000 characters, without prior registration, using the eComment system at *https://ferconline.ferc.gov/QuickComment.aspx.* For assistance, please contact FERC Online Support. In lieu of electronic filing, please send a paper copy via U.S. Postal Service to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852. The first page of any filing should include docket number P–2614–042.

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.*

For further information, contact Patrick Ely at *Patrick.Ely@ferc.gov,* or 202–502–8570, or Casey Knight at *casey.knight@ferc.gov* or 202–502–8519.

(Authority: 18 CFR 2.1)

Dated: November 18, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23832 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP27–15–000]

Columbia Gas Transmission, LLC; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on November 9, 2026, Columbia Gas Transmission, LLC (Columbia), located at 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 157.208 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 install launchers and receivers and to modify other appurtenant facilities to enable pigging activities on its 24-inch-diameter pipeline (Line D415) located in Richland, Crawford, Huron, and Seneca Counties, Ohio (Line D415 Make Piggable Segment 1 Project). The project is designed to enhance Columbia's ability to conduct in-line inspections and other integrity management activities on Line D415. The estimated cost for the project is $26,300,000, 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 of Certificates, Columbia Gas Transmission, LLC, 700 Louisiana Street, Suite 1300, Houston, Texas 77002–2700, or phone (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 January 19, 2027. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502–6595 or *OPP@ferc.gov.*

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,[1] any person [2] or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,[3] and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on January 19, 2027. Filings that do not meet requirements of 18 CFR 157.205(e)(2) [4] will not be considered protests by the Commission.[5] A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure [6] and the regulations under the NGA [7] by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on January 19, 2027. 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 January 19, 2027. The filing of a comment alone will not serve to make the filer a party to the

[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.

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 CP27–15–000 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 CP27–15–000.

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 of Certificates, Columbia Gas Transmission, LLC, 700 Louisiana Street, Suite 1300, 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: November 19, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23892 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

[8] Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at *www.ferc.gov* under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 2943–007]

The City of Columbus, Ohio; Notice of Intent To Prepare an Environmental Assessment

On July 6, 2026, the City of Columbus, Ohio (exemptee) filed an application for surrender of exemption from licensing for the O'Shaughnessy Dam Hydroelectric Facility Project No. 2943. The project is located on the Scioto River, in Delaware County, Ohio. The project does not occupy federal lands.

The exemptee proposes to surrender its exemption from licensing and decommission the project by sealing off the intakes and backfilling all major components with cementitious materials and securing the site by placing fill within the existing structure walls. The dam and reservoir would remain in place to provide the water supply for the City of Columbus, Ohio.

On September 28, 2026, the Commission issued a Notice of Application for Surrender of Exemption Accepted for Filing and Soliciting Comments, Motions to Intervene, and Protest. No stakeholders submitted comments.

This notice identifies Commission staff's intention to prepare an environmental assessment (EA) under the National Environmental Policy Act (42 U.S.C. 4321 *et seq)* for the project.[1] Commission staff plans to issue an EA by June 25, 2027.

Commission staff may revise the schedule as appropriate. Commission staff will issue the EA for a 30-day comment period and will review all comments filed on the EA and consider them in the Commission's final decision on the proceeding.

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.*

Any questions regarding this notice may be directed to Kimberlee Harding at 202–502–6675 or *Kimberlee.Harding@ferc.gov.*

(Authority: 18 CFR 2.1)

Dated: November 19, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23889 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 4900–090]

Forestport Hydro, LLC; Notice of Availability of Environmental Assessment

In accordance with the National Environmental Policy Act of 1969 and the Federal Energy Regulatory Commission's (Commission) regulations, 18 CFR part 380, the Office of Energy Projects has reviewed the application for license for the Forestport Hydroelectric Project No. 4900 (project), located on the Black River in Oneida County, New York, and prepared an Environmental Assessment (EA) for the project.[1]

The EA contains staff's analysis of the potential environmental impacts of the project and concludes that licensing the project, with appropriate environmental protective measures, would not constitute a major federal action that would significantly affect the quality of the human environment.

A copy of the EA may be viewed on the Commission's website at *http://*

[1] The unique identification number for documents relating to this environmental review is EAXX–019–20–000–1794566426.

[1] For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1767605526

www.ferc.gov/, using the ''eLibrary'' link. Enter the docket number, excluding the last three digits in the docket number field, to access the document. For assistance, contact FERC Online Support at *FERCOnlineSupport@ferc.gov,* (866) 208–3676 (toll-free), or (202) 502–8659 (TTY).

You may also register online at *https://ferconline.ferc.gov/FERCOnline.aspx* to be notified via email of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

Any comments should be filed by 5:00 p.m. Eastern Time on December 21, 2026.

The Commission strongly encourages electronic filing. Please file comments using the Commission's eFiling system at *https://ferconline.ferc.gov/FERCOnline.aspx.* Commenters can submit brief comments up to 10,000 characters, without prior registration, using the eComment system at *https://ferconline.ferc.gov/QuickComment.aspx.* For assistance, please contact FERC Online Support. In lieu of electronic filing, please send a paper copy via U.S. Postal Service to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852. The first page of any filing should include docket number P–4900–090.

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.*

For further information, contact Erin Mocko by email at *Erin.Mocko@ferc.gov* or by telephone at (202) 502–8107.

(Authority: 18 CFR 2.1.)

Dated: November 19, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23888 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. EF27–1–000]

Bonneville Power Administration; Notice of Filing

Take notice that on November 17, 2026, Bonneville Power Administration submitted a tariff filing per 300.1: Bonneville Power Administration BP–26E Rate Filing to be effective February 1, 2027.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission strongly encourages electronic filings of comments, protests and interventions in lieu of paper using the ''eFiling'' link at *http://www.ferc.gov.* Persons unable to file electronically may mail similar pleadings to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426. Hand delivered submissions in docketed proceedings should be delivered to Health and Human Services, 12225 Wilkins Avenue, Rockville, Maryland 20852.

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.*

Comment Date: 5:00 p.m. Eastern Time on December 17, 2026.

Dated: November 19, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23890 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP27–13–000]

Eastern Gas Transmission and Storage, Inc.; Notice of Application and Establishing Intervention Deadline

Take notice that on November 6, 2026, Eastern Gas Transmission and Storage, Inc. (EGTS), 10700 Energy Way, Glen Allen, VA 23060, filed an application under section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations requesting authorization for its Project Stratum (Project). EGTS proposes to construct approximately 1.8 miles of new 24-inch diameter pipeline in Beaver County, PA; approximately 13.8 miles of 24-inch diameter replacement pipeline in Clinton and Potter Counties, PA; a new Metering and Regulation (M&R) facility (New Terrain) in Lawrence County, PA; two new gate facilities in Potter and Beaver Counties, PA (Pine Mountain and Eaglerock stations respectively) and various improvements at existing Sabinsville, Leidy, Greenlick, and Kopple Junction stations in Tioga, Clinton, Potter and Beaver Counties respectively. The Project will enable EGTS to provide 250,000 dekatherms per day of additional firm natural gas transportation service from Tioga County to delivery points in Lawrence and Clinton Counties, Pennsylvania. EGTS estimates the total cost of the Project to be $163,008,090 and proposes to provide service under its existing firm transportation rate schedule, all as more fully set forth in the application which is on file with the Commission and open for public inspection.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (*http://www.ferc.gov*). From the Commission's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502–6652 (toll free at 1–866–208–3676) or email at

ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502–8371, TTY (202) 502–8659. Email the Public Reference Room at *public.referenceroom@ferc.gov.*

Any questions regarding the proposed project should be directed to Grace Pietro, Associate Regulatory Analyst, Eastern Gas Transmission and Storage, Inc., 10700 Energy Way, Glen Allen, VA 23060, by phone at 804–613–5156, or by email at *Grace.Pietro@bhegts.com.*

Pursuant to section 157.9 of the Commission's Rules of Practice and Procedure,[1] within 90 days of this Notice the Commission staff will either: complete its environmental review and place it into the Commission's public record (eLibrary) for this proceeding; or issue a Notice of Schedule for Environmental Review. If a Notice of Schedule for Environmental Review is issued, it will indicate, among other milestones, the anticipated date for the Commission staff's issuance of the final environmental impact statement (FEIS) or environmental assessment (EA) for this proposal. The filing of an EA in the Commission's public record for this proceeding or the issuance of a Notice of Schedule for Environmental Review will serve to notify federal and state agencies of the timing for the completion of all necessary reviews, and the subsequent need to complete all federal authorizations within 90 days of the date of issuance of the Commission staff's FEIS or EA.

Water Quality Certification

EGTS stated that a water quality certificate under section 401 of the Clean Water Act is required for the project from Pennsylvania Department of Environmental Protection Regional Permitting Coordination Office. When available, EGTS should submit to the Commission a copy of the request for certification for the Commission authorization, including the date the request was submitted to the certifying agency, and either (1) a copy of the certifying agency's decision or (2) evidence of waiver of water quality certification.

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file comments on the project, you can protest the filing, and you can file a motion to intervene in the proceeding. There is no fee or cost for filing comments or intervening. The deadline for filing a motion to intervene is 5:00 p.m. Eastern Time on December 10, 2026. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502–6595 or *OPP@ferc.gov.*

Comments

Any person wishing to comment on the project may do so. Comments may include statements of support or objections, to the project as a whole or specific aspects of the project. The more specific your comments, the more useful they will be.

Protests

Pursuant to sections 157.10(a)(4)[2] and 385.211[3] of the Commission's regulations under the NGA, any person[4] may file a protest to the application. Protests must comply with the requirements specified in section 385.2001[5] of the Commission's regulations. A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

To ensure that your comments or protests are timely and properly recorded, please submit your comments on or before *5:00 p.m. Eastern Time on December 10, 2026.*

There are three methods you can use to submit your comments or protests to the Commission. In all instances, please reference the Project docket number CP27–13–000 in your submission.

(1) You may file your comments electronically by using the eComment feature, which is located on the Commission's website at *www.ferc.gov* under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project;

(2) You may file your comments or protests electronically by using the eFiling feature, which is located on the Commission's website (*www.ferc.gov)* under the link to Documents and Filings. With eFiling, you can provide comments in a variety of formats by attaching them as a file with your submission. New eFiling users must first create an account by clicking on ''eRegister.'' You will be asked to select the type of filing you are making; first select ''General'' and then select ''Comment on a Filing''; or

(3) You can file a paper copy of your comments or protests by mailing them to the following address below. Your written comments must reference the Project docket number (CP27–13–000).

To file via USPS: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other courier: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of comments (options 1 and 2 above) and has eFiling staff available to assist you at (202) 502–8258 or *FercOnlineSupport@ferc.gov.*

Persons who comment on the environmental review of this project will be placed on the Commission's environmental mailing list, and will receive notification when the environmental documents (EA or EIS) are issued for this project and will be notified of meetings associated with the Commission's environmental review process.

The Commission considers all comments received about the project in determining the appropriate action to be taken. *However, the filing of a comment alone will not serve to make the filer a party to the proceeding.* To become a party, you must intervene in the proceeding. For instructions on how to intervene, see below.

Interventions

Any person, which includes individuals, organizations, businesses, municipalities, and other entities,[6] has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure[7] and the regulations under the NGA[8] by the intervention deadline for the project, which is *5:00 p.m. Eastern Time on December 10, 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

[1] 18 CFR 157.9.

[2] 18 CFR 157.10(a)(4).

[3] 18 CFR 385.211.

[4] Persons include individuals, organizations, businesses, municipalities, and other entities. 18 CFR 385.102(d).

[5] 18 CFR 385.2001.

[6] 18 CFR 385.102(d).

[7] 18 CFR 385.214.

[8] 18 CFR 157.10.

impacted community, or recreationist. You do not need to have property directly impacted by the project in order to intervene. For more information about motions to intervene, refer to the FERC website at *https://www.ferc.gov/resources/guides/how-to/intervene.asp.*

There are two ways to submit your motion to intervene. In both instances, please reference the Project docket number CP27–13–000 in your submission.

(1) You may file your motion to intervene by using the Commission's eFiling feature, which is located on the Commission's website (*www.ferc.gov)* under the link to Documents and Filings. New eFiling users must first create an account by clicking on ''eRegister.'' You will be asked to select the type of filing you are making; first select ''General'' and then select ''Intervention.'' The eFiling feature includes a document-less intervention option; for more information, visit *https://www.ferc.gov/docs-filing/efiling/document-less-intervention.pdf.;* or

(2) You can file a paper copy of your motion to intervene, along with three copies, by mailing the documents to the address below. Your motion to intervene must reference the Project docket number CP27–13–000.

To file via USPS: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other courier: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of motions to intervene (option 1 above) and has eFiling staff available to assist you at (202) 502–8258 or *FercOnlineSupport@ferc.gov.*

Protests and motions to intervene must be served on the applicant either by mail at: Grace Pietro, Associate Regulatory Analyst, Eastern Gas Transmission and Storage, Inc., 10700 Energy Way, Glen Allen, VA 23060 or by email (with a link to the document) at *Grace.Pietro@bhegts.com.* Any subsequent submissions by an intervenor must be served on the applicant and all other parties to the proceeding. Contact information for parties can be downloaded from the service list at the eService link on FERC Online. Service can be via email with a link to the document.

All timely, unopposed [9] motions to intervene are automatically granted by operation of Rule 214(c)(1).[10] Motions to intervene that are filed after the intervention deadline are untimely, and may be denied. Any late-filed motion to intervene must show good cause for being late and must explain why the time limitation should be waived and provide justification by reference to factors set forth in Rule 214(d) of the Commission's Rules and Regulations.[11] A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies (paper or electronic) of all documents filed by the applicant and by all other parties.

Tracking the Proceeding

Throughout the proceeding, additional information about the project will be available from OPP at (202) 502–6595 or on the FERC website at *www.ferc.gov* using the ''eLibrary'' link as described above. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. For more information and to register, go to *www.ferc.gov/docs-filing/esubscription.asp.*

Intervention Deadline: 5:00 p.m. Eastern Time on December 10, 2026.

(Authority: 18 CFR 2.1)

Dated: November 19, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23893 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 5982–001]

Seefeld Corporation; Notice of Intent To Prepare an Environmental Assessment

On July 27, 2026, Seefeld Corporation filed an application to surrender its exemption from licensing for the Smith Creek Project No. 5982. The project is located on the Nooksack River and Smith Creek in Whatcom County, Washington. The project does not occupy any federal lands.

The exemptee is proposing to surrender its exemption from licensing and decommission the project by removing the weir, cutting the intake pipe above the high-water mark and filling it with concrete, demolishing the settling tank, removing the generators, disconnecting from electrical grid, and removing the wood portions of the powerhouse. No work is proposed within the streambed. A Notice of Application for Surrender of Exemption Accepted for Filing and Soliciting Comments, Motions to Intervene, and Protests was issued on August 18, 2026. No comments were filed pursuant to the notice.

This notice identifies Commission staff's intention to prepare an environmental assessment (EA) under the National Environmental Policy Act (42 U.S.C. 4321 *et seq.*) for the project.[1] Commission staff plans to issue an EA by March 31, 2027. Revisions to the schedule may be made as appropriate. The EA will be issued for a 30-day comment period. All comments filed on the EA will be reviewed by staff and considered in the Commission's final decision on the proceeding.

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.*

Any questions regarding this notice may be directed to Rebecca Martin at (202) 502–6012 or *rebecca.martin@ferc.gov.*

(Authority: 18 CFR 2.1)

Dated: November 18, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23831 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following Exempt Wholesale Generator filings:

Docket Numbers: EG27–42–000.

Applicants: Drennan Energy Storage LLC.

[9] The applicant has 15 days from the submittal of a motion to intervene to file a written objection to the intervention.

[10] 18 CFR 385.214(c)(1).

[11] 18 CFR 385.214(b)(3) and (d).

[1] The unique identification number for documents relating to this environmental review is EAXX–019–20–000–1793782217.

Description: Drennan Energy Storage LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 11/19/26.
Accession Number: 20261119–5112.
Comment Date: 5 p.m. ET 12/10/26.

Take notice that the Commission received the following Electric Rate filings:

Docket Numbers: ER26–3591–001.
Applicants: Southwest Power Pool, Inc.
Description: Tariff Amendment: Deficiency Response—Modify the CHILL Policy to Accommodate Planned Outages to be effective 12/31/9998.
Filed Date: 11/19/26.
Accession Number: 20261119–5176.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–558–000.
Applicants: Duke Energy Carolinas, LLC.
Description: 205(d) Rate Filing: DEC–PJM—JOA Certificate of Concurrence to be effective 1/1/2027.
Filed Date: 11/18/26.
Accession Number: 20261118–5237.
Comment Date: 5 p.m. ET 12/9/26.
Docket Numbers: ER27–559–000.
Applicants: Southwest Power Pool, Inc.
Description: 205(d) Rate Filing: Enhance Transmission Service for HILLs and Non-Transmission Facilities to be effective 2/16/2027.
Filed Date: 11/18/26.
Accession Number: 20261118–5252.
Comment Date: 5 p.m. ET 12/9/26.
Docket Numbers: ER27–560–000.
Applicants: AEP Ohio Transmission Company, Inc.
Description: 205(d) Rate Filing: AEP submits a Coordination Agreement—SA No 8068 to be effective 10/30/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5032.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–561–000.
Applicants: Aron Energy Prepay 60 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5070.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–562–000.
Applicants: Aron Energy Prepay 62 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5071.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–563–000.
Applicants: Aron Energy Prepay 64 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5073.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–564–000.
Applicants: Aron Energy Prepay 65 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5077.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–565–000.
Applicants: Aron Energy Prepay 66 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5078.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–566–000.
Applicants: Aron Energy Prepay 67 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5080.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–567–000.
Applicants: Aron Energy Prepay 68 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5081.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–568–000.
Applicants: Aron Energy Prepay 70 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5086.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–569–000.
Applicants: Aron Energy Prepay 71 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5087.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–570–000.
Applicants: Aron Energy Prepay 72 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5090.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–571–000.
Applicants: Aron Energy Prepay 73 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5092.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–572–000.
Applicants: Tri-State Generation and Transmission Association, Inc.
Description: 205(d) Rate Filing: Amendment to Rate Schedule FERC No. 15 to be effective 12/31/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5095.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–573–000.
Applicants: Aron Energy Prepay 78 LLC.
Description: 205(d) Rate Filing: Revised Market-Based Rate Tariff to be effective 11/20/2026.
Filed Date: 11/19/26.
Accession Number: 20261119–5098.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–574–000.
Applicants: PJM Interconnection, L.L.C.
Description: 205(d) Rate Filing: Amendment to ISA, SA No. 6887; Project Identifier No. AE2–219 to be effective 1/19/2027.
Filed Date: 11/19/26.
Accession Number: 20261119–5143.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–575–000.
Applicants: PECO Energy Company.
Description: Compliance filing: PJM TOs Order No. 1920 Compliance Filing to be effective 12/31/9998.
Filed Date: 11/19/26.
Accession Number: 20261119–5181.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–576–000.
Applicants: PJM Interconnection, L.L.C.
Description: 205(d) Rate Filing: Amendment to GIA, SA No. 7868; Project Identifier No. AF2–396 to be effective 1/19/2027.
Filed Date: 11/19/26.
Accession Number: 20261119–5224.
Comment Date: 5 p.m. ET 12/10/26.
Docket Numbers: ER27–577–000.
Applicants: Southwest Power Pool, Inc.
Description: 205(d) Rate Filing: Revisions to Establish Load Safe Harbor Limit for Delivery Point Costs to be effective 2/17/2027.
Filed Date: 11/19/26.
Accession Number: 20261119–5227.
Comment Date: 5 p.m. ET 12/10/26.

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: November 19, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–23885 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP27–18–000]

Enable Gas Transmission, LLC; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on November 11, 2026, Enable Gas Transmission, LLC (EGT), 1300 Main Street, Houston, Texas 77002, filed in the above-referenced docket a prior notice request pursuant to sections 157.205 and 157.208(f)(2) of the Commission's regulations under the Natural Gas Act (NGA), and EGT's blanket certificate issued in Docket No. CP82–384–000, as amended in Docket No. CP82–384–001, for authorization to permanently reduce the maximum allowable operating pressure (MAOP) of five existing pipeline delivery laterals designated as Line Nos. AM–69, AM–25, AM–98, AM–107, and KM–43. The facilities are located in Saline, Dallas, and Cleveland Counties, Arkansas respectively. (2026–Q4 MAOP Reduction Project). The project will allow EGT to maintain compliance with Pipeline and Hazardous Materials Safety Administration regulations and provide more efficient operations of the delivery facilities. The proposed MAOP reductions will also allow EGT to avoid unnecessary expenses associated with hydrotesting, lateral pipe replacement, and other measures that would otherwise be required to maintain the existing MAOP. No construction or modification of facilities is proposed, and therefore, no construction costs are associated with the proposed MAOP reductions, 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 Irma Jarrett, Senior Manager, Certificates, Enable Gas Transmission, LLC, 1300 Main Street, P.O. Box 4967, Houston, Texas 77210–4967, by phone at (713) 989–7679, or by email at *Irma.Jarrett@energytransfer.com.*

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file a protest to the project, you can file a motion to intervene in the proceeding, and you can file comments on the project. There is no fee or cost for filing protests, motions to intervene, or comments. The deadline for filing protests, motions to intervene, and comments is 5:00 p.m. Eastern Time on January 19, 2027. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502–6595 or *OPP@ferc.gov.*

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,[1] any person [2] or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,[3] and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on January 19, 2027. Filings that do not meet requirements of 18 CFR 157.205(e)(2) [4] will not be considered protests by the Commission.[5] A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure [6] and the regulations under the NGA [7] by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on January 19, 2027. As described further in Rule 214, your motion to intervene must state, to the

[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.

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 January 19, 2027. 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 CP27–18–000 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 CP27–18–000.

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: Irma Jarrett, Senior Manager, Certificates, Enable Gas Transmission, LLC, 1300 Main Street, P.O. Box 4967, Houston, Texas 77210–4967, or by email (with a link to the document) at *Irma.Jarrett@energytransfer.com.* Any subsequent submissions by an intervenor must be served on the applicant and all other parties to the proceeding. Contact information for parties can be downloaded from the service list at the eService link on FERC Online.

Tracking the Proceeding

Throughout the proceeding, additional information about the project will be available from OPP at (202) 502–6595 or on the FERC website at *www.ferc.gov* using the ''eLibrary'' link as described above. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. For more information and to register, go to *www.ferc.gov/docs-filing/esubscription.asp.*

(Authority: 18 CFR 2.1.)

Dated: November 19, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23891 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

[8] Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at *www.ferc.gov* under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP27–175–000.

Applicants: Louisville Gas and Electric Company, Kentucky Utilities Company.

Description: Joint Petition for Temporary Waiver of Capacity Release Regulations, et al. of Kentucky Utilities Company, et al.

Filed Date: 11/18/26.

Accession Number: 20261118–5227.

Comment Date: 5 p.m. ET 11/30/26.

Docket Numbers: RP27–176–000.

Applicants: El Paso Natural Gas Company, L.L.C.

Description: 4(d) Rate Filing: Article 11.2(a) Inflation Adjustment Filing 2027 to be effective 1/1/2027.

Filed Date: 11/19/26.

Accession Number: 20261119–5056.

Comment Date: 5 p.m. ET 12/1/26.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

The filings are accessible in the Commission's eLibrary system (*https://elibrary.ferc.gov/idmws/search/fercgensearch.asp*) by querying the docket number.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov.*

Dated: November 19, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–23883 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP27–19–000]

Spire MoGas Pipeline LLC; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on November 12, 2026, Spire MoGas Pipeline, LLC (Spire MoGas), 329 Josephville Road, Wentzville, Missouri 63385, filed in the above referenced docket, a prior notice request pursuant to sections 157.205, 157.208, and 157.210 of the Commission's regulations under the Natural Gas Act (NGA), and Spire MoGas' blanket certificate issued in Docket No. CP06–408–000, for authorization to increase the certificated capacity of its Zone 3 facilities located in eastern Missouri and southwestern Illinois by 25,000 dekatherms per day to reflect the actual capabilities of its system (Zone 3 Expansion). Spire MoGas asserts that, based on operational experience and analysis of actual pipeline operating flow and pressure conditions, this capacity, which has been operationally available, can now be offered on a firm basis. Spire MoGas states that no construction or modification of any facilities is required to effectuate the capacity increase and there is no cost associated with its Zone 3 Expansion, 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 Dave Feeman, Director, Pipeline Operations, Spire Midstream LLC, 329 Josephville Road, Wentzville, Missouri 63385, by phone at (636) 856–8035, or by email at *Dave.Feeman@spireenergy.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 January 19, 2027. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502–6595 or *OPP@ferc.gov.*

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,[1] any person [2] or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,[3] and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on January 19, 2027. Filings that do not meet requirements of 18 CFR 157.205(e)(2) [4] will not be considered protests by the Commission.[5] A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure [6] and the regulations under the NGA [7] by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on January 19, 2027. 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 January 19, 2027. The filing of a comment alone will not serve to make the filer a party to the

[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.

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 CP27–19–000 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 CP27–19–000.

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: to Dave Feeman, Director, Pipeline Operations, Spire Midstream LLC, 329 Josephville Road, Wentzville, Missouri 63385, or by email (with a link to the document) at *Dave.Feeman@spireenergy.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: November 18, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23834 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

[8] Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at *www.ferc.gov* under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26–572–000]

Southern Star Central Gas Pipeline, Inc.; Notice of Schedule for the Preparation of an Environmental Assessment for the Evergy Mcnew Power Plant Delivery Project

On August 31, 2026, Southern Star Central Gas Pipeline, Inc. (Southern Star) filed an application in Docket No. CP26–572 requesting a Certificate of Public Convenience and Necessity pursuant to Section 7(c) of the Natural Gas Act to construct and operate certain natural gas pipeline facilities. The proposed project is known as the Evergy McNew Power Plant Delivery Project (Project), which would provide up to 123,000 million cubic feet per day (MMcf/d) of firm natural gas transportation service from Southern Star's existing mainline facilities to support operation of Evergy Kansas Central, Inc.'s planned new McNew Power Plant in Reno County, Kansas, a natural gas-fueled combined-cycle turbine generating facility that Southern Star asserts would enhance electric system reliability across the region.[1]

On September 15, 2026, the Federal Energy Regulatory Commission (Commission or FERC) issued its Notice of Application for the Project. Among other things, that notice alerted agencies issuing federal authorizations of the requirement to complete all necessary reviews and to reach a final decision on a request for a federal authorization within 90 days of the date of issuance of the Commission staff's environmental document for the Project.

This notice identifies Commission staff's intention to prepare an environmental assessment (EA) for the Project and the planned schedule for the completion of the environmental review.[2] The EA will be issued for a 30-day comment period.

Schedule for Environmental Review

Issuance of EA—June 7, 2027
90-day Federal Authorization Decision Deadline [3]—September 5, 2027

If a schedule change becomes necessary, additional notice will be provided so that the relevant agencies are kept informed of the Project's progress.

Project Description

The Evergy McNew Power Plant Delivery Project would consist of the following facilities, all within the state of Kansas:

- Construction and operation of:
  - a new 1.6-mile-long 30-inch-diameter natural gas pipeline (Line RE) extending from a new, greenfield compressor station (Hutchinson Compressor Station) to the new Evergy Meter Station at the McNew Power Plant in Reno County;
  - the new Hutchinson Compressor Station and associated infrastructure along Southern Star's existing 26-inch-diameter Hugoton Loop Line RA in Reno County;
  - a new measurement and flow control station (Evergy Meter Station) and associated infrastructure at the McNew Plant in Reno County;
- Modifications within the existing Hesston Compressor Station in Harvey County and the existing Stafford Compressor Station in Stafford County;
- Installation of:
  - tie-in piping, a pig launcher, and associated infrastructure at the

[1] The Notice of Scoping incorrectly stated that the McNew Power Plant would undergo a ''planned conversion to a natural gas-fueled electric generation facility.'' The McNew Power Plant is a proposed *new* combined cycle gas turbine plant receiving up to 123,000 MMcf/d from Southern Star. This Notice of Schedule reflects the correct project description.

[2] For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1788525221.

[3] The Commission's deadline applies to the decisions of other federal agencies, and state agencies acting under federally delegated authority, that are responsible for federal authorizations, permits, and other approvals necessary for proposed projects under the Natural Gas Act. Per 18 CFR 157.22(a), the Commission's deadline for other agency's decisions applies unless a schedule is otherwise established by federal law.

connection to the existing Southern Star mainline system in Reno County; and

○ a new pig receiver and associated infrastructure at the Evergy Meter Station in Reno County.

Background

On October 1, 2026, the Commission issued a *Notice of Scoping Period Requesting Comments on Environmental Issues for the Proposed Evergy McNew Power Plant Delivery Project* (Notice of Scoping). The Notice of Scoping was sent to affected landowners; federal, state, and local government agencies; elected officials; environmental and public interest groups; Native American tribes; other interested parties; and local libraries and newspapers. In response to the Notice of Scoping, the Commission received comments from the U.S. Army Corps of Engineers, Kansas City District; and local residents Jared and Yolanda Oatney (comments filed by their counsel Diana Stanley on their behalf), and Alexia S. Welch. The U.S. Army Corps of Engineers noted that should the Project involved dredge or fill in any waters of the United States, a Department of Army permit may be required. The Oatneys raised concerns on routing, geology, impacts on the nearby airfield, special status species, designated critical habitat, and general wildlife. Alexia Welch raised concerns on potential effects on groundwater resources; geology and geologic hazards; air quality and noise; emergency response capacity; routing and land use considerations; special status species; and the cumulative environmental impacts of existing and planned industrial development. All substantive comments will be addressed in the EA.

Additional Information

In order to receive notification of the issuance of the EA and to keep track of formal issuances and submittals in specific dockets, the Commission offers a free service called eSubscription. This service provides automatic notification of filings made to subscribed dockets, document summaries, and direct links to the documents. Go to *https://www.ferc.gov/ferc-online/overview* to register for eSubscription.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov.*

Additional information about the Project is available from the FERC website (*www.ferc.gov*). Using the ''eLibrary'' link, select ''General Search'' from the eLibrary menu, enter the selected date range and ''Docket Number'' excluding the last three digits (*i.e.,* CP26–572), and follow the instructions. For assistance with access to eLibrary, the helpline can be reached at (866) 208–3676, TTY (202) 502–8659, or at *FERCOnlineSupport@ferc.gov.* The eLibrary link on the FERC website also provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rule makings.

(Authority: 18 CFR 2.1)

Dated: November 19, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23894 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. IN79–6–000]

FERC Form 580 Interrogatories on Fuel and Energy Purchase Practices; Notice of Request for Partial Waiver

Take notice that on October 29, 2026, pursuant to Rule 207(a)(5) of the Federal Energy Regulatory Commission's (Commission) Rules of Practice and Procedure,[1] DTE Electric Company submitted a request for a partial waiver of the requirement to respond to the 2026 FERC Form 580 Interrogatory on Fuel and Energy Purchase Practices, as more fully explained in the request.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant.

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.*

The Commission strongly encourages electronic filings of comments, protests and interventions in lieu of paper using the ''eFiling'' link at *http://www.ferc.gov.* Persons unable to file electronically may mail similar pleadings to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426. Hand delivered submissions in docketed proceedings should be delivered to Health and Human Services, 12225 Wilkins Avenue, Rockville, Maryland 20852.

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.*

Comment Date: 5:00 p.m. Eastern time on December 9, 2026.

(Authority: 18 CFR 2.1)

Dated: November 18, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23833 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

[1] 18 CFR 385.207.

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26–556–000]

Tres Palacios Gas Storage LLC; Notice of Schedule for the Preparation of an Environmental Assessment for the Tres Palacios Smith Cavern Expansion Project

On July 22, 2026, Tres Palacios Gas Storage LLC (Tres Palacios) filed an application in Docket No. CP26–556–000, requesting Authorization pursuant to Section 7(c) of the Natural Gas Act to construct and operate the Tres Palacios Smith Cavern Expansion Project

(Project) that would add approximately 24.8 billion cubic feet of new working gas capacity and increase injection capabilities at the Tres Palacios Gas Storage Facility. The proposed Project would be located in Matagorda and Wharton Counties, Texas.

On July 31, 2026, the Federal Energy Regulatory Commission (Commission or FERC) issued its Notice of Application for the Project. Among other things, that notice alerted agencies issuing federal authorizations of the requirement to complete all necessary reviews and to reach a final decision on a request for a federal authorization within 90 days of the date of issuance of the Commission staff's environmental document for the Project.

This notice identifies Commission staff's intention to prepare an environmental assessment (EA) for the Project and the planned schedule for the completion of the environmental review.[1]

Schedule for Environmental Review

Issuance of EA—February 26, 2027
90-day Federal Authorization Decision Deadline[2]—May 27, 2027

If a schedule change becomes necessary, additional notice will be provided so that the relevant agencies are kept informed of the Project's progress.

Project Description

Tres Palacios proposes to construct and operate (1) three new natural gas salt dome storage caverns, by converting three existing brine caverns, with a total working gas capacity of approximately 24.8 billion cubic feet (Bcf) and a base gas capacity of approximately 8.93 Bcf, equaling a total capacity of approximately 33.73 Bcf (Smith Caverns 5, 6, and 7); (2) 5.4 miles of new 36-inch-diameter pipeline loop; (3) three 1.7-mile-long, 16-inch-diameter pipeline cavern laterals; (4) the new El Campo Compressor Station, including four 5,500 horsepower (hp) reciprocating compressor units; (5) additional facilities at the existing Tres Palacios Gas Storage Facility, including three new 5,500 hp reciprocating compressor units, a new compressor building, six cooling bays, and one gas dehydration system; (6) modifications at three existing metering and regulation stations; and (7) associated appurtenant facilities, all located in Matagorda and Wharton Counties, Texas.

Background

On September 22, 2026, the Commission issued a *Notice of Scoping Period Requesting Comments on Environmental Issues for the Proposed Tres Palacios Smith Cavern Expansion Project* (Notice of Scoping). The Notice of Scoping was sent to affected landowners; federal, state, and local government agencies; elected officials; environmental and public interest groups; Native American tribes; other interested parties; and local libraries and newspapers. We received comments from the U.S. Environmental Protection Agency (EPA) Region 6 and from a member of the public.

EPA's comments addressed water quality; National Pollutant Discharge Elimination System permit coverage, Clean Water Act section 402; and effects of construction on groundwater. The primary issues raised by the public include potential effects on ecosystems, water resources, vegetation, threatened and endangered species, air quality, and operational noise. All substantive comments will be addressed in the EA.

Additional Information

In order to receive notification of the issuance of the EA and to keep track of formal issuances and submittals in specific dockets, the Commission offers a free service called eSubscription. This service provides automatic notification of filings made to subscribed dockets, document summaries, and direct links to the documents. Go to *https://www.ferc.gov/ferc-online/overview* to register for eSubscription.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov.*

Additional information about the Project is available from the FERC website (*www.ferc.gov*). Using the ''eLibrary'' link, select ''General Search'' from the eLibrary menu, enter the selected date range and ''Docket Number'' excluding the last three digits (*i.e.,* CP26–556), and follow the instructions. For assistance with access to eLibrary, the helpline can be reached at (866) 208–3676, TTY (202) 502–8659, or at *FERCOnlineSupport@ferc.gov.* The eLibrary link on the FERC website also provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rule makings.

(Authority: 18 CFR 2.1)

Dated: November 18, 2026.

Debbie-Anne A. Reese,

Secretary.

[FR Doc. 2026–23835 Filed 11–23–26; 8:45 am]

BILLING CODE 6717–01–P

[1] For tracking purposes under the National Environmental Policy Act, the unique identification number for documents relating to this environmental review is EAXX–019–20–000–1790772608.

[2] The Commission's deadline applies to the decisions of other federal agencies, and state agencies acting under federally delegated authority, that are responsible for federal authorizations, permits, and other approvals necessary for proposed projects under the Natural Gas Act. Per 18 CFR 157.22(a), the Commission's deadline for other agency's decisions applies unless a schedule is otherwise established by federal law.

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OLEM–2026–9571; FRL–13652–01–OLEM]

Streamlining and Improving Efficiencies in the RCRA Hazardous Waste Permitting Program; Notice of Virtual Public Meetings and Request for Information

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice and request for information.

SUMMARY: This document announces and initiates an EPA effort to streamline the Resource Conservation and Recovery Act (RCRA) permit program and to remove associated barriers to redevelopment. This effort will satisfy an Agency Priority Goal established by the EPA Administrator to streamline the permitting process and improve efficiencies to unleash economic growth. In this document, EPA seeks information to help identify inefficiencies in the permit process and ideas for streamlining, including ideas that would reduce the time, uncertainty, and costs involved in issuing a permit. EPA also seeks information to help identify situations where the RCRA permit presents barriers to redevelopment of and/or parceling of RCRA treatment, storage, and disposal facilities, and ideas to overcome those barriers. EPA will consider information submitted as it develops a plan to address the inefficiencies in, and barriers presented by, the current RCRA permit program. This document also announces four virtual public engagement sessions that will supplement the request for information by providing individual participants an opportunity to provide oral comments on these issues as well.

DATES: Comments must be received on or before January 25, 2027.

ADDRESSES: Any member of the public may send comments, identified by Docket ID No. EPA–HQ–OLEM–2026–9571, by any of the following methods:

- *Federal eRulemaking Portal: https://www.regulations.gov* (our

preferred method). Follow the online instructions for submitting comments.

- *Mail:* U.S. Environmental Protection Agency, EPA Docket Center, Office of Land and Emergency Management Docket, 1200 Pennsylvania Avenue NW, Washington, DC 20460.
- *Email: docket_OLEM@epa.gov.* Include Docket ID No. EPA–HQ–OLEM–2026–9571 in the subject line of the message.
- *Hand Delivery or Courier:* EPA Docket Center, WJC West Building, Room 3334, 1301 Constitution Avenue NW, Washington, DC. The Docket Center's hours of operation are 8:30 a.m. to 4:30 p.m. EST, Monday-Friday (except Federal Holidays).

Instructions: All submissions received must include the Docket ID No. for this action.

Comments received may be posted without change to *https://www.regulations.gov/,* including any personal information provided. For detailed instructions on sending comments and participating in the virtual public engagement sessions, see the ''Public Participation'' heading of the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: For further information on the sections of this document addressing improvements to the permit process, contact Nadja Solis Marcano, Waste and Chemical Implementation Division, Office of Resource Conservation and Recovery, U.S. Environmental Protection Agency, telephone number (202) 566–0356, email address: *nadja.solismarcano@epa.gov;* or Lilybeth Colon, Waste and Chemical Implementation Division, Office of Resource Conservation and Recovery, telephone number (202) 566–0320, email address: *colon.lilybeth@epa.gov.* For information on the sections of this document addressing barriers to redevelopment and parceling of RCRA facilities, contact Barbara Foster, Waste and Chemical Implementation Division, Office of Resource Conservation and Recovery, telephone number (202) 566–0382, email address: *foster.barbara@epa.gov.*

To register for the virtual engagement sessions, please either submit the online registration form available at EPA's Hazardous Waste Permitting website at *https://www.epa.gov/hwpermitting* or contact Nadja Solis Marcano at the contact information above. For information on access or services for individuals with disabilities, or to request accommodation of a disability, please contact Nadja Solis Marcano, at the contact information above, at least ten (10) days prior to the meeting to give the EPA as much time as possible to process your request.

SUPPLEMENTARY INFORMATION:

I. Public Participation

The Agency requests public comment on issues described later in this document. Public comment can be submitted to the docket for this rulemaking as described in the Addresses section above. The Agency also announces four public engagement sessions during which EPA will also accept oral comments on the issues discussed in this document. The public engagement sessions are intended to supplement the requests for information in this document; participation in the public engagement sessions is not required to submit public comment on the issues discussed in this document. EPA will take notes to document comments made at the public engagement sessions, which will be made available in the docket, but the Agency strongly encourages speakers to submit their presentations to the docket as well.

The dates and times of these public engagement session and instructions for participating are available on the Hazardous Waste Permitting Program's website at *https://www.epa.gov/hwpermitting.* For purposes of organization, each of the virtual public engagement sessions is targeted to an audience representing a sector of the general public. Though participants are encouraged to attend their targeted session, all sessions are open to the general public.

Advance registration is encouraged to secure a place on the agenda. A general agenda listing pre-registered speakers in approximate order will be available in the docket and on EPA's Hazardous Waste Permitting website at *https://www.epa.gov/hwpermitting* the day before each meeting.

II. Request for Comment

A. The Permit Process

The EPA Strategic Plan for FY 2026–2030 (Strategic Plan) establishes as a priority goal to, by September 30, 2027, streamline the permitting process and improve efficiencies so the Nation can unleash economic growth while providing cost savings to hardworking Americans. The Strategic Plan explains that by implementing cost-effective regulations and streamlining permitting processes, the EPA will demonstrate that protecting human health and the environment goes hand-in-hand with economic prosperity, and that streamlining permitting processes is a crucial step for facilitating investment and promoting economic growth. The Strategic Plan further explains that the effort to simplify regulations will remove redundancies and reduce delays, while providing clear guidelines to aid businesses in navigating requirements.

The Agency is issuing this document to obtain information from the public that will support RCRA's implementation of the permitting effort announced in the Strategic Plan. EPA is requesting comment in two general areas—comment that will help identify inefficiencies and redundancies in the current RCRA permit process, and comment that will provide innovative solutions to overcome those inefficiencies and redundancies.

EPA seeks comment on situations where the regulated community has experienced inefficiencies, including unreasonable delays and/or redundancies, in all areas of the permit process including but not limited to:

- Permit issuance and renewal—information required by the application process, turnaround timeframes, process redundancies or unnecessary processes.
- Permit modification—determining the applicable class of permit modification, information required, process redundancies or unnecessary processes.

EPA seeks comment on ways to improve the efficiency of the permit process including but not limited to:

- Ways to modernize application and renewal procedures through electronic tools.
- Revisions to the permitting process, including the permit modification processes, that might avoid redundancy and repetition.
- Streamlined processes or information requirements that could be implemented at particular phases of a facility's life (*e.g.,* post-closure).
- Ways to promote risk-based clean closure to eliminate the need for post-closure permits.

B. Financial Assurance

A key goal of RCRA is to avoid the creation of Superfund sites, and adequate financial assurance for closure, post-closure, third-party liability, and corrective action is a vital component of the regulatory scheme established to meet that goal. EPA is considering whether revisions to the RCRA financial assurance program are necessary to ensure that adequate and effective financial assurance mechanisms are available at RCRA facilities.

EPA is requesting comment to identify situations where the current RCRA Subtitle C financial assurance

program is outdated, inefficient, or ineffective including, but not limited to:

- Outdated aspects of the financial assurance mechanisms in 40 CFR part 264 subpart H and part 265, subpart H to reflect changes in commercial practice, experience, and standards since the mechanisms were promulgated.
- Experiences related to unavailability of instruments or instrument failure due to constraints imposed by the current regulations.
- How to best address situations and promote redevelopment where there is no longer a viable owner or operator, and no financial assurance is available.

EPA is also requesting comment on ways to improve the current financial assurance program including but not limited to:

- Ways that use of electronic financial assurance documents and other electronic practices could improve the efficiency and effectiveness of the financial assurance program.
- Improvements that could be made to the financial assurance regulations to overcome barriers to the availability and effectiveness of the financial assurance instruments.
- Improved methods to provide financial assurance for long-term obligations such as post-closure care obligations (including those that extend beyond the 30-year period) and corrective action obligations.
- Potential streamlining of the process for obtaining instruments by expanding the scope of closure and post-closure mechanisms to include corrective action costs.

C. Transferring Permit Obligations to Alternate Authorities

1. Background

RCRA section 3005(c)(3) requires that permits contain terms and conditions as necessary to protect human health and the environment. Section 3004(u) provides that, where corrective action is not completed before permit issuance, permits issued to RCRA treatment, storage, and disposal facilities must contain schedules of compliance for corrective action for all releases of hazardous waste or hazardous constituents from any solid waste management unit and assurances of financial responsibility for completing such corrective action. RCRA section 3004(v) further requires that corrective action be taken beyond the facility boundary as necessary to protect human health and the environment.

Currently, EPA has implemented these statutory requirements by requiring renewal of RCRA permits until the post-closure period is complete,[1] and until the obligation to address facility-wide corrective action for releases of hazardous waste and hazardous constituents from all solid waste management units at the facility is satisfied.

Increasingly, facilities are completing closure of their treatment, storage, and disposal units, and these post-closure and/or corrective action requirements are the only remaining permit obligations. EPA is considering whether continuation of the permit throughout the post-closure care period and until corrective action is complete is necessary to meet the requirements of the statute or whether, and under what conditions, the statutory requirements of section 3005(c)(3) and sections 3004(u) and (v) could be met if post-closure and/or corrective action requirements were transferred to an alternate state authority.

EPA has long recognized that state authorities such as enforcement orders, if used as an alternative to RCRA corrective action requirements for releases from solid waste management units, may impose substantive cleanup requirements that are equivalent to those imposed under a RCRA permit through RCRA corrective action authority. However, EPA also recognizes that the existing RCRA permit systems in place that provide for implementation and oversight of corrective action and post-closure care provide procedural protections to help ensure protectiveness.

2. Request for Comment on the Benefits of an Alternate Authority Approach to Post-Closure Care and Corrective Action

EPA requests comment on the benefits of replacing RCRA permits with alternate authorities to implement post-closure care and/or corrective action obligations where the RCRA permit obligations present barriers including but not limited to:

- Examples of situations where the RCRA permit has been a barrier to redevelopment of contaminated property.
- Aspects of the permit or the permitting process that are of particular concern in redevelopment scenarios.
- Aspects of alternate authorities that make them preferable to the RCRA permit to implement post-closure care and corrective action for releases from solid waste management units.

3. Request for Comment on Alternate Approaches to Meeting the Statutory Requirements

EPA is soliciting comment on how alternative authorities can provide equivalent statutory corrective action and post-closure requirements. EPA is also soliciting comment on how alternative authorities can provide the protections currently afforded by the permit process—that is, if post-closure and/or corrective action permit conditions were transferred to an alternate authority, how the standard to protect human health and the environment would continue to be met until post-closure and/or corrective action is complete. EPA is soliciting comment on how alternative authorities could replace the protections currently provided by a permit including but not limited to:

- Reporting and notice—Procedural requirements that ensure releases, corrective action needs, and possible post-closure extensions are brought to the permitting authority's attention.
- Continuity of responsibility—Transfer of permit responsibilities to a new owner/operator, long-term responsibility for post-closure care and corrective action obligations, and protections to ensure these responsibilities remain enforceable during bankruptcy.
- Accountability and inspection—Authority to make enforceable comments on draft permits to ensure protective conditions are included, as well as authority to inspect and enforce permit conditions, including state-issued conditions.
- Financial assurance—Requirements for financial assurance for post-closure care and corrective action.
- Public participation and transparency—Requirements for public participation during permit issuance, modification, and renewal.

D. Parceling

The issue of transferring permit obligations to an alternate authority also arises when an owner sells a portion of a RCRA permitted facility. Owners and operators of RCRA facilities may seek to amend the boundaries of the facility described in the RCRA permit to remove a parcel being sold from the facility. Purchasers of property may be hesitant to sign on to a RCRA permit and become jointly and severally liable for facility-wide corrective action obligations and

[1] *See* RCRA section 3004(u), 40 CFR part 264, and 40 CFR part 270. *See* also discussion of these authorities in the preamble of an Advance Notice of Proposed Rulemaking entitled Corrective Action for Releases From Solid Waste Management Units at Hazardous Waste Management Facilities, 61 FR 19432@19463, May 1, 1996; and in a memorandum from Barnes Johnson to the RCRA Division Directors, December 15, 2016 entitled: Guidelines for Evaluating the Post-Closure Care Period for Hazardous Waste Disposal Facilities under Subtitle C of RCRA at page 13.

seek to address remaining corrective action obligations through an alternate authority. Regulators may be hesitant in parceling scenarios to release owners and operators and property purchasers from RCRA permit obligations because of concerns that doing so may allow them to avoid corrective action obligations. Regulators further may be concerned that selling parcels of a facility may deplete resources available to address corrective action obligations on the remaining facility.

These concerns may slow parceling decisions and hinder or even prevent real estate transactions, including transactions that might have provided for cleanup of facilities that might otherwise not be addressed. EPA is seeking to develop parceling practices for RCRA facilities that will provide guidelines for regulators enabling them to make timely and informed parceling decisions that promote redevelopment while ensuring that the goals of the statute are satisfied.

1. Benefits of Parceling

EPA requests comment on, and specific examples demonstrating, the benefits of removing portions of facilities from RCRA permits upon property transfer including but not limited to:

- Situations where removing the RCRA permit requirement from a facility parcel provided funds that otherwise would not have been available to implement corrective action as necessary to protect human health and the environment, including situations where the permittee was no longer viable.

2. Barriers to Parceling

EPA requests comment to help identify and better understand any barriers to parceling that may be created by the RCRA permit including but not limited to:

- Information explaining why the permit may be a barrier to a property transaction.
- Examples where the RCRA permit may have prevented or slowed property transfer, particularly where the transfer of property would have promoted cleanup.

3. Concerns Raised by Parceling Actions

EPA requests comment to help identify and better understand how parceling of a RCRA permitted facility and releasing the owner/operator and/or purchaser from permit obligations may impact whether the statutory obligation to protect human health and the environment is satisfied. EPA requests comment on regulators' experiences including but not limited to examples where parceling transactions have created incentives or hinderances for cleanup and redevelopment.

4. Overcoming Barriers to Parceling

EPA also requests comment on ways to overcome the barriers to parceling RCRA facilities while ensuring that the statutory requirement of RCRA for permit conditions necessary to protect human health and the environment, and for corrective action permit conditions and financial responsibility until corrective action is complete, discussed above, are met. In particular, EPA solicits comment on:

- Examples where a facility was parceled successfully and the permit was retained, and how barriers were overcome in that process.
- Ways to support program implementers processing requests for permit modifications associated with parceling transactions to enable them to process those requests in a timely manner.
- Practices or components of regulatory alternatives relied on in parceling actions that regulators have found to effectively assure that corrective action obligations at both the remaining RCRA permitted facility and at the parcel will be addressed after the parcel is sold and separated from the facility.
- Financial mechanisms that program implementers can rely on to finance future cleanup actions when RCRA financial assurance requirements no longer apply.

E. Other Areas for Permitting Reform

Finally, EPA is soliciting comment on any other opportunities for the Agency to improve the RCRA permitting program, streamline the RCRA permitting process, and improve efficiencies so the Nation can unleash economic growth while providing cost savings to hardworking Americans. Because protecting human health and the environment goes hand-in-hand with economic prosperity, the Agency requests input on ways to simplify regulations, remove redundancies, and reduce delays, while providing clear guidelines to aid businesses in navigating requirements and maintaining protectiveness. EPA is generally soliciting comment on RCRA permitting and specifically seeks ideas that would reduce the time, uncertainty, and costs involved in issuing a permit and enable the Agency to advance its strategic objective of achieving operational efficiencies while upholding its mission to protect human health and the environment.

III. Authority

EPA is authorized to implement the Hazardous Waste Permit Program under the authority of sections 1006, 2002(a), 3002, 3003, 3004, 3005, 3010, 3013, and 7004 of the Solid Waste Disposal Act of 1970, as amended by the Resource Conservation and Recovery Act of 1976, as amended, by the Hazardous and Solid Waste Amendments of 1984 (HSWA), 42 U.S.C. 6905, 6912(a), 6922, 6923, 6924, 6925, 6930, 6934, and 6974. These public laws combined are commonly referred to as the ''Resource Conservation and Recovery Act'' (RCRA). EPA is soliciting comments and announcing the virtual public engagement sessions to help inform future policy actions under this RCRA authority.

Steven Cook,

Principal Deputy Assistant Administrator, Office of Land and Emergency Management.

[FR Doc. 2026–23882 Filed 11–23–26; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

[FR ID 378871]

Deletion of Item From November 19, 2026 Open Meeting

November 18, 2026.

The following item was adopted by the Commission on November 16, 2026 and deleted from the list of items scheduled for consideration at the Thursday, November 19, 2026, Open Meeting. The item was previously listed in the Commission's Sunshine Notice on Thursday, November 12, 2026.

Item No.	Bureau	Subject
4	Wireline Competition	*Title:* Reforming the High-Cost Program for an All-IP Future (WC Docket No. 26–96) and Connect America Fund: A National Broadband Plan for our Future High-Cost Universal Support (WC Docket No. 10–90).

Item No.	Bureau	Subject
		Summary: The Commission will consider a Report and Order that would adopt a limited two-year extension of Alternative Connect America Cost Model (A–CAM I) support through December 31, 2028. A–CAM I currently provides predictable, model-based support to rural rate-of-return carriers in exchange for defined broadband deployment obligations, and this extension would prevent a loss of support for nine carriers while the Commission considers broader reforms to its high-cost support mechanisms.

Authority: This meeting is held, in accordance with the Government in the Sunshine Act (Sunshine Act), Public Law 94–409, as amended (5 U.S.C. 552b).

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–23828 Filed 11–23–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[GN Docket No. 25–59; DA 26–1248; FR ID 378982]

Wireless Telecommunications Bureau Seeks Comment on Whether Proposed Upper C-Band Relocation Coordinator Satisfies Selection Criteria

AGENCY: Federal Communications Commission.

ACTION: Notice; solicitation of comments.

SUMMARY: In this document, the Wireless Telecommunications Bureau (Bureau) invites interested parties to comment on whether the proposed Relocation Coordinator selected by the eligible space station operators in the Upper C-band satisfies the criteria established by the Federal Communications Commission (Commission) in *Upper C-band (3.98–4.2 GHz); Expanding Flexible Use of the 3.7 to 4.2 GHz Band,* GN Docket Nos. 25–59 and 18–122, Report and Order, Order of Proposed Modification, and Order on Reconsideration, FCC 26–46 (July 24, 2026) (*Upper C-band R&O*). In the *Upper C-band R&O,* the Commission adopted rules to make 160 megahertz of mid-band spectrum available for flexible use throughout the contiguous United States by transitioning incumbent Fixed Satellite Service (FSS) operations out of 4.0–4.16 GHz. The *Upper C-band R&O* required eligible space station operators to select a Relocation Coordinator that will be responsible for managing the overall transition and coordinating relocation actions among eligible FSS space station operators, incumbent FSS earth station operators, and new Upper C-band flexible use licensees.

DATES: Comments are due on or before December 3, 2026; reply comments are due on or before December 14, 2026.

ADDRESSES: You may submit comments, identified by GN Docket No. 25–59, by any of the following methods:

- *Federal Communications Commission's Website: https://www.fcc.gov/ecfs/filings/standard.* Follow the instructions for submitting comments.
- *People with Disabilities:* Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by email: *FCC504@fcc.gov* or phone: 202–418–0530.

FOR FURTHER INFORMATION CONTACT: Andrew McArdell, Wireless Telecommunications Bureau, at *Andrew.McArdell@fcc.gov.*

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's document (*Public Notice*), in GN Docket No. 25–59, DA 26–1248, released on November 18, 2026. The complete text of this document is available on the Commission's website at *https://docs.fcc.gov/public/attachments/DA-26-1248A1.pdf,* or by using the search function for GN Docket No. 25–59 on the Commission's ECFS web page at *https://www.fcc.gov/ecfs.*

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

Synopsis

With this Public Notice, the Wireless Telecommunications Bureau (Bureau) seeks comment on whether the proposed Relocation Coordinator selected by the eligible space station operators in the Upper C-band satisfies the criteria established by the Commission in the *Upper C-band R&O.*

On July 24, 2026, the Commission released the *Upper C-band R&O,* which adopted rules to make 160 megahertz of mid-band spectrum available for flexible use throughout the contiguous United States by transitioning incumbent Fixed Satellite Service (FSS) operations out of 4.0–4.16 GHz.

The *Upper C-band R&O* required eligible Fixed Satellite Service (FSS) space station operators to select, no later than January 1, 2027, a Relocation Coordinator that will be responsible for managing the overall transition and coordinating relocation actions among eligible FSS space station operators, incumbent FSS earth station operators, and new Upper C-band flexible use licensees. The *Upper C-band R&O* required that the Relocation Coordinator ''must be able to demonstrate that it has

the requisite expertise to perform the duties required in this context, which broadly include: (1) coordinating the schedule for clearing the band; (2) performing engineering analysis, as necessary, to determine necessary earth station migration actions; (3) assigning obligations, as necessary, for earth station migrations; (4) coordinating with the Upper C-band licensees throughout the transition process; (5) assessing and tracking the completion of the transition in each PEA and determining the Upper C-band wireless licensees' ability to commence operations; and (6) mediating scheduling disputes.''

On November 17, 2026, all three eligible space station operators announced that they had selected RSM US LLP (RSM) to serve as the Relocation Coordinator. We seek comment on whether RSM satisfies the selection criteria established by the Commission in the *Upper C-band R&O.*

As directed by the Commission in the *Upper C-band R&O,* following the comment period, the Bureau will issue a final order determining whether the selection criteria have been satisfied. In the event the selection criteria are not met, the selection committee will restart its evaluation process and identify a new proposed entity that will be subject to the same public comment and review process by the Bureau.

Federal Communications Commission.

Amy Brett,

Chief of Staff, Wireless Telecommunications Bureau.

[FR Doc. 2026–23905 Filed 11–23–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

[FR ID 378520]

Federal Advisory Committee Act; Communications Security, Reliability, and Interoperability Council

AGENCY: Federal Communications Commission.

ACTION: Notice of public meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, this notice advises interested persons that the Federal Communications Commission's (FCC) tenth Communications Security, Reliability, and Interoperability Council (CSRIC X) will hold its third meeting on December 18, 2026, at 10:00 a.m. EST.

DATES: December 18, 2026.

ADDRESSES: The third meeting will be held at 45 L Street NE, Washington, DC, and via conference call. The meeting is open to the public and is also available at *https://www.fcc.gov/live* and on the FCC's YouTube channel.

FOR FURTHER INFORMATION CONTACT: Suzon Cameron, Designated Federal Officer (DFO), CSRIC X, FCC, at (202) 418–1916 or email: *CSRIC@fcc.gov;* Kurian Jacob, CSRIC X Deputy DFO, (202) 418–2040; or George Weber, CSRIC X Deputy DFO, (202) 418–1095.

SUPPLEMENTARY INFORMATION: The meeting will be held on December 18, 2026, at 10:00 a.m. EST, in the Commission Meeting Room of the Federal Communications Commission, 45 L Street NE, Washington, DC. While the CSRIC X meeting is open to the public, the FCC headquarters building is not open access, and all guests must check in with and be screened by FCC security at the main entrance on L Street. Attendees at the meeting will not be required to have an appointment but must otherwise comply with protocols outlined at: *https://www.fcc.gov/visit.*

The CSRIC is a Federal Advisory Committee that will provide recommendations to the Commission to improve the security, reliability, and interoperability of communications systems. On March 26, 2026, the Commission, pursuant to the Federal Advisory Committee Act, renewed the charter for CSRIC X for a period of two years through March 25, 2028. The meeting on December 18, 2026, will be the third meeting of CSRIC X under the current charter. The FCC will provide audio and/or video coverage of the meeting over the internet from the FCC's web page at *https://www.fcc.gov/live* and on the FCC's YouTube channel. The public may submit written comments before the meeting to Suzon Cameron, DFO, CSRIC X, via email to *CSRIC@fcc.gov.*

Open captioning will be provided for this event. Other reasonable accommodations for people with disabilities are available upon request. Requests for such accommodations should be submitted via email to *fcc504@fcc.gov* or by calling the Consumer & Governmental Affairs Bureau at (202) 418–0530 (voice). Such requests should include a detailed description of the accommodation needed. In addition, please include a way the Commission can contact you if it needs more information. Please allow at least five days' advance notice; last-minute requests will be accepted but may not be possible to accommodate.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–23829 Filed 11–23–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at *https://www.federalreserve.gov/foia/request.htm.* Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington DC 20551–0001, not later than December 9, 2026.

A. Federal Reserve Bank of Kansas City (Jeffrey Imgarten, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198–0001. Comments can also be sent electronically to *KCApplicationComments@kc.frb.org:*

1. *Joseph P. Creighton, Denver, Colorado; Samuel K. Creighton, Longmont, Colorado; Sue Gonzalez, El Paso, Texas; Jason D. Creighton, San Rafael, California; Samuel Wertheim, New York, New York; Kirstin K. O'Leary and Daniel O'Leary, both of Houston, Texas; Mark A. Guetlich, Sammamish, Washington, Lila Creighton, Englewood, Colorado; Nicholas L. Creighton, Dillon, Colorado; Susan Creighton, Denver, Colorado; Nancy Creighton and Lillian*

Creighton, both of San Francisco, California; and Andrew T. Creighton and Timothy Creighton, both of Boulder, Colorado; to join the Creighton Family Control Group, a group acting in concert, to retain voting shares of High Plains Banking Group, Inc., and thereby indirectly retain voting shares of High Plains Bank, both of Flager, Colorado. Joseph P. Creighton was previously permitted by the Federal Reserve System to join the Creighton Family Group.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–23904 Filed 11–23–26; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

[60Day–27–0138; Docket No. CDC–2026–1816]

Proposed Data Collection Submitted for Public Comment and Recommendations

AGENCY: Centers for Disease Control and Prevention (CDC), Department of Health and Human Services (HHS).

ACTION: Notice with comment period.

SUMMARY: The Centers for Disease Control and Prevention (CDC), as part of its continuing effort to reduce public burden and maximize the utility of government information, invites the general public and other federal agencies the opportunity to comment on a continuing information collection, as required by the Paperwork Reduction Act of 1995. This notice invites comment on an information collection project titled Pulmonary Function Testing Course Approval Program. The program consists of an application submitted by potential sponsors (universities, hospitals, and private consulting firms) who seek NIOSH approval to conduct courses, and if approved, notification to NIOSH of any course or faculty changes during the approval period, which is limited to five years.

DATES: CDC must receive written comments on or before January 25, 2027.

ADDRESSES: You may submit comments, identified by Docket No. CDC–2026–1816 by either of the following methods:

- *Federal eRulemaking Portal: www.regulations.gov.* Follow the instructions for submitting comments.
- *Mail:* Jeffrey M. Zirger, Information Collection Review Office, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS H21–8, Atlanta, Georgia 30329.

Instructions: All submissions received must include the agency name and Docket Number. CDC will post, without change, all relevant comments to *www.regulations.gov.*

Please note: Submit all comments through the Federal eRulemaking portal (*www.regulations.gov*) or by U.S. mail to the address listed above.

FOR FURTHER INFORMATION CONTACT: To request more information on the proposed project or to obtain a copy of the information collection plan and instruments, contact Jeffrey M. Zirger, Information Collection Review Office, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS H21–8, Atlanta, Georgia 30329; Telephone: 404–639–7570; Email: *omb@cdc.gov.*

SUPPLEMENTARY INFORMATION: Under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3520), federal agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. In addition, the PRA also requires federal agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each new proposed collection, each proposed extension of existing collection of information, and each reinstatement of previously approved information collection before submitting the collection to the OMB for approval. To comply with this requirement, we are publishing this notice of a proposed data collection as described below.

The OMB is particularly interested in comments that will help:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

2. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

3. Enhance the quality, utility, and clarity of the information to be collected;

4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submissions of responses; and

5. Assess information collection costs.

Proposed Project

Pulmonary Function Testing Course Approval Program. (OMB Control No. 0920–0138, Exp. 4/30/2026)—Extension—National Institute for Occupational Safety and Health (NIOSH), Centers for Disease Control and Prevention (CDC).

Background and Brief Description

NIOSH has the responsibility under the Occupational Safety and Health Administration's Cotton Dust Standard, 29 CFR 1920.1043, for approving courses to train technicians to perform pulmonary function testing in the cotton industry. Successful completion of a NIOSH-approved course is mandatory under this Standard. In addition, regulations at 42 CFR 37.95(a) specify that persons administering spirometry tests for the national Coal Workers' Health Surveillance Program must successfully complete a NIOSH-approved spirometry training course and maintain a valid certificate by periodically completing NIOSH-approved spirometry refresher training courses. Also, 29 CFR 1910.1053(i)(2)(iv), 29 CFR 1910.1053(i)(3), 29 CFR 1926.1153(h)(2)(iv) and 29 CFR 1926.1153(h)(3) specify that pulmonary function tests for initial and periodic examinations in general industry and construction performed under the Respirable Crystalline Silica Standard should be administered by a spirometry technician with a current certificate from a NIOSH-approved spirometry course.

To carry out its responsibility, NIOSH maintains a Pulmonary Function Testing Course Approval Program. The program consists of an application submitted by potential sponsors (universities, hospitals, and private consulting firms) who seek NIOSH approval to conduct courses, and if approved, notification to NIOSH of any course or faculty changes during the approval period, which is limited to five years. The application form and added materials, including an agenda, curriculum vitae, and course materials are reviewed by NIOSH to determine if the applicant has developed a program which adheres to the criteria required in the Standard. Following approval, any subsequent changes to the course are submitted by course sponsors via letter or email and reviewed by NIOSH staff

to assure that the changes in faculty or course content continue to meet course requirements. Course sponsors also voluntarily submit an annual report to inform NIOSH of their course activity level and any faculty changes. Sponsors who elect to have their approval renewed for an additional five-year period submit a renewal application and supporting documentation for review by NIOSH staff to ensure the course curriculum meets all current standard requirements. Approved courses that elect to offer NIOSH-Approved Spirometry Refresher Courses must submit a separate application and supporting documents for review by NIOSH staff. Institutions and organizations throughout the country voluntarily submit applications and materials to become approved course sponsors and administer training. Submissions are required for NIOSH to evaluate a course and determine whether it meets the criteria in the Standard and whether technicians will be adequately trained as mandated under the Standard.

CDC requests OMB approval for a total of 144 estimated annual burden hours. There is no cost to respondents other than their time.

ESTIMATED ANNUALIZED BURDEN HOURS

Type of respondents	Form name	Number of respondents	Number of responses per respondent	Average burden per response (in hours)	Total burden (in hours)
Potential Sponsors	Initial Application	3	1	8	24
Approved Sponsors	Annual Report	33	1	30/60	17
Approved Sponsors	Report for Course Changes	24	1	30/60	12
Approved Sponsors	Renewal Application	10	1	6	60
Approved Sponsors	Refresher Course Application	3	1	8	24
Total					144

Jeffrey M. Zirger,

Lead, Information Collection Review Office, Office of Public Health Ethics and Regulations, Office of Science, Centers for Disease Control and Prevention.

[FR Doc. 2026–23909 Filed 11–23–26; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

[Office of Management and Budget #: 0970–0624]

Proposed Information Collection Activity; Voluntary Agencies Matching Grant Program Data Reporting

AGENCY: Office of Refugee Resettlement, Administration for Children and Families, U.S. Department of Health and Human Services.

SUMMARY: The Office of Refugee Resettlement (ORR) and the Administration for Children and Families (ACF) are requesting a 3-year extension of the Voluntary Agencies Matching Grant Data Reporting (Office of Management and Budget #: 0970–0624, expiration February 28, 2027). There are no changes requested.

DATES: Comments due January 25, 2027.

ADDRESSES: In compliance with the requirements of the Paperwork Reduction Act, ACF is soliciting public comment on the specific aspects of the information collection described above. You can obtain copies of the proposed collection of information and submit comments by emailing *infocollection@acf.hhs.gov.* Identify all requests by the title of the information collection.

SUPPLEMENTARY INFORMATION:

Description: This Matching Grant Program data collection is designed to satisfy the statutory requirements of the Immigration and Nationality Act (INA). Section 412(a)(3) of INA (8 U.S.C. 1522(a)(3)) requires that the Director of ORR make a periodic assessment of the needs of refugees for assistance and services and the resources available to meet those needs. In addition, section 412(a)(7) of INA (8 U.S.C. 1522(a)(7)) requires ORR to develop a system to monitor the assistance provided under the Refugee Act that includes evaluation of the effectiveness of the program and data collection on the services provided and the results achieved. ORR proposes collecting both case-level and client-level data elements at multiple points in time, which will allow the ORR Director to better understand client demographics, services utilized, and the outcomes achieved by clients enrolled in the Matching Grant Program. Data elements include biographical information, progress made toward achieving self-sufficiency, and employment status. The data collected will inform evidence-based policy making and program design.

Respondents: National resettlement agencies participating in the Matching Grant Program.

ANNUAL BURDEN ESTIMATES

Information collection	Total number of respondents	Total number of responses per respondent	Average burden hours per response	Total burden hours	Annual burden hours
Voluntary Agencies Matching Grant Program Data Reporting—Data System	7	1	60	420	140
Voluntary Agencies Matching Grant Program Data Reporting—Monthly Uploads	7	36	16	4,032	1,344
Estimated Total Annual Burden Hours					1,484

Comments: The Department specifically requests comments on (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) 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. Consideration will be given to comments and suggestions submitted within 60 days of this publication.

Authority: 8 U.S.C. 412(a)(3) and 412(a)(7).

Samantha L. Illangasekare,

ACF/OPRE Certifying Officer.

[FR Doc. 2026–23868 Filed 11–23–26; 8:45 am]

BILLING CODE 4184–89–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Advance Therapeutics.

Date: December 14, 2026.

Time: 8:00 a.m. to 10:00 a.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Lilia Topol, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6192, MSC 7804, Bethesda, MD 20892, 301–451–0131, *ltopol@mail.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: November 20, 2026.

Margaret Vardanian,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–23932 Filed 11–23–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Dental & Craniofacial Research; Notice of Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of a meeting of the National Advisory Dental and Craniofacial Research Council.

The meeting will be open to the public as indicated below. Individuals who plan to attend and need special assistance, such as sign language interpretation or other reasonable accommodations, should notify the Contact Person listed below in advance of the meeting. The open session will be videocast and can be accessed from the NIH Videocasting website (*https://videocast.nih.gov/watch/413a5a16-c8c5-11f1-82c0-124f0a52e769*). Registration is not required to access the videocast.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Advisory Dental and Craniofacial Research Council.

Date: January 27, 2027.

Open: 9:30 a.m. to 12:30 p.m.

Agenda: For the discussion of programs; opening remarks; report of the Director, NIDCR; and other business of the Council.

Address: National Institute of Dental Craniofacial Research, 31 Center Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Closed: 1:30 p.m. to 4:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institute of Dental Craniofacial Research, 31 Center Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Latarsha J. Carithers, Ph.D., Acting Director, Division of Extramural Activities, National Institute of Dental and Craniofacial Research, National Institutes of Health, 31 Center Drive, Room 2C39L, Bethesda, MD 20892, (240) 429–8700, *latarsha.carithers@nih.gov.*

Information is also available on the Institute's/Center's home page: *http://www.nidcr.nih.gov/about,* where an agenda and any additional information for the meeting will be posted when available.

Dated: November 19, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–23934 Filed 11–23–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meeting

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Biomedical Informatics, Modeling, and Data Science.

Date: December 16, 2026.

Time: 1:00 p.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Alexander O. Komendantov, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 496–8739, *alexander.komendantov@nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: November 20, 2026.

Margaret Vardanian,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–23933 Filed 11–23–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HOMELAND SECURITY

Fiscal Year 2026 Senior Executive Service Performance Review Boards

AGENCY: Department of Homeland Security.

ACTION: Notice.

SUMMARY: This notice updates the November 4, 2026 notice announcing the appointment of members of the Fiscal Year (FY) 2026 Senior Executive Service (SES) Performance Review Boards (PRBs) for the Department of Homeland Security (DHS).

DATES: This Notice is applicable as of November 24, 2026.

FOR FURTHER INFORMATION CONTACT: Christian Fajardo, Human Resources Specialist, Office of the Chief Human Capital Officer, *christian.fajardo@hq.dhs.gov,* 771–200–0392.

SUPPLEMENTARY INFORMATION: This notice updates the notice published on November 4, 2026 at 91 FR 69568, to add one name to the FY 2026 SES PRBs for the Department of Homeland Security (DHS). The purpose of the PRBs is to make recommendations to the appointing authority (*i.e.,* Agency Head) on the performance of senior executives (career and limited term appointees), including recommendations on performance ratings, performance-based pay adjustments, and performance awards. The PRBs will also make recommendations on the performance of Transportation Security Executive Service, Senior-Level, and Scientific and Professional employees. To make its recommendations, the PRBs will review performance appraisals, initial summary ratings, any response by the employee, and any higher-level official's recommendation.

In accordance with 5 U.S.C. 4314(c) and 5 CFR 430.311, each agency must establish one or more PRBs to make recommendations to the appointing authority (*i.e.,* Agency Head) on the performance of its senior executives. Each PRB must consist of three or more members. More than one-half of the membership of a PRB must be SES career appointees when reviewing appraisals and recommending performance-based pay adjustments or performance awards for career appointees. Composition of the PRB will be determined from among the individuals listed below:

List of Names (Alphabetical Order)

Alfonso-Royals, Angelica
Allende, Pedro
Anderson, Nicholas
Baker, Paul
Barrow, William Clark
Belcher, Brian
Blair Jr., Randolph
Brewer, Julie
Bright, Andrea
Brophy, Thomas
Browne, Rene
Carter, Ronald
Cavanaugh, Brian
Charles, Marcos
Condon, John
Cooch, Shila
Cooper, John
Corrado, Janene
Courtney, Paul
Curran, Sean
Daniels, Brent
Davis, Patrick
DiOrio, Christy
Donaghey, Rosanna
Donaghy, Ryan
Donahue, James
Dorr, Robert
Dunbar, Susan
Eagan, Matthew
Eddy, Joseph
Edwards, Roland
Fenton, Jennifer
Fontenot, Kristin
Fosse, Charles
Fox, Katherine
Froemling, Hao-Y
Furey, Timothy
Gountanis, John
Harris, Melvin
Harrison, Kimberly
Hickey, Jonathan
Hoffman, Erin
Holland, Peter
Holmes, Lauren
Holtzer, Christopher
Huffman, Benjamine
Jackson, Jeffrey
Jackson, Kateland
Jankowski, Roman
Japak, Michelle
Jones, Keith
Judson, Paul
Kernochan, James
Kessmeier, Jon
Khan, Rana
Kozma, Matthew
Kraft, Christopher
Law, Robert
Layou, Thomas
Lorincz, Csaba
Luke, Adam
Mandryck, James
Maykovich, Vincent
McCleary, Stephen
McCord, Antoine
McQuiston, Tyler
Mehringer, Holly
Mellendick, Theresa
Millhollin, Matt
Moline, Julia
Morgan-Rottman, Michal
Muehlenbeck, Todd
Murdock, Judson
Navarro, Mischell
Nelson, Jason
Noreiga, Katie
Olszewski, Nicholas
Pemberton, David
Percival, James
Pichon, Leslie
Quinn, Matthew
Regan, Thomas
Rezmovic, Jeffrey
Rief, Meghan
Roddini, Ariana
Roncone, Stephen
Sabatino, Diane
Scallan III, Joseph
Schneider, Jason
Schwink, John
Selby, Cara
Serrano-Glassner, Christine
Sharrett, Cary
Sinclair, Jennifer
Stahl, Adam
Stiefel, Nathaniel
Tashiro, Susan
Tomney, Christopher
Toms, Christopher
Walker Hall, Delisa
Wall, Charles
Watkins, Tracey
Wilson, Miltom
Windham, Nicole
Yeager, Chris
Yee, Britton

Dated: November 20, 2026.

Gregory Ruocco,

Director, Executive Resources, Office of the Chief Human Capital Officer.

[FR Doc. 2026–23916 Filed 11–23–26; 8:45 am]

BILLING CODE 9112–FC–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–7107–N–32; OMB Control No.: 2528–0337]

30-Day Notice of Proposed Information Collection: Evaluation of the Community Choice Demonstration

AGENCY: Office of Policy Development and Research, Chief Data Officer, HUD.

ACTION: Notice.

SUMMARY: HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the

Paperwork Reduction Act, HUD is requesting comments from all interested parties on the proposed collection of information. The purpose of this notice is to allow for 30 days of public comment.

DATES: *Comments Due Date:* December 24, 2026.

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. 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: Anna Guido, PRA Compliance Officer, Paperwork Reduction Act Division (PRAD), Department of Housing and Urban Development, 451 7th Street SW, Room 8210, Washington, DC 20410; email at *PaperworkReductionActOffice@hud.gov,* ATTN: Anna Guido, telephone (202) 402–5535. This is not a toll-free number. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.* Available documents submitted to OMB can be found in the docket file on *reginfo.gov.*

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A. The **Federal Register** notice that solicited public comment on the information collection for a period of 60 days was published on May 8, 2026 at 91 FR 25370.

A. Overview of Information Collection

Title of Information Collection: Evaluation of the Community Choice Demonstration.

OMB Approval Number: 2528–0337.

Type of Request: Revision of a currently approved collection.

Form Number: N/A.

Description of the need for the information and proposed use: The U.S. Department of Housing and Urban Development (HUD) has contracted with Abt Global to conduct an evaluation of the Community Choice Demonstration (formerly the Housing Choice Voucher Mobility Demonstration). The primary purpose of the Demonstration is to provide voucher assistance and mobility-related services to families with children to encourage families to move to lower-poverty areas and expand their access to opportunity areas. The evaluation is studying whether the program helps families with children access and remain in opportunity areas and exploring which services appear to be most effective and cost-effective in achieving the goals of the program. This proposed information collection includes 3 instruments administered in all demonstration sites; and 20 instruments administered in a subset of demonstration sites participating in the Child Assessment and the Obesity and Diabetes Risk Assessment studies. Assessments study are funded by HUD and conducted by Abt Global. HUD's contract with Abt Global provides the flexibility to explore collaborations with other researchers and funders to support additional knowledge-building efforts that build on the foundation laid by the demonstration. Research collaborations need to advance important research objectives, not interfere with the core Demonstration and evaluation, and be structured to minimize overall respondent burden. The Obesity and Diabetes Risk Assessment represents such collaboration; it is funded by the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK) and led by Johns Hopkins University (JHU) as part of a study called the Mobility Opportunity Vouchers for Eliminating Diabetes and Obesity (MOVED) study. The data collection for the Child Assessment and the MOVED studies will be conducted by JHU. While NIH-funded studies do not normally require the submission of an information collection request for compliance with the Paperwork Reduction Act, we included the Obesity and Diabetes Risk Assessment as part of this information collection request because it will be administered to a subset of households participating in the HUD-funded Demonstration. In addition, the Child Assessment will be administered during the same visit, to the same households, and by the same interviewers as the Obesity and Diabetes Risk Assessment. On May 31, 2022, and June 9, 2022, OMB approved the administration of a series of data collection instruments as part of the core Demonstration. On October 6, 2022, OMB approved non-substantive changes to this information collection; on December 18, 2023, OMB approved a revision to the collection to add three studies: the Home Assessment, the Child Assessment, and the Obesity and Diabetes Risk Assessment; on March 27, 2024, October 22, 2024, and May 28, 2025, OMB approved additional non-substantive changes to select instruments. Through this revised information collection request, HUD is seeking approval to continue the information collection using a subset of the previously approved instruments, outlined in the table below. No new instruments are being added to this collection.

Information collection	Number of respondents	Frequency of response	Responses per annum	Burden hour per response	Annual burden hours	Hourly cost per response	Annual cost
Mobility Service Tracking Tool							
Mobility Service Tracking Tool	30	56.00	1,608.00	0.2	336.00	$30.28	$10,174.08
Child Assessment							
Consent for Assessment	837	0.33	276.21	0.13	35.91	12.08	433.79
Survey about child (asked of parent/guardian) and parent/guardian's presence during direct Child Assessment—Follow-up	837	0.33	276.21	0.92	254.11	12.08	3,069.65
Direct Child Assessment—Follow-up	837	0.33	276.21	0.53	146.39	n/a	n/a
Obesity and Type II Diabetes Risk Assessment							
Advance Letter	1,285	0.33	424.05	0.08	33.92	12.08	409.75
Email Reminder	1,285	0.33	424.05	0.02	8.48	12.08	102.44
Follow-up Call Phone Script	1,285	0.33	424.05	0.13	55.13	12.08	665.97
Consent for Assessment	900	0.33	297.00	0.67	198.99	12.08	2,403.80
Adult Survey—Follow-up	900	0.33	297.00	1.42	421.74	12.08	5,094.62

Information collection	Number of respondents	Frequency of response	Responses per annum	Burden hour per response	Annual burden hours	Hourly cost per response	Annual cost
Anthropometric assessments—Follow-up (adult)	900	0.33	297.00	0.17	50.49	12.08	609.92
Anthropometric assessments—Follow-up (child)	900	0.33	297.00	0.17	50.49	n/a	n/a
Anthropometric assessments—Follow-up (child, but accounting for parent's time)	900	0.33	297.00	0.17	50.49	12.08	609.92
Blood Spot Samples (adult)	900	0.33	297.00	0.17	50.49	12.08	609.92
Home Observations/Housing Assessment—Follow-up	900	0.33	297.00	0.25	74.25	12.08	896.94
Accelerometers—Follow-up (adult)	400	0.33	132.00	169	22,308.00	12.08	269,480.64
Accelerometers—Follow-up (child)	400	0.33	132.00	169	22,308.00	n/a	n/a
Blood Pressure Reading—Follow-up (adult)	900	0.33	297.00	0.25	74.25	12.08	896.94
Consent for Semi-Structured Interviews	100	0.33	33.00	0.17	5.61	12.08	67.77
Semi-Structured Interviews	100	0.33	33.00	1.5	49.50	12.08	597.96
Tracking Emails/Texts	900	0.33	297.00	0.13	38.61	12.08	466.41
Tracking Calls	900	0.33	297.00	0.17	50.49	12.08	609.92
Totals			7,080.78		46,601.34		297,200.44

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

(1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) The accuracy of the agency's estimate of the burden of the proposed collection of information;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

HUD encourages interested parties to submit comments in response to these questions.

C. Authority

44 U.S.C. 3507.

Anna Guido,

Department PRA Compliance Officer, Office of Policy Development and Research, Chief Data Officer.

[FR Doc. 2026–23875 Filed 11–23–26; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–7107–N–31; OMB Control No.: 2502–0500]

30-Day Notice of Proposed Information Collection: Housing Finance Agency Risk-Sharing Program

AGENCY: Office of Policy Development and Research, Chief Data Officer, HUD.

ACTION: Notice.

SUMMARY: HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act, HUD is requesting comments from all interested parties on the proposed collection of information. The purpose of this notice is to allow for 30 days of public comment.

DATES: *Comments Due Date:* December 24, 2026.

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. 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: Anna Guido, PRA Compliance Officer, Paperwork Reduction Act Division (PRAD), Department of Housing and Urban Development, 451 7th Street SW, Room 8210, Washington, DC 20410; email at *PaperworkReductionActOffice@hud.gov,* ATTN: Anna Guido, telephone (202) 402–5535. This is not a toll-free number. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.* Available documents submitted to OMB can be found in the docket file on *reginfo.gov.*

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A. The **Federal Register** notice that solicited public comment on the information collection for a period of 60 days was published on January 26, 2026 at 91 FR 3212.

A. Overview of Information Collection

Title of Information Collection: Housing Finance Agency Risk-Sharing Program.

OMB Approval Number: 2502–0500.

Type of Request: This is a reinstatement, with change.

Form Number: HUD–94192, HUD–94193, HUD–94194, HUD–94195, HUD–94196.

Description of the need for the information and proposed use:

Section 542 of the Housing and Community Development Act of 1992 directs the Secretary to implement risk sharing with State and local housing finance agencies (HFAs). Under this program, HUD provides full mortgage insurance on multifamily housing projects whose loans are underwritten, processed, and serviced by HFAs. The HFAs will reimburse HUD a certain percentage of any loss under an insured loan depending upon the level of risk the HFA contracts to assume.

Information collection	Number of respondents	Frequency of response	Responses per annum	Burden hour per response	Annual burden hours	Hourly cost per response	Annual cost
Category A, Housing Finance Agencies							
Application	15	1	15	24	360	$59.82	$21,535.20
Execution of Risk Sharing Agreement	15	1	15	1	15	59.82	897.30
Semi-Annual Project Status Reports	37	2	74	8	592	59.82	35,413.44
HFA Annual Audited Financial Statements	37	1	37	1	37	59.82	2,213.34
Notification of Change in Processing Procedures	11	1	11	1	11	59.82	658.02
HUD On-Site Monitoring	37	1	37	16	592	59.82	35,413.44
HFA Annual Certification	37	1	37	1	37	59.82	2,213.34
Notification of Deviations; Sanctions and Reports	2	1	2	2	4	59.82	239.28
Recordkeeping Requirements	37	12	444	1	444	59.82	26,560.08
Subtotal	228	21	672	55	2,092		125,143.44
Category B, Projects and Mortgagors							
Firm Approval Letter Processing	110	1	110	4	440	59.82	26,320.80
HUD-Retained Reviews	110	1	110	40	4,400	59.82	263,208.00
Affirmative Fair Housing and Marketing Plan	110	1	110	2	220	59.82	13,160.40
Davis-Bacon Act (Labor Standards and Prevailing Wage Requirements)	58	1	58	35	2,030	59.82	121,434.60
Insured Advances Schedule	58	1	58	1	58	59.82	3,469.56
Cost Certification	58	1	58	8	464	59.82	27,756.48
Closing Docket Preparation and Submission	110	1	110	8	880	59.82	52,641.60
Project Annual Financial Statement	1,400	1	1,400	2	2,800	59.82	167,496.00
HFA Review of Project Annual Audited Financial Statement	1,400	1	1,400	1	1,400	59.82	83,748.00
Annual Physical Inspections	1,400	1	1,400	8	11,200	59.82	669,984.00
Recordkeeping Requirements	1,400	12	16,800	1	16,800	59.82	1,004,976.00
Subtotal	6,214	22	21,614	110	40,692		2,434,195.44
Required HUD Forms							
HUD 94192	3	1	3	1	3	59.82	179.46
HUD 94193	3	1	3	1	3	59.82	179.46
HUD 94194	3	1	3	1	3	59.82	179.46
HUD 94195	3	1	3	1	3	59.82	179.46
HUD 94196	3	1	3	1	3	59.82	179.46
Subtotal	15	5	15	5	15		897.30
Total	6,457	48	22,301	170	42,799.00		2,560,236.18

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

(1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) The accuracy of the agency's estimate of the burden of the proposed collection of information;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

HUD encourages interested parties to submit comments in response to these questions.

C. Authority

44 U.S.C. 3507.

Anna Guido,

Department PRA Compliance Officer, Office of Policy Development and Research, Chief Data Officer.

[FR Doc. 2026–23878 Filed 11–23–26; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–7093–N–08; OMB Control No.: 2501–0044]

60-Day Notice: Renewal Information Collection: Generic Solution for Solicitation for HUD's Competitive Discretionary Funding Opportunity Announcements

AGENCY: Office of the Chief Financial Officer, HUD.

ACTION: Notice.

SUMMARY: HUD is seeking approval from the Office of Management and Budget (OMB) for the generic information collection described below. In accordance with the Paperwork Reduction Act, HUD is requesting comments from all interested parties on the proposed collection of information. The purpose of this notice is to allow for 60 days of public comment.

DATES: *Comments Due Date:* January 25, 2027.

ADDRESSES: Interested persons are invited to submit comments regarding this renewal notice. Written comments and recommendations related to this information collection can be submitted within 60 days of publication of this notice to *www.regulations.gov.* Interested persons are also invited to submit comments by name and/or OMB Control Number, which can be sent to: Christine Brown, Senior Management and Program Analyst, 451 7th Street SW, Room 4262, Washington, DC 20410 or email *hudgrants@hud.gov.*

FOR FURTHER INFORMATION CONTACT: Christine Brown, Senior Management and Program Analyst, 451 7th Street SW, Room 4262, Washington, DC 20410; email at *hudgrants@hud.gov;* or

telephone (202) 402–2440 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.* Copies of available supporting documents for the proposed collection may be obtained from Christine Brown.

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A.

A. Overview of Information Collection

Title of Proposal: Generic Solution for Solicitation for HUD's Competitive Discretionary Funding Opportunity Announcements.

Type of Request: Extension and Revision.

OMB Control Number: 2501–0044.

Additional OMB control numbers applicable to government-wide standardized forms are also noted in this collection. As the burden is accounted for in those separate collections, it is not included in this calculation.

SF 424, OMB Control No. 4040–0004
SF 424–A, OMB Control No. 4040–0006
SF 424–B, OMB Control No. 4040–0007
SF 424–C, OMB Control No. 4040–0008
SF 424 D, OMB Control No. 4040–0009
SF LLL, OMB Control No. 4040–0013
Lobbying Form, OMB Control No. 4040–0013
Projects Abstract Summary, OMB Control No. 4040–0019

Description of the need for the information and proposed use: This is a renewal of the currently approved information collection. Minor updates were made to reference current administrative priorities and burden rates. HUD is required by 2 CFR 200.204 to publicly announce the availability of discretionary awards that are competed. To ensure grants and cooperative agreements are awarded to applicants best suited to perform the functions of the awards, applicants are generally required to perform two pre-award steps, the submission of the application and the negotiation of the individual award terms. The first part of HUD's funding applications consists of submitting the Standard Form 424 (SF–424), ''Application for Federal Assistance'' along with mandatory and optional standard government-wide and HUD forms. The burden associated with these government-wide forms are reflected in separate OMB-sponsored government-wide information collections and are not reflected in this collection.

After the applicants have been selected as part of an objective competition process, HUD usually requires negotiation between HUD and the selected applicant to determine the terms of the award. A technical proposal (or technical submission) is required during the negotiation process. During the negotiation process, HUD and the prospective recipient finalize the project scope, budget details, timeline, and compliance conditions based on the merit review/phase one application process. Once both parties reach mutual agreement, the final terms are formalized into a binding grant/cooperative agreement (sometimes called the notice of award or form HUD–1044). The provisions of 2 CFR 200.207 instruct Federal agencies to comply with the requirements of 5 CFR part 1320, ''Controlling Paperwork Burdens on the Public,'' with regard to all forms or collection of additional information used by HUD in place of or as a supplement to the SF–424 series.

Respondents: Applicants for HUD's competitively funded financial assistance awards.

Information Collection/Form Number: SF 424 (4040–0004); SF–424B (4040–0007); SF–424D (4040–0009); SF 424A (4040–0006); SF–424C (4040–0008); SF LLL (4040–0013); Lobbying Form (4040–0013); Project Abstract Summary (4040–0019); HUD–424B; HUD–424CB; HUD–424CBW; HUD–424M; HUD–426; HUD–1044; HUD–2880; HUD–50070; HUD–2996; HUD 2991; HUD 2993; Program specific requirements and rating factors (narrative and other attachments).

Estimation of the total numbers of hours needed to prepare the information collection including number of respondents, frequency of response, and hours of response: HUD estimates 30,000 respondents annually. HUD bases the following estimates on historical experience. HUD's average of 45 funding announcements per fiscal year will fall under this generic request, plus an expected average of 10 Notice of Funding Opportunities (NOFOs) derived from supplemental funding enacted outside of the regular appropriations process.

Frequency of Response: Refer to Table 1.

Responses per Annum: Refer to Table 1.

Average Burden Hours per Response: HUD estimates it takes an average of 60 working hours to prepare and submit an application in *grants.gov,* and negotiate and award grants in response to a funding announcement. For applications submitted through *esnaps.gov,* HUD estimates it takes an average of 100 working hours, including completing the registration in *esnaps.hud.gov,* preparing and submitting an application, technical submission, grant agreement execution, and proper storage of records.

Total Estimated Burdens: For purposes of this information collection request, HUD has used the average hourly earnings of a Project Management Specialist ($53.24 per hour) to monetize the value of respondent time. Therefore, the burden for these reporting activities is as follows using average response times:

TABLE 1—ESTIMATED BURDEN FOR RESPONDENTS

Information collection (OMB Control No.)	Number of respondents	Frequency of response	Responses per annum	Burden hour per response	Annual burden hours	Hourly cost per response[1]	Annual cost
SF 424 (4040–0004)	0	0	0	0	0	0	0
SF–424B (4040–0007)	0	0	0	0	0	0	0
SF–424D (4040–0009)	0	0	0	0	0	0	0
SF 424A (4040–0006)	0	0	0	0	0	0	0
SF–424C (4040–0008)	0	0	0	0	0	0	0
SF LLL (4040–0013)	0	0	0	0	0	0	0
Lobbying Form (4040–0013)	0	0	0	0	0	0	0
Project Abstract Summary (4040–0019)	0	0	0	0	0	0	0
HUD–424B	30,000	1.2	36,000	0.5	18,000.00	$53.24	$958,320.00
HUD–424CB	1,375	1.2	1,650	3	4,950.00	53.24	263,538.00
HUD–424CBW	1,375	1.2	1,650	3	4,950.00	53.24	263,538.00
HUD–424M	250	1.2	300	0.5	150.00	53.24	7,986.00
Program specific budget plan (including indirect cost amounts)	30,000	1.2	36,000	2.75	99,000.00	53.24	5,270,760.00

TABLE 1—ESTIMATED BURDEN FOR RESPONDENTS—Continued

Information collection (OMB Control No.)	Number of respondents	Frequency of response	Responses per annum	Burden hour per response	Annual burden hours	Hourly cost per response[1]	Annual cost
HUD–426 (indirect cost plan)	30,000	1.2	36,000	.25	9,000.00	53.24	479,160.00
HUD–2880	30,000	1.2	36,000	2	72,000.00	53.24	3,833,280.00
HUD–50070	30,000	1.2	36,000	0.25	9,000.00	53.24	479,160.00
HUD 2996	800	1.2	960	0.20	192.00	53.24	10,222.08
HUD 2991	30,000	1.2	36,000	3	108,000.00	53.24	5,749,920.00
HUD 2993	30,000	1.2	36,000	0.25	9,000.00	53.24	479,160.00
HUD 1044	30,000	1.2	36,000	1	36,000.00	53.24	1,916,640.00
Program specific (pre-award and award) requirements and rating factors (narrative and other attachments)	30,000	1.2	36,000	139	5,004,000.00	53.24	266,412,960.00

[1] Median hourly rate for ''Project Management Specialists'' (occupation code 13–1082), May 2025, national estimates at: *https://data.bls.gov/oesprofile/?year=2025&major_group=130000&occupation=131082&measure=01&areas=INDUSTRY,STATE,MSA#modal-box.*

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

(1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) The accuracy of the agency's estimate of the burden of the proposed collection of information;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

HUD encourages interested parties to submit comment in response to these questions.

C. Authority

44 U.S.C. 3507.

Daniel L. Ballard,

Deputy Chief Financial Officer, Office of the Chief Financial Officer.

[FR Doc. 2026–23864 Filed 11–23–26; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

[Docket No. FWS–R7–MB–2026–3236; FXMB12310700000–267–FF07M01000; OMB Control Number 1018–0168]

Agency Information Collection Activities; Submission to the Office of Management and Budget; Alaska Native Handicrafts

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act, the U.S. Fish and Wildlife Service (Service, we), are proposing to renew an information collection without change.

DATES: Interested persons are invited to submit comments on or before December 24, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *https://www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function. Please provide a copy of your comments to the Service Information Collection Clearance Officer, U.S. Fish and Wildlife Service, MS: PRB (JAO/3W), 5275 Leesburg Pike, Falls Church, VA 22041–3803 (mail); or by email to *Info_Coll@fws.gov.* Please reference ''1018–0168'' in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: Madonna Baucum, Service Information Collection Clearance Officer, by email at *Info_Coll@fws.gov,* or by telephone at (703) 358–2503. Individuals who are hearing or speech impaired may call the Federal Relay Service at 1–800–877–8339 for TTY assistance. You may also view the information collection request (ICR) at *http://www.reginfo.gov/public/do/PRAMain.*

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) and 5 CFR 1320.8(d)(1), we provide the general public and other Federal agencies with an opportunity to comment on new, proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public's reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

On May 18, 2026, we published in the **Federal Register** (91 FR 28617) a notice of our intent to request that OMB approve this information collection. In that notice, we solicited comments for 60 days, ending on July 17, 2026. We also published the **Federal Register** notice on *Regulations.gov* (Docket No. FWS–R7–MB–2026–1884). We received one anonymous comment in response to that notice requesting the Service protect all migratory birds and animals. The commenter did not address the information collection requirements; therefore, no response is required.

As part of our continuing effort to reduce paperwork and respondent burdens, we are soliciting comments from the public and other Federal agencies on the proposed ICR described below. We are especially interested in public comments addressing the following:

(1) Whether or not the collection of information is necessary for the proper performance of the functions of the agency, including whether or not the information will have practical utility;

(2) The accuracy of our estimate of the burden for this collection of information, including the validity of the methodology and assumptions used;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) How might the agency minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of response.

Comments that you submit in response to this notice are a matter of public record. Before including your address, phone number, email address, or other personally identifiable information in your comment, you

should be aware that your entire comment—including your personally identifiable information—may be publicly available at any time. While you can ask us in your comment to withhold your personally identifiable information from public review, we cannot guarantee that we will be able to do so.

Abstract: The Migratory Bird Treaty Act of 1918 (16 U.S.C. 712(1)) authorizes the Secretary of the Interior, in accordance with the treaties with Canada, Mexico, Japan, and Russia, to ''issue such regulations as may be necessary to assure that the taking of migratory birds and the collection of their eggs, by the indigenous inhabitants of the State of Alaska, shall be permitted for their own nutritional and other essential needs, as determined by the Secretary of the Interior, during seasons established so as to provide for the preservation and maintenance of stocks of migratory birds.'' Article II(4)(b) of the Protocol between the United States and Canada amending the 1916 Convention for the Protection of Migratory Birds in Canada and the United States (Protocol) provides a legal basis for Alaska Native people to be able to sell handicrafts that contain the inedible parts of birds taken for food during the Alaska spring and summer migratory bird subsistence harvest. The Protocol also dictates that sales would be allowed in strictly limited situations, pursuant to a regulation by a competent authority in cooperation with management bodies. The Protocol does not authorize the taking of migratory birds for commercial purposes.

In 2017, we issued a final rule (July 24, 2017, 82 FR 34263), developed under a co-management process involving the Alaska Department of Fish and Game and Alaska Native representatives, that amended the permanent migratory bird subsistence harvest regulations at 50 CFR 92.6 to enable Alaska Native people to sell authentic native articles of handicraft or clothing that contain inedible byproducts from migratory birds that were taken for food during the Alaska migratory bird subsistence harvest season. The sale by Alaska Native people of a limited number of handicrafts containing inedible migratory bird parts provides a small source of additional income that we conclude is necessary for the ''essential needs'' of Alaska Native people in predominantly rural Alaska. This limited opportunity for sale is consistent with the language of the Protocol and is expressly noted in the Letter of Submittal dated May 20, 1996, for the Treaty Protocol, specifically Article II(4)(b) of the Protocol, to be consistent with the customary and traditional uses of Alaska Native people. The activity by Alaska Native people is also consistent with the preservation and maintenance of migratory bird stocks.

Alaska Native artists will show eligibility with a Tribal enrollment card, Bureau of Indian Affairs card, or membership in the Silver Hand program. The State of Alaska Silver Hand program helps Alaska Native artists promote their work in the marketplace and enables consumers to identify and purchase authentic Alaska Native art. The Silver Hand insignia indicates that the artwork on which it appears is created by hand in Alaska by an individual Alaska Native artist. Only original contemporary and traditional Alaska Native artwork, not reproductions or manufactured work, may be identified and marketed with the Silver Hand insignia. To be eligible for a 2-year Silver Hand permit, an Alaska Native artist must be a full-time resident of Alaska, be at least 18 years old, and provide documentation of membership in a federally recognized Alaska Native tribe. The Silver Hand insignia may only be attached to original work that is produced in the State of Alaska.

The final rule requires the following:

- Form 3–2484 (a simple certification which is not subject to the Paperwork Reduction Act of 1995 (PRA)) or a Silver Hand insignia accompany each Alaska Native article of handicraft or clothing that contains inedible migratory bird parts;
- all consignees, sellers, and purchasers retain this documentation with each item and produce it upon the request of a law enforcement officer;
- artists maintain adequate records of the certification or Silver Hand insignia with each item; and
- artists and sellers/consignees provide the documentation to buyers.

These recordkeeping and third-party notification requirements are subject to the PRA and require OMB approval. The public may request copies of a Form 3–2484 contained in this information collection by sending a request to the Service Information Collection Clearance Officer (see **ADDRESSES**).

Title of Collection: Alaska Native Handicrafts, 50 CFR part 92.6.

OMB Control Number: 1018–0168.

Form Number: 3–2484.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Individuals and private sector (businesses).

Total Estimated Number of Annual Respondents: 2 (placeholder of 1 respondent associated with the regulatory requirement for each respondent category).

Total Estimated Number of Annual Responses: 2.

Estimated Completion Time per Response: 5 minutes.

Total Estimated Number of Annual Burden Hours: 0.

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

Frequency of Collection: On occasion.

Total Estimated Annual Nonhour Burden Cost: None.

An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

The authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Madonna Baucum,

Information Collection Clearance Officer, U.S. Fish and Wildlife Service.

[FR Doc. 2026–23855 Filed 11–23–26; 8:45 am]

BILLING CODE 4333–15–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

[Docket No. FWS–R7–ES–2026–3598; FXES111607MMTRP–267–FF07CAMM00; OMB Control Number 1018–0066]

Agency Information Collection Activities; Submission to the Office of Management and Budget; Marine Mammal Marking, Tagging, and Reporting Certificates, and Registration of Certain Dead Marine Mammal Hard Parts

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, we, the U.S. Fish and Wildlife Service (Service), are proposing to renew an information collection without change.

DATES: Interested persons are invited to submit comments on or before December 24, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *https://www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using

the search function. Please provide a copy of your comments to the Service Information Collection Clearance Officer, U.S. Fish and Wildlife Service, MS: PRB (JAO/3W), 5275 Leesburg Pike, Falls Church, VA 22041–3803 (mail); or by email to *Info_Coll@fws.gov.* Please reference ''1018–0066'' in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: Madonna L. Baucum, Service Information Collection Clearance Officer, by email at *Info_Coll@fws.gov,* or by telephone at (703) 358–2503. Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States. You may also view the information collection request at *https://www.reginfo.gov/public/do/PRAMain.*

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act (PRA; 44 U.S.C. 3501 *et seq.*) and its implementing regulations at 5 CFR part 1320, all information collections require approval under the PRA. We may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number.

On May 29, 2026, we published in the **Federal Register** (91 FR 32084) a notice of our intent to request that OMB approve this information collection. In that notice, we solicited comments for 60 days, ending on July 28, 2026. We also published the **Federal Register** notice on *Regulations.gov* (Docket No. FWS–R7–MB–2026–1882). We received two comments in response to that notice; however, neither comment addressed the information collection requirements. Therefore, no response is required.

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. As part of our continuing effort to reduce paperwork and respondent burdens, we are soliciting comments from the public and other Federal agencies on the proposed ICR described below. We are especially interested in public comments addressing the following:

(1) Whether or not the collection of information is necessary for the proper performance of the functions of the agency, including whether or not the information will have practical utility;

(2) The accuracy of our estimate of the burden for this collection of information, including the validity of the methodology and assumptions used;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) How might the agency minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of response.

Comments that you submit in response to this notice are a matter of public record. Before including your address, phone number, email address, or other personally identifiable information in your comment, you should be aware that your entire comment—including your personally identifiable information—may be publicly available at any time. While you can ask us in your comment to withhold your personally identifiable information from public review, we cannot guarantee that we will be able to do so.

Abstract: Under section 101(b) of the Marine Mammal Protection Act of 1972, as amended (MMPA; 16 U.S.C. 1361–1423h), Alaska Natives residing in Alaska and dwelling on the coast of the North Pacific or Arctic Oceans may harvest polar bears (*Ursus maritimus*), northern sea otters (*Enhydra lutris kenyoni*), and Pacific walruses (*Odobenus rosmarus divergens*) for subsistence or handicraft purposes. Section 109(i) of the MMPA authorizes the Secretary of the Interior (Secretary) to prescribe marking, tagging, and reporting regulations applicable to the Alaska Native subsistence and handicraft take.

On behalf of the Secretary, we implemented regulations in Title 50 of the Code of Federal Regulations (CFR) at 50 CFR 18.23(f) for Alaska Natives harvesting polar bears, northern sea otters, and Pacific walruses. These regulations enable us to gather data on the Alaska Native subsistence and handicraft harvest and on the biology of polar bears, northern sea otters, and Pacific walruses in Alaska to determine what effect such take may be having on these populations. The regulations also provide us with a means of monitoring the disposition of the harvest to ensure that any commercial use of products created from these species meets the criteria set forth in section 101(b) of the MMPA.

We collect harvest information related to Alaska Native harvest to provide a chronology of the harvest in population modeling, determining which cohorts are being killed, determining the status of populations, and predicting population trends. We will use the collected information to gain insight into the distribution and relative abundance of the three species, the level and intensity of the harvest, and the harvest impacts on the species and their subpopulations. We use three Service forms to collect the following information from Alaska Natives as part of the harvest reporting requirement:

A. *Form 3–2414, ''Polar Bear Tagging Certificates'':* Form 3–2414 collects the following information:

- Date and location of tagging;
- Hide and skull tag number;
- Village hunted from (if different from tagging location);
- Age class and sex;
- Whether sex could be verified by tagger and, if yes, sex identification information;
- Skull measurements (length, width, or not provided);
- Whether cubs were present with sow and, if yes, how many cubs;
- Bear condition (obese, average, skinny);
- Specimens collected (tooth, hair, skin, liver, fat, muscle, skin/muscle, baculum/penis bone, or other);
- Research marks/tags (collar, ear tag number, lip tattoo, or other);
- Date and location of kill (to include latitude/longitude);
- Whether it was a conflict or problem bear and whether it was taken in defense of life;
- Additional remarks; and
- Whether hunter is available for post-hunt interview and, if yes, phone number, with the following post-hunt interview questions for problem bear situations:

1. Was there a food source/attractant that the bear was interested in? What was the attractant?

2. Was there any attempt to haze the bear to get it to leave?

3. Was it believed that the bear could be a threat to people?

Note: We would only ask these typical post-hunt questions if the biologist needed information on a bear that was marked as a problem bear. There is no standardized questioning.

B. *Form 3–2415, ''Walrus Tagging Certificates'':* Form 3–2415 collects the following information:

- Date and location of tagging;
- Village hunted from (if different than tagging location);
- Marine Mammals Management Marking, Tagging, and Reporting

Program (MTRP) tag number of plastic-headed wire tag used for left or right tusk;

- Type of take for walrus (LK = live killed, BF = beach found)—This information increases the accuracy of the known mortality and harvest data by discriminating between a walrus killed for subsistence purposes or found dead and salvaged. Requiring all ivory that has been taken or collected (pursuant to the Alaska Native exemption) to be marked, tagged, and reported simplifies Service enforcement efforts.
- Date and location killed/found;
- Age and sex;
- Walrus tusk length and circumference;
- Number of walrus harvested without tusks; and
- Additional remarks.

C. *Form 3–2416, ''Sea Otter Tagging Certificates'':* Form 3–2416 collects the following information:

- Date and location of tagging;
- Hide and skull tag number;
- FWS permit number;
- Age class and sex;
- Details identification information;
- Specimens collected (tooth, muscle vial, whisker, carcass, or other);
- Number of otters present in pod and number harvested from pod;
- Date and location of kill (to include latitude and longitude); and
- Additional remarks.

We also require non-Native collectors to use *Form 3–2406, ''Non-Native Marine Mammal Certificates''.* The collection of information via Form 3–2406 allows the Service to track individuals who register (within 30 days) beach-found hard parts to determine whether the take of marine mammal hard parts is legal. We use the below listed information collected via Form 3–2406 to verify whether it is legal for the individual to retain them:

- Date and location of tagging;
- MTRP tag number of plastic-headed wire tag used for left or right tusk;
- Date found;
- Age and sex;
- Tusk circumference at gum line and tusk length from gum line to tip along front side following the curve of the tusk;
- Exact location of kill or find;
- Tag number for skull (polar bear or sea otter) or other part;
- Any information of interest about the beach-found hard part collected;
- Other remarks; and
- Name, address, phone number, and date of birth of the person who collected the hard part.

Copies of all currently approved forms in this ICR are available at *https://www.reginfo.gov/public/do/PRAMain.*

Title of Collection: Marine Mammal Marking, Tagging, and Reporting Certificates, and Registration of Certain Dead Marine Mammal Hard Parts, 50 CFR 18.23(f) and 18.26.

OMB Control Number: 1018–0066.

Form Number: 3–2406, 3–2414, 3–2415, and 3–2416.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Individuals and households.

Total Estimated Number of Annual Respondents: 370.

Total Estimated Number of Annual Responses: 2,027.

Estimated Completion Time per Response: 15 minutes.

Total Estimated Number of Annual Burden Hours: 507 (rounded).

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

Frequency of Collection: On occasion.

Total Estimated Annual Nonhour Burden Cost: None.

The authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Madonna Baucum,

Information Collection Clearance Officer, U.S. Fish and Wildlife Service.

[FR Doc. 2026–23857 Filed 11–23–26; 8:45 am]

BILLING CODE 4333–15–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

[Docket No. FWS–HQ–ES–2026–3829; FXES111609C0000–267–FF09E41000; OMB Control Number 1018–0177]

Agency Information Collection Activities; Submission to the Office of Management and Budget; Policy Regarding Voluntary Prelisting Conservation Actions

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, we, the U.S. Fish and Wildlife Service (Service), are proposing to renew an information collection without change.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *https://www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function. Please provide a copy of your comments to the Service Information Collection Clearance Officer, U.S. Fish and Wildlife Service, MS: PRB (JAO/3W), 5275 Leesburg Pike, Falls Church, VA 22041–3803 (mail); or by email to *Info_Coll@fws.gov.* Please reference ''1018–0177'' in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: Madonna L. Baucum, Service Information Collection Clearance Officer, by email at *Info_Coll@fws.gov,* or by telephone at (703) 358–2503. Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States. You may also view the information collection request (ICR) at *https://www.reginfo.gov/public/do/PRAMain.*

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act (PRA; 44 U.S.C. 3501 *et seq.*) and its implementing regulations at 5 CFR part 1320, all information collections require approval under the PRA. We may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

On June 12, 2026, we published in the **Federal Register** (91 FR 35698) a notice of our intent to request that OMB approve this information collection. In that notice, we solicited comments for 60 days, ending on August 11, 2026. We also published the **Federal Register** notice on *Regulations.gov* (Docket No. FWS–HQ–ES–2026–1883). We received the following comments in response to that notice:

Comment 1: Anonymous electronic comment submitted via *Regulations.gov* [FWS–HQ–ES–2026–1883–0002] on June 14, 2026, recommending the Service list all species, past and present, as permanently endangered due to climate change.

Agency Response to Comment 1: The commenter did not address the information collection requirements; therefore, no response is required.

Comment 2: Anonymous electronic comment submitted via *Regulations.gov* [FWS–HQ–ES–2026–1883–0003] on August 10, 2026, supports renewing the information collection for Voluntary Prelisting Conservation Actions because early conservation helps protect species and requires accurate tracking of actions and credits. They recommend creating a

standardized electronic reporting system to reduce administrative burden and improve consistency across states. They also suggest using common outcome metrics, such as acres of habitat restored or protected, to show conservation benefits. They note that any added reporting requirements should be reasonable so they do not discourage voluntary participation.

Agency Response to Comment 2: The Service appreciates the commenter's support for renewing the information collection for Voluntary Prelisting Conservation Actions. We agree that proactive conservation and accurate documentation are essential for effective use of conservation credits. We will aim to evaluate options for a more standardized electronic reporting system and clearer guidance on documenting measurable conservation outcomes where feasible. Any future updates to reporting will be designed to remain reasonable and supportive of continued voluntary participation while maintaining accountability.

Comment 3: Electronic comment received from Victoria Lopez submitted via *Regulations.gov* [FWS–HQ–ES–2026–1883–0004] on August 10, 2026, requesting the protection and listing of all animals.

Agency Response to Comment 3: The commenter did not address the information collection requirements; therefore, no response is required.

Comment 4: Electronic comment received from Victoria Lopez submitted via *Regulations.gov* [FWS–HQ–ES–2026–1883–0005] on August 10, 2026, requesting the protection and listing of all animals.

Agency Response to Comment 4: The commenter did not address the information collection requirements; therefore, no response is required.

As part of our continuing effort to reduce paperwork and respondent burdens, we are soliciting comments from the public and other Federal agencies on the proposed ICR described below. We are especially interested in public comments addressing the following:

(1) Whether or not the collection of information is necessary for the proper performance of the functions of the agency, including whether or not the information will have practical utility;

(2) The accuracy of our estimate of the burden for this collection of information, including the validity of the methodology and assumptions used;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) How might the agency minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of response.

Comments that you submit in response to this notice are a matter of public record. Before including your address, phone number, email address, or other personally identifiable information in your comment, you should be aware that your entire comment—including your personally identifiable information—may be publicly available at any time. While you can ask us in your comment to withhold your personally identifiable information from public review, we cannot guarantee that we will be able to do so.

Abstract: The Service is charged with implementing the Endangered Species Act of 1973, as amended (Act; 16 U.S.C. 1531 *et seq.*). The goal of the Act is to provide a means to conserve the ecosystems upon which listed species depend and a program for listed species conservation. Through our Candidate Conservation program, we encourage the public to take conservation actions for species prior to them being listed under the Act. Doing so may result in precluding the need to list a species, may result in listing a species as threatened instead of endangered, or, if a species becomes listed, may provide the basis for its recovery and eventual removal from the protections of the Act.

This policy provides incentives to landowners, government agencies, and others to carry out voluntary conservation actions for unlisted species. It allows the use of any benefits to the species from voluntary conservation actions undertaken prior to listing under the Act—by the person who undertook such actions or by third parties—to mitigate or offset the detrimental effects of other actions undertaken after listing. The policy requires participating States to track the voluntary conservation actions and provide this information to us on an annual basis. We require this information in order to provide the entities that have taken the conservation actions with proper credit that can later be used to mitigate for any detrimental actions they take after the species is listed.

We plan to collect the following information:

- Description of the prelisting conservation action being taken.
- Location of the action (does not include a specific address).
- Name of the entity taking the action and their contact information (email address only).
- Frequency of the action (ongoing for X years, or one-time implementation) and an indication if the action is included in a State Wildlife Action Plan.
- Any transfer to a third party of the mitigation or compensatory measure rights.

Each State that chooses to participate will collect this information from landowners, businesses and organizations, and Tribal, Federal, and local governments that wish to receive credit for voluntary prelisting conservation actions. States may collect this information via an Access database, Excel spreadsheet, or other database of their choosing and submit the information to the Fish and Wildlife Service (via email) annually. States will use this information to calculate the number of credits that the entity taking the conservation action will receive and will keep track of the credits and notify the entity of how much credit they have earned. The States will report the number of credits to the Service, and we will determine how many credits are needed by the entity to mitigate or offset the detrimental effects of other actions they take after the species is listed (assuming it is listed).

Title of Collection: Policy Regarding Voluntary Prelisting Conservation Actions.

OMB Control Number: 1018–0177.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: State governments.

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

Frequency of Collection: On occasion for new submissions, ongoing for recordkeeping requirements, and annually for reporting requirements.

Total Estimated Annual Nonhour Burden Cost: None.

Information collection requirement	Annual number of respondents	Average number of responses each	Annual number of responses	Average completion time per response (hours)	Estimated annual burden hours *
State-Developed Voluntary Conservation Action Program	1	1	1	320	320
Development of Conservation Strategy	1	1	1	200	200
Amendments to Conservation Strategy	1	1	1	16	16
Credit Agreement/Transfer of Credits	3	1	3	80	240
Annual Reports	3	1	3	20	60
State Recordkeeping Requirements	3	1	3	240	720
State Reports—Voluntary Prelisting Conservation Actions Taken Under Program	3	1	3	.25	1
Site-Level Agreements	1	1	1	100	100
Formal Agreements	1	1	1	4	4
Monitoring Reports	3	1	3	24	72
Site-Level Reports	3	1	3	24	72
Management Plans	1	1	1	120	120
Totals	24		24		1,925

* Rounded.

An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

The authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Madonna Baucum,

Information Collection Clearance Officer, U.S. Fish and Wildlife Service.

[FR Doc. 2026–23856 Filed 11–23–26; 8:45 am]

BILLING CODE 4333–15–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1483]

Certain Medical Imaging Devices; Notice of Commission Determination Not to Review an Initial Determination Granting a Joint Motion To Terminate the Investigation Based on Settlement; Termination of Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination (''ID'') (Order No. 17) of the presiding administrative law judge (''ALJ'') terminating the investigation in its entirety due to a settlement agreement. The investigation is terminated.

FOR FURTHER INFORMATION CONTACT: B. Rashmi Borah, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–2518. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.* For help accessing EDIS, please email *EDIS3Help@usitc.gov.* General information concerning the Commission may also be obtained by accessing its internet server at *https://www.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal, telephone (202) 205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on February 2, 2026, based on a complaint filed by MolecuLight Inc. of Toronto, Ontario, Canada and MolecuLight Corp. of Pittsburgh, Pennsylvania (collectively, ''Complainants''). 91 FR 4629–30 (Feb. 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 upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain medical imaging devices by reason of the infringement of certain claims of U.S. Patent No. 10,438,356 (''the '356 patent''). *Id.* at 4629. The complaint further alleges that a domestic industry exists. *Id.* The notice of investigation names two respondents: (1) Kent Imaging Inc. of Calgary, Alberta, Canada (''Kent'') and (2) Adiuvo Diagnostics Pvt. Ltd. of Chennai, India (''Adiuvo''). *Id.* The Office of Unfair Import Investigations (''OUII'') is also named as a party to this investigation. *Id.*

On May 22, 2026, the Commission amended the complaint and notice of investigation to add University Health Network of Toronto, Ontario, Canada (''UHN'') as a respondent. Order No. 12 (May 11, 2026), *unreviewed by* Comm'n Notice (May 22, 2026). Kent, Adiuvo, and UHN are collectively the ''Respondents'' in this investigation.

On September 30, 2026, Complainants and Respondents filed a motion to terminate the investigation based on settlement. On October 9, 2026, OUII filed a response to the motion supporting termination. On October 14, 2026, the ALJ denied the private parties' motion because it ''redacted significantly more than confidential business information within the meaning of Commission Rule 210.6(a).'' Order No. 16 (Oct. 14, 2026). On October 20, 2026, Complainants and Respondents filed a joint corrected motion to terminate the investigation based on a settlement agreement.

On October 22, 2026, the ALJ issued the subject ID (Order No. 17) granting Complainants' and Respondents' joint corrected motion to terminate the investigation in its entirety. The ID finds that the motion complies with Commission Rule 210.21(b)(1), 19 CFR 210.21(b)(1). The ID also finds that terminating the investigation based on settlement would not adversely impact the public health and welfare, competitive conditions in the United States economy, the production or like or directly competitive articles in the United States, or United States consumers. The ID also finds that termination of the investigation will preserve Commission resources and avoid unnecessary litigation. No party filed a petition for review of the ID.

The Commission has determined not to review the subject ID. Accordingly, the investigation is terminated in its entirety.

The Commission vote for this determination took place on November 19, 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: November 19, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–23861 Filed 11–23–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1523]

Certain Dynamic Random Access Memory (DRAM) Devices, Products Containing the Same, and Components Thereof (III); Notice of a Commission Determination Not To Review an Initial Determination Granting a Joint Motion To Terminate the Investigation in Its Entirety Due to Settlement; Termination of the Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's (''ALJ'') initial determination (''ID'') (Order No. 5) granting a joint motion to terminate the investigation in its entirety due to settlement. The investigation is terminated in its entirety.

FOR FURTHER INFORMATION CONTACT: Panyin A. Hughes, Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–3042. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.* For help accessing EDIS, please email *EDIS3Help@usitc.gov.* General information concerning the Commission may also be obtained by accessing its internet server at *https://www.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal, telephone (202) 205–1810.

SUPPLEMENTARY INFORMATION: On September 25, 2026, the Commission instituted this investigation based on a complaint filed by Netlist, Inc. (''Netlist'') of Irvine, California. 91 FR 60980–81 (Sept. 25, 2026). The complaint alleged violations of section 337 based on the importation into the United States, the sale for importation, or the sale within the United States after importation of certain dynamic random access memory (DRAM) devices, products containing the same, and components thereof by reason of infringement of claims 1–13 and 16–18 of U.S. Patent No. 10,025,731; claims 1–15, 17, and 18 of U.S. Patent No. 10,217,523; claims 1–14 and 16–28 of U.S. Patent No. 12,373,366; and claims 1–20 of U.S. Patent No. 12,675,407. *Id.* The Commission's notice of investigation named as respondents, Micron Technology, Inc. of Boise, Idaho; Micron Semiconductor Products, Inc. of Boise, Idaho (together, ''Micron''); Hewlett Packard Enterprise Co. (''HP'') of Spring, Texas; Lenovo Group Ltd. (''Lenovo'') of Quarry Bay, Hong Kong; Lenovo (United States) Inc. (''Lenovo US'') of Morrisville, North Carolina; and Super Micro Computer, Inc. (''Super Micro'') of San Jose, California. The Office of Unfair Import Investigations (''OUII'') is participating in this investigation. *Id.*

On October 26, 2026, Netlist and Micron jointly moved to terminate the investigation in its entirety as to all respondents based upon settlement. The motion stated that the settlement agreements executed by Netlist and Micron ''are fully effective as between them,'' and that the agreements completely resolve the dispute between Netlist and Micron, as well as between Netlist and the other four respondents (HP, Lenovo, Lenovo US, Super Micro) because they receive their accused products from Micron. ID at 2. The motion stated that none of the four respondents opposed the motion. *Id.* The ID noted that OUII supports the motion. *Id.*

On October 27, 2026, the ALJ issued the subject ID (Order No. 5) granting the motion. The ID noted that Commission Rule 210.21 provides that ''[a]n investigation before the Commission may be terminated as to one or more respondents. . . on the basis of a licensing or other settlement agreement.'' ID at 2 (emphasis omitted) (citing 19 CFR 210.21(b)(1)). The ID found that the motion complies with the Commission rules and that there are no extraordinary circumstances that warrant denying the motion. *Id.* at 3. The ID observed that the parties provided both confidential and public versions of the settlement agreements in compliance with Commission Rule 201.6. *Id.* at 3. The ID further found that the motion includes a statement that ''there are no other agreements, written or oral, express or implied, between any of the parties concerning the subject matter of this Investigation.'' *Id.* The ID also found no evidence that termination of this investigation would be contrary to the public interest. *Id.*

Regarding the four respondents (HP, Lenovo, Lenovo US, Super Micro), who receive their accused products from Micron, but are not privy to the settlement agreements between Netlist and Micron, the ID stated that Netlist is effectively withdrawing the complaint as to them. *Id.* at 2–3. The ID noted that Commission Rule 210.21 provides that ''[a]ny party may move at any time prior to the issuance of an initial determination on violation of section 337 . . . to terminate an investigation in whole or in part as to any or all respondents, on the basis of withdrawal of the complaint or certain allegations contained therein.'' *Id.* at 4 (emphasis omitted) (citing 19 CFR 210.21(a)(1)). The ID found that the motion also complies with Commission rules as to withdrawal of the complaint as to HP, Lenovo, Lenovo US, and Super Micro. *Id.*

No one petitioned for review of the ID.

The Commission has determined not to review the subject ID. The investigation is hereby terminated in its entirety.

The Commission vote for this determination took place on November 19, 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: November 19, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–23863 Filed 11–23–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

Notice Concerning the Commission's Appointment of Two Administrative Law Judges for Section 337 Investigations

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has appointed two administrative law judges (''ALJs'') in conformance with the Constitution and relevant laws.

FOR FURTHER INFORMATION CONTACT: Mercedeh Momeni, Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–3152. General information concerning the Commission may also be obtained by accessing its internet server at *http://www.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), provides for certain determinations to be ''made on the record after notice and opportunity for a hearing in conformity with the provisions of subchapter II of chapter 5 of title 5.'' 19 U.S.C. 1337(c). Pursuant to subchapter II of chapter 5 of title 5, the Commission employs ALJs to conduct formal adjudications and to make initial and recommended determinations. 5 U.S.C. 556–557; 19 CFR 210.3 (''administrative law judge''). Pursuant to 5 U.S.C. 3105, ''[e]ach agency shall appoint as many administrative law judges as are necessary for proceedings required to be conducted in accordance with sections 556 and 557 of this title.'' Pursuant to section 331 of the Tariff Act, 19 U.S.C. 1331, the Chairman of the Commission has the authority to ''appoint and fix the compensation of such employees of the Commission as he deems necessary,'' including ALJs. 19 U.S.C. 1331(a)(1)(A)(i). Any such decision by the Chairman, however, is ''subject to disapproval by a majority vote of all the commissioners in office.'' 19 U.S.C. 1331(a)(1)(C).

The Appointments Clause of the Constitution, art. II, § 2, cl. 2, provides, in relevant part, that Congress may vest the appointment of inferior officers ''in the Heads of Departments.'' In 2018, the Supreme Court decided that the ALJs of the Securities and Exchange Commission (''SEC'') are inferior officers whose appointments were to be made by the SEC and not by the SEC's staff. *Lucia* v. *SEC,* 585 U.S. 237, 248–49 (2018); *see Free Enterprise Fund* v. *Pub. Co. Accounting Oversight Bd.,* 561 U.S. 477, 512 (2010). The Commission has previously published **Federal Register** notices confirming the Commission's appointments of the Commission's ALJs. Notice, 90 FR 54367 (Nov. 26, 2025); Notice, 83 FR 45678–79 (Sept. 10, 2018).

By this notice, the Commission confirms its appointments of two recently hired ALJs. On October 16, 2026, the Commission, including the Chairman, voted to appoint Lisa A. Murray as an ALJ. On that same day, the Commission, including the Chairman, also voted to appoint Benjamin S. Richards as an ALJ.

By order of the Commission.

Issued: November 19, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–23862 Filed 11–23–26; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF LABOR

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Medical Travel Refund Request

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting this Office of Workers' Compensation Programs (OWCP)-sponsored information collection request (ICR) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that the agency receives on or before December 24, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

FOR FURTHER INFORMATION CONTACT: Michael Howell by telephone at 202–693–6782, or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: OWCP must reimburse beneficiaries for travel expenses for covered medical treatment. In order to determine whether amounts requested as travel expenses are appropriate, OWCP must receive certain data elements, including the signature of the physician for medical expenses claimed under the BLBA. Form OWCP–957 is the standard format for the collection of these data elements. The regulations implementing these three statutes allow for the collection of information needed to enable OWCP to determine if reimbursement requests for travel expenses should be paid. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on June 16, 2026 (91 FR 36157).

Comments are invited on: (1) whether the collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless the OMB approves it and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid OMB Control Number. See 5 CFR 1320.5(a) and 1320.6.

DOL seeks PRA authorization for this information collection for three (3) years. OMB authorization for an ICR cannot be for more than three (3) years without renewal. The DOL notes that information collection requirements submitted to the OMB for existing ICRs receive a month-to-month extension while they undergo review.

Agency: DOL–OWCP.

Title of Collection: Medical Travel Refund Request.

OMB Control Number: 1240–0037.

Affected Public: Private Sector—Businesses or other for-profits.

Total Estimated Number of Respondents: 564,388.

Total Estimated Number of Responses: 1,128,776.

Total Estimated Annual Time Burden: 169,316 hours.

Total Estimated Annual Other Costs Burden: $756,280.

(Authority: 44 U.S.C. 3507(a)(1)(D))

Michael Howell,

Senior PRA Analyst.

[FR Doc. 2026–23867 Filed 11–23–26; 8:45 am]

BILLING CODE 4510–26–P

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

[NARA–26–0562; NARA–2027–009]

Records Schedules; Availability and Request for Comments

AGENCY: National Archives and Records Administration (NARA).

ACTION: Notice of availability of proposed records schedules; request for comments.

SUMMARY: The National Archives and Records Administration (NARA) publishes notice of certain Federal agency requests for records disposition authority (records schedules). We publish notice in the **Federal Register** and on *regulations.gov* for records schedules in which agencies propose to dispose of records they no longer need to conduct agency business. We invite public comments on such records schedules.

DATES: We must receive responses on the schedules listed in this notice by January 8, 2027.

ADDRESSES: To view a records schedule in this notice, or submit a comment on one, use the following address: *https://www.regulations.gov/docket/NARA-26-0562/document.*

This is a direct link to the schedules posted in the docket for this notice on *regulations.gov.* You may submit comments by the following method:

- *Federal eRulemaking Portal: https://www.regulations.gov.* On the website, enter either of the numbers cited at the top of this notice into the search field. This will bring you to the docket for this notice, in which we have posted the records schedules open for comment. Each schedule has a 'comment' button so you can comment on that specific schedule. For more information on *regulations.gov* and on submitting comments, see their FAQs at *https://www.regulations.gov/faq.*

If you are unable to comment via *regulations.gov,* you may email us at *request.schedule@nara.gov* for instructions on submitting your comment. You must cite the control number of the schedule you wish to comment on. You can find the control number for each schedule in parentheses at the end of each schedule's entry in the list at the end of this notice.

FOR FURTHER INFORMATION CONTACT: Richard Green, Records Management Operations, by email at *richard.green@nara.gov* or at 301–395–7825. For information about records schedules, contact Records Management Operations by email at *request.schedule@nara.gov* or by phone at 301–395–7825.

SUPPLEMENTARY INFORMATION:

Public Comment Procedures

We are publishing notice of records schedules in which agencies propose to dispose of records they no longer need to conduct agency business. We invite public comments on these records schedules, as required by 44 U.S.C. 3303a(a), and list the schedules at the end of this notice by agency and subdivision requesting disposition authority.

In addition, this notice lists the organizational unit(s) accumulating the records or states that the schedule has agency-wide applicability. It also provides the control number assigned to each schedule, which you will need if you submit comments on that schedule.

We have uploaded the records schedules and accompanying appraisal memoranda to the *regulations.gov* docket for this notice as ''other'' documents. Each records schedule contains a full description of the records at the file unit level as well as their proposed disposition. The appraisal memorandum for the schedule includes information about the records.

We will post comments, including any personal information and attachments, to the public docket unchanged. Because comments are public, you are responsible for ensuring that you do not include any confidential or other information that you or a third party may not wish to be publicly posted. If you want to submit a comment with confidential information or cannot otherwise use the *regulations.gov* portal, you may contact *request.schedule@nara.gov* for instructions on submitting your comment.

We will consider all comments submitted by the posted deadline and consult as needed with the Federal agency seeking the disposition authority. After considering comments, we may or may not make changes to the proposed records schedule. The schedule is then sent for final approval by the Archivist of the United States. After the schedule is approved, we will post on *regulations.gov* a ''Consolidated Reply'' summarizing the comments, responding to them, and noting any changes we made to the proposed schedule. You may elect at *regulations.gov* to receive updates on the docket, including an alert when we post the Consolidated Reply, whether or not you submit a comment. If you have a question, you can submit it as a comment, and can also submit any concerns or comments you would have to a possible response to the question. We will address these items in consolidated replies along with any other comments submitted on that schedule.

We will post schedules on our website in the Records Control Schedule (RCS) Repository, at *https://www.archives.gov/records-mgmt/rcs,* after the Archivist approves them. The RCS contains all schedules approved since 1973.

Background

Each year, Federal agencies create billions of records. To control this accumulation, agency records managers prepare schedules proposing retention periods for records and submit these schedules for NARA's approval. Once approved by NARA, records schedules provide mandatory instructions on what happens to records when no longer needed for current Government business. The records schedules authorize agencies to preserve records of continuing value in the National Archives or to destroy, after a specified period, records lacking continuing administrative, legal, research, or other value. Some schedules are comprehensive and cover all the records of an agency or one of its major subdivisions. Most schedules, however, cover records of only one office or program or a few series of records. Many of these update previously approved schedules, and some include records proposed as permanent.

Agencies may not destroy Federal records without the approval of the Archivist of the United States. The Archivist grants this approval only after thorough consideration of the records' administrative use by the agency of origin, the rights of the Government and of private people directly affected by the

Government's activities, and whether or not the records have historical or other value. Public review and comment on these records schedules is part of the Archivist's consideration process.

Schedules Pending

1. Department of Transportation, Budget Records (DAA–0398–2026–0003).
2. American Battle Monuments Commission, Cemetery Operations and Support Services (DAA–0117–2025–0003).
3. Central Intelligence Agency, Rulemaking Records (DAA–0263–2026–0004).
4. Federal Aviation Administration, Institutional Review Board and Human Subject Research Records (DAA–0237–2025–0012).
5. General Records Schedules (National Archives and Records Administration), GRS 6.1, Email and Other Electronic Messages Managed Under a Capstone Approach Revision (DAA–GRS–2027–0001).
6. National Aeronautics and Space Administration, Technology Transfer (DAA–0255–2026–0004).
7. National Reconnaissance Office, 405 Mission Compliance (DAA–0525–2026–0003).
8. Office of the Director of National Intelligence, Emergency Management Records (DAA–0576–2023–0019).
9. United States Capitol Police, Public Affairs Records (DAA–0603–2025–0003).

Laura Besong,

Chief Records Officer for the U.S. Government.

[FR Doc. 2026–23931 Filed 11–23–26; 8:45 am]

BILLING CODE 7515–01–P

NUCLEAR REGULATORY COMMISSION

[Docket No. 40–9086; NRC–2026–5546]

International Isotopes Fluorine Products, Inc.; Consideration of Approval of Transfer of Control of License

AGENCY: Nuclear Regulatory Commission.

ACTION: Application for direct and indirect transfer of licenses; opportunity to comment, request a hearing, and petition for leave to intervene.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC, the Commission) received and is considering approval of an application filed by International Isotopes Fluorine Products, Inc. (IIFP) on October 22, 2026. The application seeks NRC consent to the direct transfer of control of the materials license SUB–1011, held by IIFP to HALEU Energy Fuel, Inc. (HALEU). The application contains sensitive unclassified non-safeguards information (SUNSI).

DATES: Submit comments by December 24, 2026. A request for a hearing or petition for leave to intervene must be filed by December 14, 2026. Any potential party as defined in section 2.4 of title 10 of the *Code of Federal Regulations* (10 CFR), who believes access to SUNSI is necessary to respond to this notice must follow the instructions in Section VI of the **SUPPLEMENTARY INFORMATION** section of this notice.

ADDRESSES: You may submit comments by any of the following methods; however, the NRC encourages electronic comment submission through the Federal rulemaking website:

- *Federal rulemaking website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–5546. 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 listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.
- *Email comments to: Hearing.Docket@nrc.gov.* If you do not receive an automatic email reply confirming receipt, then contact us at 301–415–1677.
- *Fax comments to:* Secretary, U.S. Nuclear Regulatory Commission at 301–415–1101.
- *Mail comments to:* Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, ATTN: Rulemakings and Adjudications Staff.
- *Hand deliver comments to:* 11555 Rockville Pike, Rockville, Maryland 20852, between 7:30 a.m. and 4:15 p.m. eastern time (ET) Federal workdays; telephone: 301–415–1677.

For additional direction on obtaining information and submitting comments, see ''Obtaining Information and Submitting Comments'' in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Diana Woodyatt, telephone: 301–415–1245; email: *Diana.Woodyatt@nrc.gov,* and Robert Mathis, telephone: 301–287–9110; email: *Robert.Mathis@nrc.gov.* Both are staff of the Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2026–5546 when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- *Federal Rulemaking Website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–5546.
- *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.* To begin the search, select ''Begin ADAMS Public Search.'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to *PDR.Resource@nrc.gov.* The ADAMS accession number for each document referenced (if it is available in ADAMS) is provided the first time that it is mentioned in this document.
- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to *PDR.Resource@nrc.gov* or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. ET, Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal Rulemaking website (*https://www.regulations.gov*). Please include Docket ID NRC–2026–5546 in your comment submission.

The NRC cautions you not to include identifying or contact information that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at *https://www.regulations.gov* as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Introduction

The NRC is considering the issuance of an order pursuant to 10 CFR 40.46, ''Inalienability of licenses,'' 10 CFR 110.50, ''Terms,'' and 10 CFR 110.51, ''Amendment and renewal of licenses,''

approving the direct transfer of control of NRC license number SUB–1011, (Docket No. 40–9086) from International Isotopes Fluoride Products, Inc. (IIFP) to HALEU Energy Fuel, Inc. (HALEU). IIFP holds the license to a depleted uranium deconversion and fluorine processing venture.

On October 22, 2025, IIFP and HALEU submitted an application (ADAMS Accession No. ML26296A222) via the NRC's Electronic Information Exchange requesting NRC consent to the direct transfer of control. The request arises from an Asset Purchase Agreement dated September 28, 2026, under which Radnostix and its wholly owned subsidiary IIFP would sell assets related to its depleted uranium deconversion and fluorine processing venture—including license SUB–1011—to HALEU, a wholly owned Nano Nuclear Energy, Inc. subsidiary, which would become the licensee and operations company for the facility.

As part of the proposed action, the licensee name would change from ''International Isotopes Fluoride Products, Inc.'' to ''HALEU Energy Fuel, Inc.,'' and the facility name would change from ''IIFP Fluorine Extraction and Depleted Uranium Deconversion Plant'' to ''ATOMIS Hobbs Fuel Cycle Center.'' The applicants state no changes are proposed to the use, possession, locations, storage, facilities, equipment, or procedures associated with licensed activities. The licensed site near Hobbs/Lea County, New Mexico remains undeveloped; no construction has begun, and no licensed material has ever been received under SUB–1011.

The proposed transfer (collectively, ''The Transaction'') will occur in one step. This step involves the direct transfer of control of IIFP's NRC materials license SUB–1011 ownership of the relevant assets and operations related to HALEU. As a result of this step, HALEU. will become the new licensee for SUB–1011.

With respect to management and qualifications, the applicants identify the following personnel associated with the license transfer. HALEU's management structure includes a Chief Executive Officer, Vice President of Operations, Licensing Manager, Vice President of Technology, Project Manager, interim Environmental Health and Safety Manager, and in interim Quality Assurance Manager. The HALEU positions would replace IIFP's management structure; all other positions identified in the license are currently unfilled, and no other changes in operations or licensed activities are anticipated.

In its submittal, HALEU will be financially qualified to engage in NRC-licensed activities and that, prior to closing the Transaction, and, upon the NRC providing its consent to the transfers of control of the license, HALEU will comply with the financial assurance and decommissioning funding requirements in the license, including providing final financial assurance instruments at least six months before obtaining radioactive material and final executed instruments at least 21 days before receiving material (License Conditions 14 and 15), and submitting/updating the Decommissioning Funding Plan and Decommissioning Cost Estimate as required.

Section 184, ''Inalienability of Licenses,'' of the Atomic Energy Act of 1954, as amended, (the Act) states that ''[n]o license granted hereunder and no right to utilize or produce special nuclear material granted hereby shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of this Act, and shall give its consent in writing.'' The NRC's regulations at 10 CFR 50.80, 70.36, and 72.50 provide that no license, or any right thereunder, shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission gives its consent in writing. The Commission will approve an application for the direct transfer of a license if the Commission determines that the proposed transfer of control will not affect the qualifications of the licensee to hold the license, and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission.

III. Opportunity To Comment

Within 30 days from the date of publication of this notice, persons may submit written comments regarding the license transfer application, as provided for in 10 CFR 2.1305 and 10 CFR 110.81. The Commission will consider and, if appropriate, respond to these comments, but such comments will not otherwise constitute part of the decisional record. Comments should be submitted as described in the **ADDRESSES** section of this document.

IV. Opportunity To Request a Hearing and Petition for Leave To Intervene

Within 20 days after the date of publication of this notice, any person (petitioner) whose interest may be affected by this action may file a request for a hearing and petition for leave to intervene (petition) with respect to the action. Petitions shall be filed in accordance with the Commission's ''Agency Rules of Practice and Procedure'' in 10 CFR part 2. Interested persons should consult 10 CFR 2.309. If a petition is filed, the presiding officer will rule on the petition and, if appropriate, a notice of a hearing will be issued.

Petitions must be filed no later than 20 days from the date of publication of this notice in accordance with the filing instructions in the ''Electronic Submissions (E-Filing)'' section of this document. Petitions and motions for leave to file new or amended contentions that are filed after the deadline will not be entertained absent a determination by the presiding officer that the filing demonstrates good cause by satisfying the three factors in 10 CFR 2.309(c)(1)(i) through (iii).

A State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof, may submit a petition to the Commission to participate as a party under 10 CFR 2.309(h) no later than 20 days from the date of publication of this notice. Alternatively, a State, local governmental body, Federally recognized Indian Tribe, or agency thereof may participate as a non-party under 10 CFR 2.315(c).

For information about filing a petition and about participation by a person not a party under 10 CFR 2.315, see ADAMS Accession No. ML20340A053 (*https://adamswebsearch2.nrc.gov/webSearch2/main.jsp?AccessionNumber=ML20340A053*) and on the NRC's public website at *https://www.nrc.gov/about-nrc/regulatory/adjudicatory/hearing.html#participate.*

V. Electronic Submissions (E-Filing)

All documents filed in NRC adjudicatory proceedings including documents filed by an interested State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof that requests to participate under 10 CFR 2.315(c), must be filed in accordance with 10 CFR 2.302. The E-Filing process requires participants to submit and serve all adjudicatory documents over the internet, or in some cases, to mail copies on electronic storage media, unless an exemption permitting an alternative

filing method, as further discussed, is granted. Detailed guidance on electronic submissions is in the ''Guidance for Electronic Submissions to the NRC'' (ADAMS Accession No. ML13031A056) and on the NRC's public website at *https://www.nrc.gov/site-help/esubmittals.html.*

To comply with the procedural requirements of E-Filing, at least 10 days prior to the filing deadline, the participant should contact the Office of the Secretary by email at *Hearing.Docket@nrc.gov,* or by telephone at 301–415–1677, to (1) request a digital identification (ID) certificate, which allows the participant (or its counsel or representative) to digitally sign submissions and access the E-Filing system for any proceeding in which it is participating; and (2) advise the Secretary that the participant will be submitting a petition or other adjudicatory document (even in instances in which the participant, or its counsel or representative, already holds an NRC-issued digital ID certificate). Based upon this information, the Secretary will establish an electronic docket for the proceeding if the Secretary has not already established an electronic docket.

Information about applying for a digital ID certificate is available on the NRC's public website at *https://www.nrc.gov/site-help/e-submittals/getting-started.html.* After a digital ID certificate is obtained and a docket created, the participant must submit adjudicatory documents in Portable Document Format. Guidance on submissions is available on the NRC's public website at *https://www.nrc.gov/site-help/electronic-sub-refmat.html.* A filing is considered complete at the time the document is submitted through the NRC's E-Filing system. To be timely, an electronic filing must be submitted to the E-Filing system no later than 11:59 p.m. ET on the due date. Upon receipt of a transmission, the E-Filing system timestamps the document and sends the submitter an email confirming receipt of the document. The E-Filing system also distributes an email that provides access to the document to the NRC's Office of the General Counsel and any others who have advised the Office of the Secretary that they wish to participate in the proceeding, so that the filer need not serve the document on those participants separately. Therefore, applicants and other participants (or their counsel or representative) must apply for and receive a digital ID certificate before adjudicatory documents are filed to obtain access to the documents via the E-Filing system.

A person filing electronically using the NRC's adjudicatory E-Filing system may seek assistance by contacting the NRC's Electronic Filing Help Desk through the ''Contact Us'' link located on the NRC's public website at *https://www.nrc.gov/site-help/esubmittals.html,* by email to *MSHD.Resource@nrc.gov,* or by a toll-free call at 1–866–672–7640. The NRC Electronic Filing Help Desk is available between 9 a.m. and 6 p.m., ET, Monday through Friday, except Federal holidays.

Participants who believe that they have good cause for not submitting documents electronically must file an exemption request, in accordance with 10 CFR 2.302(g), with their initial paper filing stating why there is good cause for not filing electronically and requesting authorization to continue to submit documents in paper format. Such filings must be submitted in accordance with 10 CFR 2.302(b)-(d). Participants filing adjudicatory documents in this manner are responsible for serving their documents on all other participants. Participants granted an exemption under 10 CFR 2.302(g)(2) must still meet the electronic formatting requirement in 10 CFR 2.302(g)(1), unless the participant also seeks and is granted an exemption from 10 CFR 2.302(g)(1).

Documents submitted in adjudicatory proceedings will appear in the NRC's electronic hearing docket, which is publicly available at *https://ehd.nrc.gov,* unless excluded pursuant to an order of the presiding officer. If you do not have an NRC-issued digital ID certificate as previously described, click ''cancel'' when the link requests certificates and you will be automatically directed to the NRC's electronic hearing dockets where you will be able to access any publicly available documents in a particular hearing docket. Participants are requested not to include personal privacy information such as social security numbers, home addresses, or personal phone numbers in their filings unless an NRC regulation or other law requires submission of such information. With respect to copyrighted works, except for limited excerpts that serve the purpose of the adjudicatory filings and would constitute a Fair Use application, participants should not include copyrighted materials in their submission.

The Commission will issue a notice or order granting or denying a hearing request or intervention petition, designating the issues for any hearing that will be held and designating the Presiding Officer. A notice granting a hearing will be published in the **Federal Register** and served on the parties to the hearing.

For further details with respect to this notice, see the application for the Order consenting to the Direct Transfer of Control dated October 22, 2026 (ADAMS Accession No. ML26296A222).

VI. Access to Sensitive Unclassified Non-Safeguards Information for Contention Preparation

Any person who desires access to proprietary, confidential commercial information that has been redacted from the application should contact the Applicant by emailing David Tiktinsky, Licensing Manager, at *DavidT@nanonuclearenergy.com* for the purpose of negotiating a confidentiality agreement or a proposed protective order with the Applicant. If no agreement can be reached, persons who desire access to this information may file a motion with the Secretary and addressed to the Commission that requests the issuance of a protective order.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: November 19, 2026.

For the Nuclear Regulatory Commission.

Tekia Govan,

Chief, Fuel Facility Licensing Branch 2, Division of Fuel Cycle, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 2026–23865 Filed 11–23–26; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50–616 and 50–617; NRC–2026–0265]

SMR, LLC; Palisades SMR, LLC; Pioneer Units 1 and 2; Receipt of Construction Permit Application

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; receipt.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is providing public notice of receipt and availability each week, for four consecutive weeks, beginning November 10, 2026, of the second part of a phased construction permit application, from SMR, LLC, on behalf of Palisades SMR, LLC, a wholly-owned subsidiary of Holtec International, 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. The application for the construction permits was received on September 30, 2026.

DATES: November 24, 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 individuals 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.* Part 2 of the Pioneer Units 1 and 2 construction permit application is available in ADAMS under package Accession No. ML26273A416.
- *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: Michael Orenak, telephone: 301–415–3229; email: *Michael.Orenak@nrc.gov,* Victoria Huckabay, telephone: 301–415–5183; email: *Victoria.Huckabay@nrc.gov,* and Jason Lising, telephone 301–415–1119; email: *Jason.Lising@nrc.gov.* All are staff of the Office of Advanced Reactors at the U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

SUPPLEMENTARY INFORMATION:

I. Discussion

On September 30, 2026, SMR, LLC, on behalf of Palisades SMR, LLC (Palisades SMR), a wholly-owned subsidiary of Holtec International, filed with the NRC, the second part (Part 2) of a phased construction permit application (CPA) 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 2 of the application consists of a complete preliminary safety analysis report. Palisades SMR also provided an updated version of the Quality Assurance Topical Report that was previously approved by the NRC and is seeking review of these revisions. Part 2 also contains a set of exemption requests which address aspects of the CPA that require exemption from the existing rules. The general and financial information submitted with the Part 1 of the application is incorporated by reference into the Part 2 CPA.

Part 1 of the application was submitted on December 31, 2025, and consisted of a limited work authorization request pursuant to 10 CFR 50.10(d), ''Request for limited work authorization,'' three exemption requests, and a comprehensive environmental report. In Part 1, Palisade SMR was seeking NRC approval to conduct certain early construction activities of a dual-unit SMR–300 plant at the PEC in Covert, Michigan. In Part 2, Palisades SMR is seeking NRC approval to complete construction activities of the dual-unit SMR–300 plant site.

Palisades SMR submitted Part 2 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).

The NRC staff is currently undertaking its acceptance review of the application. If the application is accepted for docketing, subsequent **Federal Register** notices will be issued that address the acceptability of the tendered construction permit application for docketing and provisions for participation of the public in the permitting process. 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: November 13, 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. 2026–23826 Filed 11–23–26; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2026–5380]

Biweekly Notice; Applications and Amendments to Facility Operating Licenses and Combined Licenses Involving No Significant Hazards Considerations

AGENCY: Nuclear Regulatory Commission.

ACTION: Biweekly notice.

SUMMARY: Pursuant to section 189a.(2) of the Atomic Energy Act of 1954, as amended (the Act), the U.S. Nuclear Regulatory Commission (NRC) is publishing this regular biweekly notice. The Act requires the Commission to publish notice of any amendments issued, or proposed to be issued, and grants the Commission the authority to issue and make immediately effective any amendment to an operating license or combined license, as applicable, upon a determination by the Commission that such amendment involves no significant hazards consideration (NSHC), notwithstanding the pendency before the Commission of a request for a hearing from any person.

DATES: Comments must be filed by December 24, 2026. A request for a hearing or petitions for leave to intervene must be filed by January 25, 2027. This biweekly notice includes all amendments issued, or proposed to be issued, from October 27, 2026, to November 9, 2026. The last biweekly notice was published on November 10, 2026.

ADDRESSES: You may submit comments by any of the following methods however, the NRC encourages electronic comment submission through the Federal rulemaking website.

- *Federal rulemaking website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–5380. Address questions about Docket IDs in *Regulations.gov* to Bridget Curran; telephone: 301–415–1003; email: *Bridget.Curran@nrc.gov.* For technical questions, contact the individual(s) listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.
- *Mail comments to:* Office of Nuclear Material Safety and Safeguards, Mail Stop: TWFN–5–A85, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, ATTN: Guidance and Publications Branch.

For additional direction on obtaining information and submitting comments, see ''Obtaining Information and Submitting Comments'' in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Susan Lent, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–1365; email: *Susan.Lent@nrc.gov.*

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2026–5380, facility name, unit number(s), docket number(s), application date, and subject when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- *Federal Rulemaking Website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–5380.
- *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*. For the convenience of the reader, instructions about obtaining materials referenced in this document are provided in the ''Availability of Documents'' section.
- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to *PDR.Resource@nrc.gov* or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal rulemaking website (*https://www.regulations.gov*). Please include Docket ID NRC–2026–5380, facility name, unit number(s), docket number(s), application date, and subject, in your comment submission.

The NRC cautions you not to include identifying or contact information that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at *https://www.regulations.gov* as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Notice of Consideration of Issuance of Amendments to Facility Operating Licenses and Combined Licenses and Proposed No Significant Hazards Consideration Determination

For the facility-specific amendment requests shown in this notice, the Commission finds that the licensees' analyses provided, consistent with section 50.91 of title 10 of *the Code of Federal Regulations* (10 CFR) ''Notice for public comment; State consultation,'' are sufficient to support the proposed determinations that these amendment requests involve NSHC. Under the Commission's regulations in 10 CFR 50.92, operation of the facilities in accordance with the proposed amendments would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety.

The Commission is seeking public comments on these proposed determinations. Any comments received within 30 days after the date of publication of this notice will be considered in making any final determinations.

Normally, the Commission will not issue the amendments until the expiration of 60 days after the date of publication of this notice. The Commission may issue any of these license amendments before expiration of the 60-day period provided that its final determination is that the amendment involves NSHC. In addition, the Commission may issue any of these amendments prior to the expiration of the 30-day comment period if circumstances change during the 30-day comment period such that failure to act in a timely way would result, for example in derating or shutdown of the facility. If the Commission takes action on any of these amendments prior to the expiration of either the comment period or the notice period, it will publish in the **Federal Register** a notice of issuance. If the Commission makes a final NSHC determination for any of these amendments, any hearing will take place after issuance. The Commission expects that the need to take action on any amendment before 60 days have elapsed will occur very infrequently.

A. Opportunity To Request a Hearing and Petition for Leave To Intervene

Within 60 days after the date of publication of this notice, any person (petitioner) whose interest may be affected by any of these actions may file a request for a hearing and petition for leave to intervene (petition) with respect to that action. Petitions shall be filed in accordance with the Commission's ''Agency Rules of Practice and Procedure'' in 10 CFR part 2. Interested persons should consult 10 CFR 2.309. If a petition is filed, the Commission or a presiding officer will rule on the petition and, if appropriate, a notice of a hearing will be issued.

Petitions must be filed no later than 60 days from the date of publication of this notice in accordance with the filing instructions in the ''Electronic Submissions (E-Filing)'' section of this document. Petitions and motions for leave to file new or amended contentions that are filed after the deadline will not be entertained absent a determination by the presiding officer that the filing demonstrates good cause by satisfying the three factors in 10 CFR 2.309(c)(1)(i) through (iii).

If a hearing is requested, and the Commission has not made a final determination on the issue of no significant hazards consideration, the Commission will make a final determination on the issue of no significant hazards consideration, which will serve to establish when the hearing is held. If the final determination is that the license amendment request involves no significant hazards consideration, the Commission may issue the amendment and make it immediately effective, notwithstanding the request for a hearing. Any hearing would take place after issuance of the amendment. If the final determination is that the license amendment request involves a significant hazards consideration, then any hearing held would take place before the issuance of the amendment unless the Commission finds an imminent danger to the health or safety of the public, in which case it will issue an appropriate order or rule under 10 CFR part 2.

A State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof, may submit

a petition to the Commission to participate as a party under 10 CFR 2.309(h) no later than 60 days from the date of publication of this notice. Alternatively, a State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof, may participate as a non-party under 10 CFR 2.315(c).

For information about filing a petition and about participation by a person not a party under 10 CFR 2.315, see ADAMS Accession No. ML20340A053 (*https://adamswebsearch2.nrc.gov/webSearch2/main.jsp?AccessionNumber=ML20340A053*) and the NRC's public website (*https://www.nrc.gov/about-nrc/regulatory/adjudicatory/hearing.html#participate*).

B. Electronic Submissions (E-Filing)

All documents filed in NRC adjudicatory proceedings, including documents filed by an interested State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof that requests to participate under 10 CFR 2.315(c), must be filed in accordance with 10 CFR 2.302. The E-Filing process requires participants to submit and serve all adjudicatory documents over the internet, or in some cases, to mail copies on electronic storage media, unless an exemption permitting an alternative filing method, as further discussed, is granted. Detailed guidance on electronic submissions is located in the ''Guidance for Electronic Submissions to the NRC'' (ADAMS Accession No. ML13031A056), and on the NRC's public website (*https://www.nrc.gov/site-help/e-submittals.html*).

To comply with the procedural requirements of E-Filing, at least 10 days prior to the filing deadline, the participant should contact the Office of the Secretary by email at *Hearing.Docket@nrc.gov,* or by telephone at 301–415–1677, to: (1) request a digital identification (ID) certificate, which allows the participant (or their counsel or representative) to digitally sign submissions and access the E-Filing system for any proceeding in which it is participating; and (2) advise the Secretary that the participant will be submitting a petition or other adjudicatory document (even in instances in which the participant, or their counsel or representative, already holds an NRC-issued digital ID certificate). Based upon this information, the Secretary will establish an electronic docket for the proceeding if the Secretary has not already established an electronic docket.

Information about applying for a digital ID certificate is available on the NRC's public website (*https://www.nrc.gov/site-help/e-submittals/getting-started.html*). After a digital ID certificate is obtained and a docket is created, the participant must submit adjudicatory documents in the Portable Document Format. Guidance on submissions is available on the NRC's public website (*https://www.nrc.gov/site-help/electronic-sub-ref-mat.html*). A filing is considered complete at the time the document is submitted through the NRC's E-Filing system. To be timely, an electronic filing must be submitted to the E-Filing system no later than 11:59 p.m. ET on the due date. Upon receipt of a transmission, the E-Filing system time-stamps the document and sends the submitter an email confirming receipt of the document. The E-Filing system also distributes an email that provides access to the document to the NRC's Office of the General Counsel and any others who have advised the Office of the Secretary that they wish to participate in the proceeding, so that the filer need not serve the document on those participants separately. Therefore, applicants and other participants (or their counsel or representative) must apply for and receive a digital ID certificate before adjudicatory documents are filed in order to obtain access to the documents via the E-Filing system.

A person filing electronically using the NRC's adjudicatory E-Filing system may seek assistance by contacting the NRC's Electronic Filing Help Desk through the ''Contact Us'' link located on the NRC's public website (*https://www.nrc.gov/site-help/e-submittals.html*), by email to *MSHD.Resource@nrc.gov,* or by a toll-free call at 1–866–672–7640. The NRC Electronic Filing Help Desk is available between 9 a.m. and 6 p.m., ET, Monday through Friday, except Federal holidays.

Participants who believe that they have good cause for not submitting documents electronically must file an exemption request, in accordance with 10 CFR 2.302(g), with their initial paper filing stating why there is good cause for not filing electronically and requesting authorization to continue to submit documents in paper format. Such filings must be submitted in accordance with 10 CFR 2.302(b)–(d). Participants filing adjudicatory documents in this manner are responsible for serving their documents on all other participants. Participants granted an exemption under 10 CFR 2.302(g)(2) must still meet the electronic formatting requirement in 10 CFR 2.302(g)(1), unless the participant also seeks and is granted an exemption from 10 CFR 2.302(g)(1).

Documents submitted in adjudicatory proceedings will appear in the NRC's electronic hearing docket, which is publicly available on the NRC's public website (*https://ehd.nrc.gov*), unless otherwise excluded pursuant to an order of the presiding officer. If you do not have an NRC-issued digital ID certificate as previously described, click ''cancel'' when the link requests certificates and you will be automatically directed to the NRC's electronic hearing docket where you will be able to access any publicly available documents in a particular hearing docket. Participants are requested not to include personal privacy information such as social security numbers, home addresses, or personal phone numbers in their filings, unless an NRC regulation or other law requires submission of such information. With respect to copyrighted works, except for limited excerpts that serve the purpose of the adjudicatory filings and would constitute a Fair Use application, participants should not include copyrighted materials in their submission.

The following table provides the plant name, docket number, date of application, ADAMS accession number, and location in the application of the licensees' proposed NSHC determinations. For further details with respect to these license amendment applications, see the applications for amendment, which are available for public inspection in ADAMS. For additional direction on accessing information related to this document, see the ''Obtaining Information and Submitting Comments'' section of this document.

LICENSE AMENDMENT REQUEST(S)

Constellation Energy Generation, LLC; Calvert Cliffs Nuclear Power Plant, Unit 2; Calvert County, MD	
Docket No	50–318.
Application date	October 7, 2026.
ADAMS Accession No	ML26280A067.

LICENSE AMENDMENT REQUEST(S)—Continued

Location in Application of NSHC	Page 25–27 of Attachment 1.
Brief Description of Amendment	The proposed amendment request would allow for a one-time extension to the 15-year frequency of the containment leakage rate test (i.e., integrated leakage rate test (ILRT) or Type A test). This test is required by Technical Specifications (TS) Section 5.5.16, ''Containment Leakage Rate Testing Program.'' The proposed one-time change to the TS would permit the current ILRT interval of 15 years to be extended by 12 months for Calvert Cliffs Nuclear Power Plant, Unit 2.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jason Zorn, Associate General Counsel, Constellation Energy Generation, LLC, 4300 Winfield Road, Warrenville, IL 60555.
NRC Project Manager, Telephone Number	Scott Wall, 301–415–2855.

Constellation Energy Generation, LLC; Calvert Cliffs Nuclear Power Plant, Units 1 and 2; Calvert County, MD; Constellation Energy Generation, LLC; Clinton Power Station, Unit No. 1; DeWitt County, IL; Constellation Energy Generation, LLC; Dresden Nuclear Power Station, Units 2 and 3; Grundy County, IL; Constellation Energy Generation, LLC; LaSalle County Station, Units 1 and 2; LaSalle County, IL; Constellation Energy Generation, LLC; Limerick Generating Station, Units 1 and 2; Montgomery County, PA; Constellation Energy Generation, LLC; Peach Bottom Atomic Power Station, Units 2 and 3; York County, PA; Constellation Energy Generation, LLC; Quad Cities Nuclear Power Station, Units 1 and 2; Rock Island County, IL; Constellation FitzPatrick, LLC and Constellation Energy Generation, LLC; James A. FitzPatrick Nuclear Power Plant; Oswego County, NY; Nine Mile Point Nuclear Station, LLC and Constellation Energy Generation, LLC; Nine Mile Point Nuclear Station, Units 1 and 2; Oswego County, NY; R. E. Ginna Nuclear Power Plant, LLC and Constellation Energy Generation, LLC; R. E. Ginna Nuclear Power Plant; Wayne County, NY.

Docket Nos	50–317, 50–318, 50–461, 50–237, 50–249, 50–333, 50–373, 50–374, 50–352, 50–353, 50–220, 50–410, 50–277, 50–278, 50–254, 50–265, 50–244.
Application date	October 8, 2026.
ADAMS Accession No	ML26281A399.
Location in Application of NSHC	Pages 14–17 of Attachment 1.
Brief Description of Amendments	The proposed amendments would revise the license condition associated with the adoption of 10 CFR 50.69, ''Risk-informed categorization and treatment of structures, systems and components for nuclear power reactors,'' at each facility. Specifically, the proposed change would incorporate use of the Enhanced Risk-Informed Categorization Methodology for Pressure Boundary Components as described in Electric Power Research Institute Technical Report No. 3002033536 (Revision 1–A), and replace the previously utilized Arkansas Nuclear One, Unit 2 (ANO–2) passive categorization approach.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jason Zorn, Associate General Counsel, Constellation Energy Generation, LLC, 4300 Winfield Road, Warrenville, IL 60555.
NRC Project Manager, Telephone Number	Scott Wall, 301–415–2855.

DTE Electric Company; Fermi, Unit 2; Monroe County, MI.

Docket No	50–341.
Application date	October 30, 2026.
ADAMS Accession No	ML26303A046.
Location in Application of NSHC	Pages 2–4 of the Enclosure.
Brief Description of Amendment	The proposed amendment would adopt Technical Specification Task Force (TSTF) Traveler 585 (TSTF–585), ''Revise LCO [Limiting Condition for Operation] 3.0.3 to Require Managing Risk,'' and TSTF–597, ''Eliminate LCO 3.0.3 Mode 2 Requirement.'' TSTF–585 revises LCO 3.0.3 to require assessing and managing plant risk whenever LCO 3.0.3 is entered. If the risk assessment determines that continuing plant operation is acceptable and other conditions are satisfied, 24 hours from entry into LCO 3.0.3 is permitted to initiate a shutdown. Otherwise, initiation of the shutdown is required. The proposed amendment also revises or adds some TS Required Actions to direct a plant shutdown instead of entry into LCO 3.0.3. TSTF–597 revises LCO 3.0.3 to eliminate the requirement to enter Mode 2.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jon P. Christinidis, DTE Electric Company, Expert Attorney—Regulatory, 1635 WCB, One Energy Plaza, Detroit, MI 48226.
NRC Project Manager, Telephone Number	Robert Kuntz, 301–415–3733.

Duke Energy Carolinas, LLC; Oconee Nuclear Station, Units 1, 2, and 3; Oconee County, SC.

Docket Nos	50–269, 50–270, 50–287.
Application date	October 22, 2026.
ADAMS Accession No	ML26295A099.
Location in Application of NSHC	Pages 11–13 of the Enclosure.
Brief Description of Amendments	The proposed amendments would modify the subsequent renewed facility operating licenses to allow, as a performance-based method, certain currently installed thermal insulation materials to be retained and to allow future use of these insulation materials in limited applications subject to appropriate engineering reviews and controls. The proposed amendments are an alternative to National Fire Protection Association Standard 805, Chapter 3, Section 3.3, ''Prevention.''
Proposed Determination	NSHC.

LICENSE AMENDMENT REQUEST(S)—Continued

Name of Attorney for Licensee, Mailing Address	Tracey Mitchell LeRoy, Deputy General Counsel, Duke Energy Corporation, 525 S Tryon Street, Charlotte, NC 28202.
NRC Project Manager, Telephone Number	Shawn Williams, 301–415–1009.

Energy Northwest; Columbia Generating Station; Benton County, WA.

Docket No	50–397.
Application date	October 5, 2026.
ADAMS Accession No	ML26278A305.
Location in Application of NSHC	Pages 3–4 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise Columbia Generating Station's technical specifications (TSs) for adoption of Technical Specifications Task Force (TSTF) Traveler TSTF–596, ''Expand the Applicability of the Surveillance Frequency Control Program (SFCP),'' which is an approved change to the standard technical specifications, into the Columbia TSs. TSTF–596 expands the applicability of the SFCP to include other periodic testing frequencies in the TSs. The proposed change would also revise the SFCP to reference additional regulatory mechanisms that may be used to control surveillance frequencies, such as 10 CFR 50.55a and 10 CFR 50.69. The proposed change would also revise surveillance requirements that reference the Inservice Testing Program to reference the SFCP instead.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Ryan Lukson, Assistant General Counsel, Energy Northwest, MD 1020, P.O. Box 968, Richland, WA 99352.
NRC Project Manager, Telephone Number	Mahesh Chawla, 301–415–8371.

Entergy Operations, Inc.; Arkansas Nuclear One, Unit 2; Pope County, AR.

Docket No	50–368.
Application date	September 16, 2026.
ADAMS Accession No	ML26259A317.
Location in Application of NSHC	Pages 14–16 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Arkansas Nuclear One, Unit 2 (ANO–2) Technical Specification (TS) 3.5.1 ''Safety Injections Tanks'' using the Risk-Informed Process for Evaluation (RIPE) methodology. The proposed changes would extend the allowable outage time for Limiting Condition for Operation (LCO) 3.5.1, Action c, from 24 hours to 10 days, and would remove LCO 3.5.1, Action b, which addresses safety injection tank operability when tank level or pressure cannot be verified.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Susan Raimo, Associate General Counsel—Nuclear, 101 Constitution Avenue, NW, Washington, DC 20001.
NRC Project Manager, Telephone Number	M. Elena Herrera Torres, P.E., 301–415–8208.

Nebraska Public Power District; Cooper Nuclear Station; Nemaha County, NE.

Docket No	50–298.
Application date	September 24, 2026.
ADAMS Accession No	ML26268A066.
Location in Application of NSHC	Pages 5–7 of Attachment 1.
Brief Description of Amendment	The proposed amendment request would change Cooper Nuclear Station's (Cooper) technical specifications (TSs) by relocating the Unit Staff Qualification from the American National Standards Institute (ANSI) N18.1–1971, including exceptions, to the Cooper Quality Assurance Program for Operation—Policy Document (QAPD). The change will provide flexibility in adopting updated NRC endorsed standards for unit staff qualifications without the need to submit license amendment requests. The referenced ANSI standard and Regulatory Guide 1.8 alternatives in the QAPD currently align with the existing TS requirement. Future changes to the QAPD will be controlled via the 10 CFR 50.54(a) evaluation process.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	John C. McClure, Executive Vice President External Affairs and General Counsel, Nebraska Public Power District, P.O. Box 499, Columbus, NE 68601.
NRC Project Manager, Telephone Number	Thomas Byrd, 301–415–3719.

Nebraska Public Power District; Cooper Nuclear Station; Nemaha County, NE.

Docket No	50–298.
Application date	September 24, 2026.
ADAMS Accession No	ML26268A114.
Location in Application of NSHC	Pages 4–5 of Attachment 1.
Brief Description of Amendment	The proposed license amendment would adopt Technical Specification Task Force (TSTF) Traveler TSTF–596, ''Expand the Applicability of the Surveillance Frequency Control Program (SFCP),'' which is an approved change to the standard technical specifications, into the Cooper Nuclear Station Technical Specifications (TS). TSTF–596, which expands the applicability of the SFCP to include other periodic testing frequencies in the TS. The proposed change would also revise the SFCP to reference additional regulatory mechanisms that may be used to control surveillance frequencies, such as 10 CFR 50.55a and 10 CFR 50.69. The proposed change revises surveillance requirements that reference the Inservice Testing Program to reference the SFCP instead.

LICENSE AMENDMENT REQUEST(S)—Continued

Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	John C. McClure, Executive Vice President External Affairs and General Counsel, Nebraska Public Power District, P.O. Box 499, Columbus, NE 68601.
NRC Project Manager, Telephone Number	Thomas Byrd, 301–415–3719.

Nine Mile Point Nuclear Station, LLC and Constellation Energy Generation, LLC; Nine Mile Point Nuclear Station, Unit 1; Oswego County, NY.

Docket No	50–220.
Application date	September 24, 2026.
ADAMS Accession No	ML26267A208.
Location in Application of NSHC	Attachment 1, Section 4.3.
Brief Description of Amendment	The proposed amendment would remove the requirement for automatic main steam line (MSL) isolation based on the temperature in the area around the MSL. In lieu of automatic isolation, a new specification, ''Main Steam Line (MSL) Area Temperature,'' would be added requiring manual action when the MSL area temperature is above the specified temperature limit.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Jason Zorn, Associate General Counsel, Constellation Energy Generation, LLC, 101 Constitution Ave. NW, Suite 400 East, Washington, DC 20001.
NRC Project Manager, Telephone Number	Richard Guzman, 301–415–1030.

Southern Nuclear Operating Company, Inc.; Vogtle Electric Generating Plant, Units 3 and 4; Burke County, GA.

Docket Nos	52–025, 52–026.
Application date	September 30, 2026.
ADAMS Accession No	ML26273A432.
Location in Application of NSHC	Pages E–10–E–11 of the Enclosure.
Brief Description of Amendments	The proposed amendments would revise the as-found setpoint tolerance for the main steam safety valves described in Vogtle, Units 3 and 4 Technical Specification (TS) 3.7.1, ''Main Steam Safety Valves (MSSVs).'' The proposed license amendment request revises TS Surveillance Requirement 3.7.1.1 to increase the allowable as-found MSSV lift setpoint tolerance from ±1 percent to ±3 percent. In addition, the licensee proposes to change the Updated Final Safety Analysis Report Subsection 15.6.5.4B.2.1, NOTRUMP Computer Code, to update and remove the reference to the specific MSSV setpoint in accordance with 10 CFR 52, Appendix D, Section VIII.B.5.a.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Leslie G. Allen, Vice President and General Counsel, Southern Nuclear Operating Co., Inc., P.O. Box 1295, Birmingham, AL 35201–1295.
NRC Project Manager, Telephone Number	John Lamb, 301–415–3100.

Tennessee Valley Authority; Browns Ferry Nuclear Plant, Units 1, 2, and 3; Limestone County, AL.

Docket Nos	50–259, 50–260, 50–296.
Application date	October 21, 2026.
ADAMS Accession No	ML26294A155.
Location in Application of NSHC	Pages E4–E5 of the Enclosure.
Brief Description of Amendments	The proposed amendments would revise Browns Ferry Nuclear Plant, Units 1, 2, and 3, Technical Specification (TS) 3.3.6.1, ''Primary Containment Isolation Instrumentation,'' to remove the requirement that the reactor water cleanup (RWCU) system automatically isolate on manual initiation of the standby liquid control (SLC) system. The proposed changes are based on Technical Specifications Task Force (TSTF) Traveler TSTF–584, Revision 0, ''Eliminate Automatic RWCU System Isolation on SLC Initiation.''
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Edward C. Meade, (Interim) Executive VP and General Counsel, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 6A, Knoxville, TN 37902.
NRC Project Manager, Telephone Number	Kimberly Green, 301–415–1627.

Vistra Operations Company LLC; Perry Nuclear Power Plant, Unit 1; Lake County, OH.

Docket No	50–440.
Application date	October 29, 2026.
ADAMS Accession No	ML26303A119.
Location in Application of NSHC	Pages 6–7 of Attachment 1.
Brief Description of Amendment	The proposed amendment would revise the Perry Nuclear Power Plant, Unit 1 technical specifications (TSs) to allow implementation of alternative reactor operating limits specified in the Core Operating Limits Report when the Main Turbine Bypass System is inoperable. The amendment would require either an operable Main Turbine Bypass System or the use of Minimum Critical Power Ratio and Linear Heat Generation Rate limits applicable to Main Turbine Bypass System inoperability, as specified in the Core Operating Limits Report.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Roland Backhaus, Senior Lead Counsel—Nuclear, Vistra Corp., 325 7th Street NW, Suite 520, Washington, DC 20004.
NRC Project Manager, Telephone Number	Lauren Casey, 610–337–5367.

LICENSE AMENDMENT REQUEST(S)—Continued

Wolf Creek Nuclear Operating Corporation; Wolf Creek Generating Station, Unit 1; Coffey County, KS.	
Docket No	50–482.
Application date	October 7, 2026.
ADAMS Accession No	ML26280A293.
Location in Application of NSHC	Pages 3–5 of the Enclosure.
Brief Description of Amendment	The proposed amendment would adopt Technical Specifications Task Force (TSTF) Traveler TSTF–547, Revision 1, ''Clarification of Rod Position Requirements,'' which revises technical specification requirements associated with control and shutdown rods and rod and bank position indication.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Chris Johnson, Corporate Counsel Director, Evergy, One Kansas City Place, 1KC-Missouri HQ 16, 1200 Main Street, Kansas City, MO 64105.
NRC Project Manager, Telephone Number	Samson Lee, 301–415–3168.

III. Notice of Issuance of Amendments to Facility Operating Licenses and Combined Licenses

During the period since publication of the last biweekly notice, the Commission has issued the following amendments. The Commission has determined for each of these amendments that the application complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR chapter I, which are set forth in the license amendment.

A notice of consideration of issuance of amendment to facility operating license or combined license, as applicable, proposed NSHC determination, and opportunity for a hearing in connection with these actions, were published in the **Federal Register** as indicated in the safety evaluation for each amendment.

Unless otherwise indicated, the Commission has determined that these amendments satisfy the criteria for categorical exclusion in accordance with 10 CFR 51.22. Therefore, pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared for these amendments. If the Commission has prepared an environmental assessment under the special circumstances provision in 10 CFR 51.22(b) and has made a determination based on that assessment, it is so indicated in the safety evaluation for the amendment.

For further details with respect to each action, see the amendment and associated documents such as the Commission's letter and safety evaluation, which may be obtained using the ADAMS accession numbers indicated in the following table. The safety evaluation will provide the ADAMS accession numbers for the application for amendment and the **Federal Register** citation for any environmental assessment. All of these items can be accessed as described in the ''Obtaining Information and Submitting Comments'' section of this document.

LICENSE AMENDMENT ISSUANCES

Constellation Energy Generation, LLC; Clinton Power Station, Unit No. 1; DeWitt County, IL; Constellation Energy Generation, LLC; Dresden Nuclear Power Station, Units 2 and 3; Grundy County, IL; Constellation Energy Generation, LLC; LaSalle County Station, Units 1 and 2; LaSalle County, IL; Constellation Energy Generation, LLC; Peach Bottom Atomic Power Station, Units 2 and 3; York County, PA; Constellation Energy Generation, LLC; Quad Cities Nuclear Power Station, Units 1 and 2; Rock Island County, IL; Constellation FitzPatrick, LLC and Constellation Energy Generation, LLC; James A. FitzPatrick Nuclear Power Plant; Oswego County, NY	
Docket Nos	50–461, 50–237, 50–249, 50–333, 50–373, 50–374, 50–277, 50–278, 50–265, 50–254.
Amendment Date	October 27, 2026.
ADAMS Accession No	ML26267A218.
Amendment Nos	261 (Clinton), 291 (Dresden, Unit 2), 284 (Dresden, Unit 4), 366 (FitzPatrick), 272 (LaSalle, Unit 1), 265 (LaSalle, Unit 2), 350 (Peach Bottom, Unit 2), 352 (Peach Bottom, Unit 3), 307 (Quad Cities, Unit 1), 303 (Quad Cities, Unit 2).
Brief Description of Amendments	The amendments adopted Technical Specification (TS) Task Force (TSTF) Traveler- 584 ''Eliminate Automatic RWCU [Reactor Water Cleanup] System Isolation on SLC [Standby Liquid Control] Initiation.''
Public Comments Received as to Proposed NSHC (Yes/No).	No.

Energy Northwest; Columbia Generating Station; Benton County, WA.	
Docket No	50–397.
Amendment Date	November 5, 2026.
ADAMS Accession No	ML26266A213.
Amendment No	283.
Brief Description of Amendment	The amendment incorporated the NRC-approved methodology described in licensing topical report NEDE–33885P–A, Revision 1, ''GNF [Global Nuclear Fuel] CRDA [Control Rod Drop Accident] Application Methodology,'' in the following sections of Columbia's technical specifications (TSs); TS Section 3.1.3, ''Control Rod Operability''; TS Section 3.1.6, ''Rod Pattern Control''; TS Section 3.3.2.1, ''Control Rod Block Instrumentation''; TS Section 3.10.7, ''Control Rod Testing-Operating''; and TS Section 3.10.8, ''Shutdown Margin (SDM) Test-Refueling.''

LICENSE AMENDMENT ISSUANCES—Continued

Public Comments Received as to Proposed NSHC (Yes/No).	No.
Florida Power & Light Company; St. Lucie Plant, Unit No. 1; St. Lucie County, FL.	
Docket No	50–335.
Amendment Date	October 15, 2026.
ADAMS Accession No	ML26288A264.
Amendment No	261.
Brief Description of Amendment	The amendment revised the technical specifications and other parts of the licensing basis to support the transition to 24-month fuel cycles at St. Lucie Plant, Unit No. 1. The amendment extended certain surveillance intervals, revised several trip setpoints and allowable values, and increased the maximum boric acid concentration in the refueling water tank and safety injection tanks.
Public Comments Received as to Proposed NSHC (Yes/No).	No.
PSEG Nuclear LLC; Hope Creek Generating Station; Salem County, NJ.	
Docket No	50–354.
Amendment Date	November 4, 2026.
ADAMS Accession No	ML26296A009.
Amendment No	241.
Brief Description of Amendment	The license amendment revised the technical specifications by adopting Technical Specifications Task Force (TSTF) Travelers TSTF–505, Revision 2, ''Provide Risk Informed Extended Completion Times—RITSTF Initiative 4b,'' and TSTF–591, Revision 0, ''Revise Risk Informed Completion Time (RICT) Program,'' with variations.
Public Comments Received as to Proposed NSHC (Yes/No).	No.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: November 17, 2026.

For the Nuclear Regulatory Commission.

Hipolito Gonzalez,

Chief, Operating Reactor Licensing Branch 4, Division of Licensing Projects I, Office of Nuclear Reactor Regulation.

[FR Doc. 2026–23827 Filed 11–23–26; 8:45 am]

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NUCLEAR REGULATORY COMMISSION

[NRC–2026–0001]

Sunshine Act Meetings

TIME AND DATE: Weeks of November 23, 30, and December 7, 14, 21, 28, 2026. The schedule for Commission meetings is subject to change on short notice. The NRC Commission Meeting Schedule can be found on the internet at: *https://www.nrc.gov/public-involve/public-meetings/schedule.html.*

PLACE: The NRC provides reasonable accommodation to individuals with disabilities where appropriate. If you need a reasonable accommodation to participate in these public meetings or need this meeting notice or the transcript or other information from the public meetings in another format (*e.g.,* braille, large print), please contact the Reasonable Accommodations Resource by email at *Reasonable_Accommodations.Resource@nrc.gov.* Determinations on requests for reasonable accommodation will be made on a case-by-case basis.

STATUS: Public.

Members of the public may request to receive the information in these notices electronically. If you would like to be added to the distribution, please contact the Nuclear Regulatory Commission, Office of the Secretary, Washington, DC 20555, at 301–415–1969, or by email at *Betty.Thweatt@nrc.gov* or *Samantha.Miklaszewski@nrc.gov.*

MATTERS TO BE CONSIDERED:

Week of November 23, 2026

Monday, November 23, 2026

2:30 p.m. Affirmation Session (Public Meeting) (Tentative) Global Laser Enrichment, LLC (Paducah Laser Enrichment Facility); Memorandum and Order Closing the Record of the Proceeding (Tentative) (Contact: Wesley Held: 301–287–3591)

Additional Information: By a vote of 5–0 on November 18 and 19, 2026, the Commission determined pursuant to 5 U.S.C. 552b(e)(1) and 10 CFR 9.107 this item be affirmed with less than one week notice to the public. This item will be affirmed in the meeting being held on November 23, 2026. The public is invited to attend the Commission's meeting live; via teleconference. Details for joining the teleconference in listen only mode can be found at *https://www.nrc.gov/pmns/mtg.*

Week of November 30, 2026—Tentative

There are no meetings scheduled for the week of November 30, 2026.

Week of December 7, 2026—Tentative

There are no meetings scheduled for the week of December 7, 2026.

Week of December 14, 2026—Tentative

Tuesday, December 15, 2026

10:00 a.m. Briefing on Equal Employment Opportunity, Affirmative Employment, and Small Business (Public Meeting) (Contact: Wesley Held: 301–287–3591)

Additional Information: The meeting will be held in the Commissioners' Hearing Room, 11555 Rockville Pike, Rockville, Maryland. The public is invited to attend the Commission's meeting in person or watch live via webcast at the Web address—*https://video.nrc.gov/.*

Week of December 21, 2026—Tentative

There are no meetings scheduled for the week of December 21, 2026.

Week of December 28, 2026—Tentative

There are no meetings scheduled for the week of December 28, 2026.

CONTACT PERSON FOR MORE INFORMATION: For more information or to verify the status of meetings, contact Wesley Held at 301–287–3591 or via email at *Wesley.Held@nrc.gov.*

The NRC is holding the meetings under the authority of the Government in the Sunshine Act, 5 U.S.C. 552b.

Dated: November 20, 2026.

For the Nuclear Regulatory Commission.

Wesley W. Held,

Policy Coordinator, Office of the Secretary.

[FR Doc. 2026–23881 Filed 11–20–26; 11:15 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 52–025 and 52–026; NRC–2026–4621]

Southern Nuclear Operating Company; Vogtle Electric Generating Plant, Units 3 and 4; Exemptions

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; issuance.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is issuing exemptions in response to a request dated April 27, 2026, from Southern Nuclear Operating Company (SNC, the licensee) to allow the implementation of the American Society of Mechanical Engineers Code Case N–921 after the start dates of the first Inservice Inspection interval at Vogtle Electric Generating Plant (Vogtle), Units 3 and 4.

DATES: The exemptions were issued on November 17, 2026.

ADDRESSES: Please refer to Docket ID NRC–2026–4621 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–2026–4621. 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 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 exemption request dated November 17, 2026, is available in ADAMS under Accession No. ML26275A111.
- *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: Robert Fisher, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–6328; email: *Robert.Fisher@nrc.gov.*

SUPPLEMENTARY INFORMATION: The text of the exemption is attached.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: November 20, 2026.

For the Nuclear Regulatory Commission.

Robert Fisher,

Project Manager, Operating Reactor Licensing Branch 2, Division of Licensing Projects I, Office of Nuclear Reactor Regulation.

Attachment—Exemption

NUCLEAR REGULATORY COMMISSION

Docket Nos. 52–025 and 52–026

Southern Nuclear Operating Company

Vogtle Electric Generating Plant, Units 3 and 4

Exemptions

I. Background.

Southern Nuclear Operating Company (SNC, the licensee) is the holder of Combined License Nos. NPF–91 and NPF–92 for the Vogtle Electric Generating Plant (Vogtle), Units 3 and 4, respectively. The licenses state, among other things, that the licensee is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC, the Commission) now or hereafter in effect. These facilities consist of two pressurized-water reactors located at the licensee's site in Burke County, Georgia, respectively.

On July 17, 2024, NRC issued a final rule incorporating by reference Regulatory Guide (RG) 1.147, ''Inservice Inspection Code Case Acceptability, ASME Section XI, Division 1,'' Revision 21 (Agencywide Documents Access and Management System (ADAMS), Accession No. ML23291A003), into Title 10 of the *Code of Federal Regulations* (10 CFR) 50.55a(3)(ii) (89 FR 58039). This RG determined American Society of Mechanical Engineers Boiler and Pressure Vessel Code, Section XI (ASME BPV XI) Code Case N–921, ''Alternative 12-yr Inspection Interval Duration, Section XI, Division 1,'' to be conditionally acceptable. This code case allows NRC licensees to implement an inservice inspection (ISI) program based upon a 12-year ISI interval, as opposed to the traditional 10-year ISI interval required by ASME BPV XI, Article IWA- 2431. RG 1.147, Revision 21, specifies four conditions on Code Case N–921.

Condition 2 states, ''This code case can only be implemented at the beginning of an ISI interval as part of a routine update of the ISI program.'' The July 17, 2024, final rule also added 10 CFR 50.55a(y), which includes a definition for the term ''inservice inspection interval.'' This definition, in part, specifies that the length of the ISI interval is described in ASME BPV XI, Article IWA–2431.

II. Action.

By application dated April 27, 2026 (ML26117A373), the licensee, pursuant to 10 CFR 50.12, ''Specific exemptions,'' requested exemptions from certain requirements of 10 CFR 50.55a(a)(3)(ii) and 10 CFR 50.55a(y) to allow the use of Code Case N–921 after the start dates of the first ISI interval at Vogtle, Units 3 and 4, which is not in accordance with Condition 2 on Code Case N–921, as specified in RG 1.147, Revision 21. The first ISI interval at Vogtle, Units 3 and 4, began on July 31, 2023, and April 29, 2024, respectively. The end of the current 10-year first ISI interval is July 30, 2033, and April 28, 2034, for Vogtle, Units 3 and 4, respectively. The end of the proposed 12-year first ISI interval is July 30, 2035, and April 28, 2036, for Vogtle, Units 3 and 4, respectively. The licensee stated that the ASME Section XI Code of Record for the Vogtle, Units 3 and 4, first ISI Interval is the 2019 Edition. The licensee stated that the Vogtle, Units 3 and 4, augmented inspection examination schedules will remain unchanged. The licensee also stated that the exceptions of IWB–2411(a), IWC–2411(a) and IWD–2411(a) will be applied to Table 1 of Code Case N–921 when implemented.

III. Discussion.

Pursuant to 10 CFR 50.12(a), the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR part 50 when (1) the exemptions are authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security and (2) special circumstances are present. Under 10 CFR 50.12(a)(2), special circumstances

are present when at least one of the following six conditions are met:

(i) Application of the regulation in the particular circumstances conflicts with other rules or requirements of the Commission; or

(ii) Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule; or

(iii) Compliance would result in undue hardship or other costs that are significantly in excess of those contemplated when the regulation was adopted, or that are significantly in excess of those incurred by others similarly situated; or

(iv) The exemption would result in benefit to the public health and safety that compensates for any decrease in safety that may result from the grant of the exemption; or

(v) The exemption would provide only temporary relief from the applicable regulation and the licensee or applicant has made good faith efforts to comply with the regulation; or

(vi) There is present any other material circumstance not considered when the regulation was adopted for which it would be in the public interest to grant an exemption.

A. The Exemptions are Authorized by Law

The exemptions would authorize exemption from certain requirements of 10 CFR 50.55a(a)(3)(ii) and 10 CFR 50.55a(y) to allow the use of Code Case N–921, after the start dates of the first ISI interval at Vogtle, Units 3 and 4. As stated, 10 CFR 50.12(a) allows the NRC to grant an exemption from the requirements of 10 CFR part 50, including 10 CFR 50.55a(a)(3)(ii) and 10 CFR 50.55a(y), when the exemption is authorized by law. Exemption is authorized by law where it is not expressly prohibited by statute or regulation. Proposed exemptions are implicitly authorized by law if it will not present an undue risk to public health and safety, is consistent with the common defense and security, and special circumstances are present, and no other provisions in law prohibit, or otherwise restrict, its application. The NRC staff has determined that no provisions in law expressly prohibit or otherwise restrict the application of the requested exemptions. The NRC staff has also determined, as explained below, that the requested exemptions will not present an undue risk to public health and safety, is consistent with the common defense and security, and special circumstances are present. Therefore, the NRC staff concludes that the exemptions are authorized by law.

B. The Exemptions Present No Undue Risk to Public Health and Safety

These exemptions would allow the licensee to implement Code Case N–921 after the start dates of the first ISI interval at Vogtle, Units 3 and 4. The first interval for Vogtle, Unit 3, began July 31, 2023 and on April 29, 2024 for Vogle, Unit 4. The action does not change the manner in which the plant operates and maintains public health and safety because the exemptions do not result in a change to the facility or the current operating license. The licensee stated that extending the ISI interval by two years does not impact the technical basis supporting any of the currently authorized 10 CFR 50.55a alternatives and does not create any particular challenge in reconciling the ISI inspection schedules to conform with the three four-year periods specified in Code Case N–921. Accordingly, the NRC staff reviewed the alternatives listed in Attachment 2 of the licensee's exemption request dated April 27, 2026, for ISI interval-related impacts and identified several common themes in these alternatives and evaluated the alternatives as described below.

The NRC noted that the following previously authorized alternatives/relief requests were based on a 10-year ISI interval for which SNC performed a review, as described in the letter dated April 27, 2026, and assessed the impact of extending the interval by 2 years to implement Code Case N–921 on the technical basis supporting each alternative.

- VEGP 3&4—PSI/ISI–ALT–06—April 25, 2019 (ML19087A173)
- VEGP 3&4—PSI/ISI–ALT–08—March 26, 2018 (ML18071A359)
- VEGP 3&4—PSI/ISI–ALT–14R1—September 17, 2020 (ML20147A663)
- VEGP 3&4—PSI–ISI–ALT–15R1—April 9, 2021 (ML21090A247)
- VEGP 3&4—ISI–ALT–17—April 14, 2023 (Package, ML23095A284)
- VEGP 3&4—ISI1–ALT–18—May 4, 2023 (Package, ML23109A067)
- VEGP 3&4—ISI–ALT–2025–01—July 24, 2025 (ML25196A297)

Alternatives With No ISI Interval Relationship

NRC staff noted that the results of SNC's assessment determined that there is no impact on the technical basis supporting any of the previously approved alternatives. For example, the previously approved alternatives approved include: inspection of the pipe base material and weld from the pipe side in lieu of a volumetric inspection; use of alternative counterbore configurations on weld joints; alternative flaw acceptance criteria; reduced coverage due to inaccessibility; visual inspection in lieu of volumetric sections for inner radius sections of specific reactor vessel nozzles; and utilization of a later edition of the ASME Code, Section XI. Therefore, the NRC staff's basis for approving the previously approved alternatives listed above are not impacted by extending the length of the ISI interval to 12 years.

Based on its review of the licensee's analysis of alternatives in Enclosure 2 of the exemption request, dated April 27, 2026, the NRC staff concludes that the exemptions would not result in any significant reduction in the effectiveness of the ISI programs implemented by the licensee at Vogtle, Units 3 and 4. Further, based on the above, the NRC staff concludes that the exemptions would not present an undue risk to the public health and safety.

C. The Exemptions are Consistent With the Common Defense and Security

The requested exemptions would allow the licensee to implement Code Case N–921 after the start dates of the first ISI interval at Vogtle, Units 3 and 4. The change is administrative in nature, adequately controlled by the ISI Program criteria and ASME Code requirements and is not related to security issues. The length of the ISI interval is also not related to security issues. Thus, NRC staff determined that the common defense and security is not impacted by this exemption, and, therefore, the exemptions are consistent with the common defense and security.

D. Special Circumstances

The regulation under 10 CFR 50.12(a)(2) states, in part, that ''[t]he Commission will not consider granting an exemption unless special circumstances are present,'' and describes, in 10 CFR 50.12(a)(2)(i)—(vi), the conditions under which special circumstances exist.

In the licensee's exemption request submittal dated April 27, 2026, the licensee stated that three of the six special circumstances listed in 10 CFR 50.12(a)(2) are present:

(ii) Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule.

(iii) Compliance would result in undue hardship or other costs that are significantly in excess of those contemplated when the regulation was

adopted, or that are significantly in excess of those incurred by others similarly situated.

(vi) There is present any other material circumstance not considered when the regulation was adopted for which it would be in the public interest to grant an exemption.

The NRC staff performed an independent review of the special circumstances claimed by the licensee.

For the special circumstances in 10 CFR 50.12(a)(2)(ii), the licensee stated that the purpose of the July 2024 final rule (89 FR 58039) was to identify ASME Code cases that the NRC determined to be acceptable for use. The licensee noted that NRC's approval of Code Case N–921 includes a condition that, ''This code case can only be implemented at the beginning of an ISI interval as part of a routine update of the ISI program.'' The licensee provided the following support to the claim that application of the regulation would not serve the underlying purpose of the rule:

- The licensee stated: ''Implementation of Code Case N–921 during the current ISI interval (and the first of three periods within the interval) does not inhibit the ability to comply with code required periodic distribution requirements and allows for a more consistent periodic distribution of examinations and tests throughout the extended interval.''
- Tables 2 and 3 for Vogtle, Units 3 and 4, of the licensee's submittal dated April 27, 2026, described the new inspection period dates and corresponding refueling outages.
- The licensee evaluated all NRC-authorized alternative requests in the enclosure of the licensee's submittal, dated April 27, 2026, consistent with NRC concerns expressed in the 89 FR 58039 final rule preamble (see NRC staff's independent review above).
- The licensee stated that the site ISI program owners routinely modify the ISI examination schedule during the ISI interval due to various reasons, such as evolving availability of qualified personnel and equipment.

In the 89 FR 58039 final rule preamble, the NRC communicated that order and predictability of licensee ISI programs is a paramount consideration. The careful advance planning required by ASME BPV XI and 10 CFR 50.55a maximizes licensee effectiveness in successfully executing all ISI requirements. The successful execution of ISI requirements, in turn, contributes to nuclear safety by providing a data stream used to continuously evaluate the structural integrity of safety-related components. The NRC staff determined that the licensee provided adequate evidence that, if the NRC staff approves the proposed exemptions, the ISI programs at Vogtle, Units 3 and 4, will be managed in a manner that promotes order and predictability.

In the 89 FR 58039 final rule, the NRC added a new condition requiring that Code Case N–921 be implemented at the start of a new ISI interval. The basis for the condition is that implementation of Code Case N–921 in the middle of an ISI interval creates complications related to existing examination schedules and alternatives that were approved assuming a 10-year ISI interval. As discussed above, the licensee demonstrated that no currently approved alternatives are impacted by extending the length of the ISI interval to 12 years. Another concern identified by the NRC staff with allowing mid-cycle implementation of Code Case N–921 involves potential complications of reconciling ISI inspection schedules to conform with the three four-year periods specified in Code Case N–921. As discussed above, the licensee stated that in anticipation of implementing Code Case N–921, it proactively adjusted examination schedules accordingly to maintain compliance with Code Case N–921 periodic distribution requirements. Therefore, the NRC staff concludes that application of the regulation would not serve the underlying purpose of the rule because the licensee demonstrated that mid-cycle implementation of Code Case N–921 will have no impact on the ISI programs at Vogtle, Units 3 and 4. Based on the above, the NRC staff determined that the special circumstances described in 10 CFR 50.12(a)(2)(ii) are present for the requested exemption. Since the regulations require that one of the special circumstances in 10 CFR 50.12(a)(2) be satisfied before NRC may grant an exemption, the NRC staff did not evaluate the licensee's additional claims that the special circumstances in 10 CFR 50.12(a)(2)(iii) and (vi) are also applicable.

E. Environmental Considerations

The NRC staff determined that the exemptions discussed herein meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(d)(1) due to changes to requirements in 10 CFR part 50 or 52 with respect to changes to inspection or surveillance requirements, because the changes do not provide any ground disturbance and there is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite, no significant increase in individual or cumulative public or occupational radiation exposure, and no significant increase in the potential for or consequences from radiological accidents. Therefore, in accordance with 10 CFR 51.22(d), no environmental impact statement or environmental assessment need to be prepared in connection with the issuance of these exemptions.

The basis for this NRC staff determination is discussed as follows with an evaluation against each of the requirements in 10 CFR 51.22(d).

There is no significant hazards consideration.

The criteria for determining whether an action involves a significant hazards consideration are found in 10 CFR 50.92(c). The exemptions only involve an ISI program implementation change, which is administrative in nature. The exemptions do not adversely affect plant equipment, operation, or procedures. Therefore, there are no significant hazard considerations, because granting the exemptions would not: (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety.

There is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite.

The exemptions involve only an ISI program implementation change, which is administrative in nature, and does not involve any changes in the types or significant increase in the amounts of any effluents that may be released offsite.

There is no significant increase in individual or cumulative public or occupational radiation exposure.

Since the exemptions involve only an ISI program implementation change, which is administrative in nature, it does not contribute to any significant increase in occupational or public radiation exposure.

There is no significant construction impact.

Since the exemptions involve only an ISI program implementation change, which is administrative in nature, it does not involve any construction impact.

There is no significant increase in the potential for or consequences from radiological accidents.

The exemptions involve only an ISI program implementation change, which is administrative in nature and does not impact the potential for or consequences from accidents.

The requirements from which the exemption is sought involve requirements that are of an administrative, managerial, or organizational nature.

The exemptions involve only an ISI program implementation change regarding examination scheduling requirements and other requirements of an administrative, managerial, or organizational nature, because it is associated with the marginal extension from a 10-year to 12-year ISI interval.

Based on the above, NRC staff determined that the exemptions meet the eligibility criteria for the categorical exclusion set forth in 10 CFR 51.22(d)(1). Therefore, in accordance with 10 CFR 51.22(d), no environmental impact statement or environmental assessment need to be prepared in connection with these exemptions requests.

IV. Conclusions

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12, the exemptions are authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security. Also, special circumstances are present. Therefore, the Commission hereby grants SNC's request for exemptions from certain requirements of 10 CFR 50.55a(a)(3)(ii) and 10 CFR 50.55a(y) to allow the implementation of ASME Code Case N–921 after the start date of the first ISI interval at Vogtle, Units 3 and 4.

The exemptions are effective upon issuance.

Dated: November 17, 2026

For the Nuclear Regulatory Commission.

/RA/

Mahmoud Jardaneh,

Director, *Division of Licensing Projects I, Office of Nuclear Reactor Regulation.*

[FR Doc. 2026–23887 Filed 11–23–26; 8:45 am]

BILLING CODE 7590–01–P

POSTAL REGULATORY COMMISSION

[Docket Nos. MC2027–41 and K2027–43; MC2027–42 and K2027–44; MC2027–43 and K2027–45; MC2027–44 and K2027–46]

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:* November 30, 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.

[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).

The Commission invites comments on whether the Postal Service's request(s) identified in Section II, if any, are consistent with the policies of title 39. Applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3041. Comment deadline(s) for each such request, if any, appear in Section II.

Section III identifies the docket number(s) associated with each Postal Service request, if any, to add a standardized distinct product to the Competitive product list or to amend a standardized distinct product, the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. Standardized distinct products are negotiated service agreements that are variations of one or more Competitive products, and for which financial models, minimum rates, and classification criteria have undergone advance Commission review. *See* 39 CFR 3041.110(n); 39 CFR 3041.205(a). Such requests are reviewed in summary proceedings pursuant to 39 CFR 3041.325(c)(2) and 39 CFR 3041.505(f)(1). Pursuant to 39 CFR 3041.405(c)–(d), the Commission does not appoint a Public Representative or request public comment in proceedings to review such requests.

II. Public Proceeding(s)

1. *Docket No(s).:* MC2027–42 and K2027–44; *Filing Title:* USPS Request to Add Priority Mail, USPS Ground Advantage & Parcel Select Contract 12 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* November 19, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Arif Hafiz; *Comments Due:* November 30, 2026.

2. *Docket No(s).:* MC2027–43 and K2027–45; *Filing Title:* USPS Request to Add Priority Mail & USPS Ground Advantage Contract 1137 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* November 19, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Christopher Mohr; *Comments Due:* November 30, 2026.

3. *Docket No(s).:* MC2027–44 and K2027–46; *Filing Title:* USPS Request to Add Priority Mail & USPS Ground Advantage Contract 1138 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* November 19, 2026; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public*

Representative: Kenneth Moeller; *Comments Due:* November 30, 2026.

III. Summary Proceeding(s)

1. *Docket No(s).:* MC2027–41 and K2027–43; Filing Title: USPS Request to Add New Mid-Market Standardized Distinct Product, PM–GA Contract 1136, and Notice of Filing Materials Under Seal; Filing Acceptance Date: November 19, 2026; Filing Authority: 39 U.S.C. 3642 and 3633, 39 CFR 3035.105, and 39 CFR 3041.325.

This Notice will be published in the **Federal Register**.

Danielle LeFlore,

Legal Assistant.

[FR Doc. 2026–23906 Filed 11–23–26; 8:45 am]

BILLING CODE 7710–FW–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106934; File No. SR–LTSE–2026–29]

Self-Regulatory Organizations: Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt New Rule 11.159 To Enable Members To Designate Certain Orders They Submit to the Exchange on Behalf of Retail Customers To Be Identified as Retail Orders to the Exchange

November 19, 2026.

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 10, 2026, Long-Term Stock Exchange, Inc. (''LTSE'' or the ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing with the Commission a proposed rule change to adopt new Rule 11.159 to enable Members to designate certain orders they submit to the Exchange on behalf of retail customers to be identified as retail orders. Under the proposed rule change, the Exchange would create a new class of market participant for any Member that satisfies the requirements under proposed Rule 11.159 called a Retail Member Organization (''RMO''), which would be eligible to submit certain retail order flow (''Retail Orders'') to the Exchange. Specifically, proposed Rule 11.159 would: (1) define a Retail Order and RMO; (2) set forth a RMO's qualification and application requirements and the Exchange's approval process; (3) outline procedures for when a RMO fails to abide by the Retail Order requirements; and (4) outline the procedures under which a Member may appeal the Exchange's decision to disapprove it or disqualify it as a RMO. Proposed Rule 11.159 is based on and is almost identical to MEMX LLC (''MEMX'') Rule 11.21.[3]

The text of the proposed rule change is available at the Exchange's website at *https://longtermstockexchange.com/* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to adopt new Rule 11.159 to enable Members to designate certain orders they submit to the Exchange on behalf of retail customers to be identified as retail orders. Under the proposed rule change, the Exchange would create a new class of market participant for any Member that satisfies the requirements under proposed Rule 11.159 called a Retail Member Organization (''RMO''), which would be eligible to submit certain retail order flow (''Retail Orders'') to the Exchange. Specifically, proposed Rule 11.159 would: (1) define a Retail Order and RMO; (2) set forth a RMO's qualification and application requirements and the Exchange's approval process; (3) outline procedures for when a RMO fails to abide by the Retail Order requirements; and (4) outline the procedures under which a Member may appeal the Exchange's decision to disapprove it or disqualify it as a RMO. Proposed Rule 11.159 is based on and is almost identical to MEMX LLC (''MEMX'') Rule 11.21.[4]

Definitions. The Exchange proposes to adopt the following definitions under proposed Rule 11.159(a). The term ''Retail Member Organization'' or ''RMO'' would be defined as a Member (or a division thereof) that has been approved by the Exchange to submit Retail Orders. The term ''Retail Order'' would be defined as an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a RMO, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.

RMO Qualifications and Approval Process. Under proposed Rule 11.159(b), any Member could qualify as a RMO if it conducts a retail business or routes retail orders on behalf of another broker-dealer. Proposed Rule 11.159(b)(1) makes clear that a RMO that carries retail customer accounts on a fully disclosed basis would be considered to conduct a retail business for purposes of the rule. The qualification standards and approval process under proposed Rule 11.159(b) are designed to ensure that Members are properly qualified as a RMO and only designate as Retail Orders those orders that meet the definition of Retail Orders under proposed Rule 11.159(a)(2) described above. Any Member that wishes to obtain RMO status would be required to submit: (1) an application form; (2) supporting documentation sufficient to demonstrate the retail nature and characteristics of the applicant's order flow; [5] and (3) an attestation, in a form prescribed by the Exchange, that substantially all orders submitted by the Member as a Retail Order will qualify as such under proposed Rule 11.159(b).

Under proposed Rule 11.159(b)(6), a RMO would be required to have written

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 90278 (October 28, 2020), 85 FR 69671 (November 3, 2020) (SR–MEMX–2020–13).

[4] *See* Securities Exchange Act Release No. 90278 (October 28, 2020), 85 FR 69671 (November 3, 2020) (SR–MEMX–2020–13).

[5] For example, a prospective RMO could be required to provide sample marketing literature, website screenshots, other publicly disclosed materials describing the retail nature of their order flow, and such other documentation and information as the Exchange may require to obtain reasonable assurance that the applicant's order flow would meet the requirements of the Retail Order definition.

policies and procedures reasonably designed to assure that it will only designate orders as Retail Orders if all requirements of a Retail Order are met. Such written policies and procedures must require the Member to: (1) exercise due diligence before entering a Retail Order to assure that entry as a Retail Order is in compliance with the requirements of proposed Rule 11.159; and (2) monitor whether orders entered as Retail Orders meet the applicable requirements. If the RMO does not itself conduct a retail business but routes Retail Orders on behalf another broker-dealer, the RMO's supervisory procedures must be reasonably designed to assure that the orders it receives from such other broker-dealer that it designates as Retail Orders meet the definition of a Retail Order. Such a RMO must: (1) obtain an annual written representation, in a form acceptable to the Exchange, from each other broker-dealer that sends it orders to be designated as Retail Orders that entry of such orders as Retail Orders will be in compliance with the requirements of proposed Rule 11.159; and (2) monitor whether Retail Order flow routed on behalf of such other broker-dealers continues to meet the applicable requirements.[6]

Pursuant to proposed Rule 11.159(b)(2), to apply for RMO status, a Member must submit: (A) an application form; (B) supporting documentation, which may include sample marketing literature, website screenshots, other publicly disclosed materials describing the Member's retail order flow, and any other documentation and information requested by the Exchange in order to confirm that the applicant's order flow would meet the requirements of the Retail Order definition; and (C) an attestation, in a form prescribed by the Exchange, that substantially all orders submitted as Retail Orders will qualify as such under the proposed rule.

After an applicant submits those materials, the Exchange shall notify the applicant of its decision in writing. If the Exchange disapproves a Member's application to be a RMO, the Exchange would provide a written notice to the Member.[7] The disapproved applicant could appeal the disapproval by the Exchange as provided in proposed Rule 11.159(d) and/or reapply for RMO status 90 days after the disapproval notice is issued by the Exchange.[8] An RMO also could voluntarily withdraw from such status at any time by giving written notice to the Exchange.[9]

As described above, under proposed Rule 11.159(b), any Member could qualify as a RMO if it conducts a retail business or routes retail orders on behalf of another broker-dealer, and Proposed Rule 11.159(b)(1) makes clear that a RMO that carries retail customer accounts on a fully disclosed basis would be considered to conduct a retail business for purposes of the rule. The Exchange proposes to distinguish a RMO's routing services on behalf of another broker-dealer from services provided by a RMO that carries retail customer accounts on a fully disclosed basis, as described below. As background with respect to this aspect of the proposed change, the Exchange first would like to describe the terms ''introducing broker'', ''carrying firm'' or ''carrying broker-dealer'', and ''fully disclosed,'' as such terms are commonly used in the securities industry.

An introducing broker-dealer is ''one that has a contractual arrangement with another firm, known as the carrying or clearing firm, under which the carrying firm agrees to perform certain services for the introducing firm. Usually, the introducing firm submits its customer accounts and customer orders to the carrying firm, which executes the orders and carries the account. The carrying firm's duties include the proper disposition of the customer funds and securities after the trade date, the custody of customer securities and funds, and the recordkeeping associated with carrying customer accounts.[10]

Further, a ''fully disclosed'' introducing arrangement is

distinguished from an omnibus clearing arrangement where the clearing firm maintains one account for all the customer transactions of the introducing firm. In an omnibus relationship, the clearing firm does not know the identity of the customers of the introducing firm. In a fully disclosed clearing arrangement, the clearing firm knows the names, addresses, securities positions and other relevant data as to each customer.[11]

With respect to a broker-dealer that is routing on behalf of another broker-dealer, the Exchange does not believe that the routing broker-dealer has sufficient information to assess whether orders are truly retail in nature, and thus, requires a RMO routing on behalf of other broker-dealers to maintain additional supervisory procedures and obtain annual attestations, as described above, in order to submit Retail Orders to the Exchange. In contrast, however, if a broker-dealer is carrying a customer account on a fully disclosed basis, then such carrying broker-dealer is required to perform certain diligence regarding such account that the Exchange believes is sufficient to assess whether a customer is a retail customer in order to submit orders on behalf of such a customer to the Exchange as a Retail Order. The carrying broker of an account typically handles orders from its retail customers that are ''introduced'' by an introducing broker. However, as noted above, in contrast to a typical routing relationship on behalf of another broker-dealer, a carrying broker does obtain a significant level of information regarding each customer introduced by the introducing broker. Accordingly, the Exchange states in proposed Rule 11.159(b)(1) that for purposes of Rule 11.159, ''conducting a retail business shall include carrying retail customer accounts on a fully disclosed basis.''

Failure of RMO to Abide by Retail Order Requirements. Proposed Rule 11.159(c) addresses a RMO's failure to abide by Retail Order requirements. If a RMO designates orders submitted to the Exchange as Retail Orders and the Exchange determines, in its sole discretion, that those orders fail to meet any of the requirements of Retail Orders, the Exchange may disqualify a Member from its status as a RMO. When disqualification determinations are made, the Exchange would provide a written disqualification notice to the Member. A disqualified RMO could appeal the disqualification provided in proposed Rule 11.159(d) and/or reapply for RMO status 90 days after the disqualification notice issued by the Exchange.

Appeal of Disapproval or Disqualification. Proposed Rule 11.159(d) provides appeal rights to Members. If a Member disputes the Exchange's decision to disapprove it as a RMO under proposed Rule 11.159(b) or disqualify it under proposed Rule 11.159(c), such Member may request, in writing, within five business days after notice of the decision is issued by the Exchange, that the Retail Member Organization Panel (''RMO Panel'') review the decision to determine if it was correct. The RMO Panel would consist of the Exchange's Chief Regulatory Officer (''CRO''), or a designee of the CRO, and two officers of the Exchange designated by the Exchange's Chief Executive Officer. The RMO Panel would review the facts and render a decision within the time frame prescribed by the Exchange. The RMO

[6] The Exchange or another self-regulatory organization on behalf of the Exchange will review a RMO's compliance with these requirements through an exam-based review of the RMO's internal controls.

[7] *See* proposed Rule 11.159(b)(3) (the Exchange shall notify the applicant of its decision in writing).

[8] *See* proposed Rule 11.159(b)(4).

[9] *See* proposed Rule 11.159(b)(5).

[10] Securities Exchange Act Release No. 31511 (November 24, 1992), 57 FR 56973, 56978 (December 2, 1992) (S7–28–89).

[11] *Id.*

Panel could overturn or modify an action taken by the Exchange and all determinations by the RMO Panel would constitute final action by the Exchange on the matter at issue.

Implementation. The Exchange notes that, under the proposed rule change, an order involving any Regulation NMS security traded on the Exchange that meets the definition of Retail Order would be eligible to be designated as such by a RMO. The Exchange also notes that orders designated as Retail Orders would only be designated as such to the Exchange and would not be designated as such on the Exchange's market data feeds or otherwise identifiable as Retail Orders by any market participants or the public. Further, the Exchange notes that orders designated as Retail Orders would be handled in the exact same way under the Exchange's rules as if such orders were not designated as Retail Orders. In other words, the designation of an order as a Retail Order would not in any way affect the priority or other handling procedures applicable to such order under the Exchange's rules.

The purpose of enabling RMOs to designate orders as Retail Orders to the Exchange under the proposed rule change is so the Exchange may identify and track orders designated as such, which the Exchange believes will be useful for it in considering potential pricing modifications to such orders as it continues to evaluate its pricing structure. The Exchange further believes that the proposed rule change would enable the Exchange to have the appropriate mechanisms and processes in place to implement any differentiated pricing for Retail Orders if and when the Exchange proposes to do so in the future. The Exchange notes that, at some point following the adoption and implementation of proposed Rule 11.159 as described in this proposed rule change, the Exchange may separately propose to amend its fee schedule to adopt a specific fee code for Retail Orders to be provided on a RMO's execution reports and/or to provide differentiated pricing for Retail Orders, which the Exchange believes would attract additional retail order flow to the Exchange, thereby providing the benefits of exchange transparency, regulation, and oversight to more retail orders. The Exchange believes that the proposed rule change would allow it to be organized with the appropriate infrastructure (*i.e.,* mechanisms and processes) in advance of any such proposal, and as such, would allow the Exchange to more quickly implement any such differentiated pricing.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act [12] in general, and the proposed adoption of new Rule 11.159 furthers the objectives of Section 6(b)(5) of the Act [13] in particular in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes that the proposed rule change is consistent with these principles because it would increase competition among execution venues by enabling the Exchange to implement future pricing changes to encourage the submission of additional Retail Orders to the Exchange. As the Commission is aware, a significant percentage of the orders of retail investors are executed over-the-counter.[14] The Exchange believes that it is appropriate to put in place the mechanisms and processes to enable the Exchange to subsequently offer any differentiated pricing for Retail Orders as the Exchange believes that such pricing could incentivize market participants to bring more retail order flow to the Exchange, thereby providing the benefits of exchange transparency, regulation, and oversight to more retail orders.

The Exchange also believes its proposed qualification standards and review process under proposed Rule 11.159 promote just and equitable principles and are not unfairly discriminatory because they are designed to ensure that Members are properly qualified as RMOs and only designate as Retail Orders those orders that meet the definition of Retail Orders under proposed Rule 11.159(a)(1). The qualification process proposed herein by the Exchange is not designed to permit unfair discrimination, but rather ensure that orders that are designated as Retail Orders are, in fact, orders submitted by a retail customer that satisfy the proposed definition of Retail Order. Lastly, the Exchange notes that, as discussed below, the proposed qualification provisions are identical to those included in MEMX Rule 11.21 and the review provisions are almost identical to those included in MEMX Rule 11.21. Additionally, the proposed qualification and review provisions are substantially similar to those included in the rules of Cboe BZX, Cboe EDGX, Cboe BYX, and Nasdaq Texas (defined below).[15]

Distinguishing a RMO's routing services on behalf of another broker-dealer from services provided by a RMO that carries retail customer accounts on a fully disclosed basis in proposed Rule 11.159(b)(1) is designed to prevent fraudulent and manipulative acts and practices because it highlights the parties for whom additional procedures are required because they do not maintain relationships with the end customer (*i.e.,* routing brokers) and still requires the RMO to follow such procedures to ensure that such orders qualify as Retail Orders. As proposed, however, a RMO would not be required to follow such procedures, including obtaining annual attestations, to the extent such RMO actually knows the end customer and carries the account of such customer and thus can itself confirm that the orders qualify as Retail Orders. The Exchange believes that this aspect of the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system because it will allow RMOs that carry retail customer accounts to designate Retail Orders as such without imposing additional attestation requirements that the Exchange believes are not necessary for such RMOs, as described above.

The proposed rule change does not raise any issues under the Exchange Act that have not been previously addressed by the Commission. As stated above, proposed Rule 11.159 is based on and is almost identical to MEMX Rule 11.21. The proposed rule differs from the MEMX rule in only one respect: proposed Rule 11.159(d)(1) provides that any request to appeal the Exchange's decision to disapprove or disqualify RMO status must be made *in writing.* Additionally, the proposed rule is substantially similar to Cboe BZX Exchange, Inc. (''Cboe BZX'') Rule 11.25.[16] Specifically, proposed Rule 11.159 is nearly identical to paragraphs (a)–(d) of Cboe BZX Rule 11.25, with the only differences being: (1) the name of the RMO Panel; (2) the deletion of a

[12] 15 U.S.C. 78f.

[13] 15 U.S.C. 78f(b)(5).

[14] *See* Securities Exchange Act Release No. 105655 (June 11, 2026), 91 FR 36656, 36668 n.175 (June 17, 2026) (S7–2026–20) (''. . . most marketable retail orders do not directly interact with protected quotes. The majority of marketable retail orders are instead internalized off-exchange'').

[15] Proposed Rule 11.159 is compared below to the comparable rules of other national securities exchanges.

[16] *See* Securities Exchange Act Release Nos. 73237 (September 26, 2014), 79 FR 59537 (October 2, 2014) (SR–BATS–2014–043); 73677 (November 24, 2014), 79 FR 71150 (December 1, 2014) (SR–BATS–2014–058); 76205 (October 21, 2015), 80 FR 65828 (October 27, 2015) (SR–BATS–2015–90).

defined term not otherwise used in the rule; (3) that the Exchange's Chief Executive Officer, rather than Chief Information Officer, designates two officers to serve on the RMO Panel; and (4) the Cboe BZX rule (like MEMX's rule) does not require that requests to appeal the exchange's decision to disapprove or disqualify RMO status be made in writing. Cboe BZX Rule 11.25 otherwise differs from the proposed rule in that Cboe BZX's rule contains a separate paragraph (e) that allows a RMO to designate a Retail Order to be identified as such on Cboe BZX's proprietary data feeds. As noted above, proposed Rule 11.159 would not allow a RMO to designate a Retail Order to be identified as such on the Exchange's market data feeds. Lastly, proposed Rule 11.159 is also substantially similar to the existing rules of several other equity exchanges.[17] Specifically, proposed Rule 11.159 contains identical definitions, standards and qualification procedures as the comparable retail order rules of Cboe BZX, Cboe EDGX, Cboe BYX, and Nasdaq Texas. However, unlike certain of those exchanges' rules, the proposed Rule 11.159 does not propose to attribute retail orders in the Exchange's market data feeds, adopt any special order handling for Retail Orders or orders intended to provide liquidity to Retail Orders, or to adopt any mechanics for price improvement for Retail Orders.

Additionally, the proposed express identification of Rules 11.156 through 11.158 as ''Reserved'' is consistent with Sections 6(b)(1) and 19(g)(1) of the Act,[18] which both require the Exchange to comply with its own rules, and the requirement of Section 6(b)(1) of the Act that requires a national securities exchange to be organized to follow its rules. This non-substantive change is designed to improve the organization of this section of its rules, which the Exchange expects will assist in following them as the rulebook expands.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed amendment would not burden intramarket competition because the ability to designate Retail Orders to be identified as such to the Exchange would be open to all Members that wish to send Retail Orders to the Exchange. The Exchange believes the proposed rule change would not burden, but rather increase, intermarket competition by permitting RMOs to identify orders as Retail Orders when submitted to the Exchange, which would ultimately enable the Exchange to better compete with other exchanges that offer retail order programs.[19] As noted above, at this time the Exchange is not proposing to attribute retail orders in the Exchange's market data feeds, to adopt any special order handling for Retail Orders or orders intended to provide liquidity to Retail Orders, or to adopt any mechanics for price improvement for Retail Orders. Rather, adoption of the proposed rule will enable the Exchange to have the appropriate mechanisms and processes in place to implement differentiated pricing for Retail Orders if and when the Exchange proposes to do so in the future.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[20] and subparagraph (f)(6) of Rule 19b–4 thereunder.[21]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–LTSE–2026–29 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–LTSE–2026–29. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of LTSE and on its internet website at *https://longtermstockexchange.com/.* Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–LTSE–2026–29 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[22]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23843 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

[17] *See, e.g.,* Cboe EDGX Exchange, Inc. (''Cboe EDGX'') Rule 11.21; Cboe BYX Exchange, Inc. (''Cboe BYX'') Rule 11.24; and Nasdaq Texas, LLC (''Nasdaq Texas'') Rule 4780.

[18] 15 U.S.C. 78f(b)(1) and 15 U.S.C. 78s(g)(1), respectively.

[19] As noted above, a number of national securities exchanges have adopted retail order rules. *See supra* notes 5, 17, and 18, and accompanying text.

[20] 15 U.S.C. 78s(b)(3)(A)(iii).

[21] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[22] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0145]

Agency Information Collection Activities; Proposed Collection; Comment Request; Extension: Regulation 13D and Regulation 13G; Schedule 13D and Schedule 13G

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the office of Management and Budget for extension and approval.

Schedules 13D and 13G (17 CFR 240.13d–101 and 240.13d–102) are filed pursuant to Sections 13(d) and 13(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(d) and 78m(g)) (''Exchange Act'') and Regulation 13D–G (17 CFR 240.13d–1 through 13d–102) thereunder to report beneficial ownership of voting equity securities registered under Section 12 (15 U.S.C. 78*l*) of the Exchange Act. The principal function of Schedules 13D and 13G is to provide information to investors and the subject issuer about accumulations of securities that have the potential for influencing or changing control of the issuer. The information collected by Schedules 13D and 13G is mandatory, and Schedule 13D and 13G filings are publicly available on the Commission's Electronic Data Gathering, Analysis, and Retrieval (''EDGAR'') system. We estimate that respondents file approximately 33,192 responses to Schedules 13D and 13G annually. We estimate that respondents incur approximately 0.98 burden hours per Schedule 13D or 13G response, for a total annual reporting burden of 32,528 hours (0.98 hours per response × 33,192 responses). We estimate that respondents incur approximately $1,766.32 cost burden per Schedule 13D or 13G response, for a total annual cost burden of $58,627,693 ($1,766.32 cost per response × 33,192 responses).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to *PaperworkReductionAct@sec.gov* by January 25, 2027.

Dated: November 19, 2026.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23821 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106935; File No. SR–LTSE–2026–32]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the LTSE Fee Schedule To Modify Certain Transaction Fees and Rebates

November 19, 2026.

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November 10, 2026, Long-Term Stock Exchange, Inc. (''LTSE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing with the Commission a proposed rule change to amend its Fee Schedule to modify certain transaction fees and rebates. The Exchange proposes to implement the fee change effective November 10, 2026.[3]

The text of the proposed rule change is available at the Exchange's website at *https://longtermstockexchange.com/* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Fee Schedule to modify certain transaction fees and rebates. Under the proposed Fee Schedule, the Exchange continues to operate a ''Maker-Taker'' pricing structure, incentivizing the provision of displayed liquidity through rebates while charging fees to remove liquidity.[4]

The Exchange first notes that it operates in a highly fragmented and competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is one of numerous equities venues to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 14% of total market share.[5] Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed to amend the Fee Schedule effective November 1, 2026 (SR–LTSE–2026–28), which it withdrew and replaced with the present filing on November 10, 2026.

[4] The Exchange notes that it does not assess volume-based fees or rebates; all fees and rebates apply uniformly to all Members, regardless of their overall trading volume on the Exchange.

[5] Market share percentage calculated as of October 26, 2026, with data made available through consolidated data feeds (*i.e.,* Consolidated Tape System (CTS) and Unlisted Trading Privilege (UTP) data feeds).

the execution of order flow. Accordingly, the Exchange, which represents a small percentage of the overall market, is subject to significant competitive forces that constrain the Exchange's transaction fees and rebates. The proposed fee changes are reflective of this competitive environment and are designed to incentivize market participants to direct order flow to the Exchange.

First, the Exchange proposes to amend Section B.1 of the Fee Schedule (Transaction Fees) to modify certain fees and rebates applicable to transactions in securities priced at or above $1.00 per share.[6] Specifically, the Exchange proposes to decrease its fees for orders that remove any liquidity from the Exchange: for orders that remove *displayed* liquidity, the Exchange proposes to decrease its fee to $0.0020 (from $0.0030) per share; and, for orders that remove *non-displayed* liquidity, the Exchange proposes to decrease its fee to $0.0010 (from $0.0020) per share. The Exchange also proposes to eliminate its per share rebate of ($0.0014) for executions that add non-displayed liquidity to the Exchange and to set the rate at $0.0000. Finally, the Exchange proposes to modify the ''Notes to Transaction Fees'' portion of Section B.1 to specify that no fees or rebates will apply to Midpoint Peg (''MPEG'') Orders[7], whether liquidity is added or removed.[8]

In addition, the Exchange proposes to eliminate Incentive #2 from the Liquidity Incentive Program[9] because, in light of the changes proposed herein, the resulting rates for removing displayed liquidity will be either the same as, or more favorable to Members than the Incentive rates for all securities.[10] For securities priced at or above $1.00, the proposed standard rate of $0.0020 per share for removing displayed liquidity is the same as the Incentive's discounted rate. For securities priced below $1.00, the standard rate of 0.00% of TDV per share for removing displayed liquidity is more favorable to Members than the Incentive rate (*i.e.,* 0.20% of TDV).[11]

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[12] in general, and furthers the objectives of Sections 6(b)(4)[13] and 6(b)(5)[14] of the Act in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers, or dealers.

The proposed changes to the Fee Schedule are reasonable, equitable, and not unfairly discriminatory. As noted above, the Exchange is subject to significant competitive forces in the market for equity securities transaction services that constrain its pricing determinations in that market. Within this environment, market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and also recognized that current regulation of the market system ''has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.''[15] The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue or reduce use of certain categories. As such, the proposed fee changes, which apply equally to all similarly situated market participants, represent a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange believes the proposal to reduce the per share transaction fees for orders that remove liquidity is an equitable allocation of reasonable dues and fees and does not unfairly discriminate between market participants because it reduces execution costs for Members accessing liquidity on LTSE, thereby encouraging greater order flow and trading activity to the benefit of all market participants. Specifically, the proposed $0.0020 per share fee to remove displayed liquidity provides market participants with lower access costs compared to the current fee of $0.0030, which reflects the maximum allowable access fee cap under Rule 610(c) of Regulation NMS. Furthermore, the proposal to charge $0.0010 per share to remove non-displayed liquidity is reasonably designed to incentivize marketable order flow to interact with the Exchange's non-displayed order book, and this reduced fee is partially offset by the proposal to set the rate to add non-displayed liquidity at $0.0000 per share. While market participants submitting non-displayed liquidity adding orders, including MPEGs Order-senders, will no longer receive a rebate, they directly benefit from the lower removal fee of any resulting increase in counter-side order flow, which provides resting interest with higher fill rates and improved execution opportunities. Thus, the Exchange does not believe that eliminating the rebate for adding non-displayed liquidity will significantly alter the behavior of non-displayed liquidity providers or disincentivize such order flow. Market participants that submit non-displayed liquidity generally do so to minimize market impact and capture price improvement, rather than to harvest exchange rebates. Additionally, the Exchange believes that its proposal to charge $0.0000 per share for executions of MPEG Orders is an equitable allocation of reasonable dues and fees and does not unfairly discriminate between market participants because it is designed to incentivize the submission of non-displayed midpoint interest, thereby supporting liquidity at the midpoint of the NBBO and fostering enhanced execution quality and price-improvement opportunities for market participants. As noted above, the Exchange does not believe the elimination of the rebate for MPEG Orders that add non-displayed liquidity will discourage such order flow, including because it is offset by the zero-fee for MPEG Orders that remove

[6] The Exchange does not propose any changes to Section B.1. of the Fee Schedule applicable to securities priced below $1.00.

[7] An MPEG Order is a non-displayed order that automatically pegs to the midpoint of the prevailing NBBO, dynamically adjusting its price between the bid and ask as the market moves. *See* Rule 11.180(h)(2). By pegging to the midpoint without publicly displaying order interest, market participants can ''split the difference'' across the spread to capture price improvement without signaling their trading intentions.

[8] Prior to this proposed change, MPEG Orders were subject to the same standard fees/rebates applicable to all orders that added or removed non-displayed liquidity, as applicable.

[9] The discounted rates offered through the Liquidity Incentive Program, including Incentive #2, apply solely to orders that remove displayed liquidity.

[10] In addition to removing Incentive #2 from Section B.2. of the Fee Schedule, the Exchange proposes to make technical, nonsubstantive changes to account for the elimination of Incentive #2, including modifying references to Incentives #1 and #3.

[11] The Exchange notes that retaining Incentive #2 for sub-dollar securities may have been an inadvertent oversight when the Exchange adopted its Sub-Dollar Incentive Program (''SDIP'') in April 2026. *See* Securities Exchange Act Release No. 105227 (Apr. 14, 2026), 91 FR 20739 (Apr. 17, 2026) (SR–LTSE–2026–08).

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(4).

[14] 15 U.S.C. 78f(b)(5).

[15] Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (''Regulation NMS Adopting Release'').

non-displayed liquidity (down from $0.0020 per share). Taken together, the Exchange believes this proposed pricing structure reasonably balances execution costs for liquidity removers while continuing to incentivize non-displayed liquidity provision on the Exchange.

The Exchange notes that the proposed pricing structure is competitive with the baseline fees and rebates for securities priced at or above $1.00 assessed on other exchanges.[16]

Finally, the proposal to eliminate Incentive #2 is reasonable, equitable, and not unfairly discriminatory because the proposed standard rates for removing displayed liquidity either match or are more favorable to Members than the Incentive rates for all securities. Therefore, elimination of this now-superfluous Incentive makes clear that the reduced rates are available to all Members in all securities, which adds clarity and transparency to the Fee Schedule to the benefit of all market participants.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.[17]

With respect to intermarket competition, the Exchange operates in a highly competitive market in which market participants can readily choose to send their orders to other exchanges and off-exchange venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed fee changes are a competitive response to pricing models at other venues and are designed to attract order flow to the Exchange.[18] Because market participants can easily direct order routing to competing venues, the Exchange does not believe the proposed fees and rebates impose any burden on intermarket competition. Moreover, the Exchange represents a relatively small percentage of the overall market; therefore, its ability to burden intermarket competition is inherently limited.

With respect to intramarket competition, the proposed rule change applies uniformly to all Members executing orders on the Exchange. The proposed fee modifications, including the exclusion of MPEG orders from fees or rebates for executions of non-displayed liquidity, do not distinguish among Members or establish tiered requirements based on volume. Accordingly, the Exchange believes that the proposal does not impose any burden on intramarket competition, as all similarly situated Members will be subject to the same fee schedule and pricing treatment.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

This proposed rule change establishes dues, fees or other charges among its members and, as such, may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act[19] and paragraph (f)(2) of Rule 19b–4 thereunder.[20] Accordingly, the proposed rule change would take effect upon filing with the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–LTSE–2026–32 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–LTSE–2026–32. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of LTSE and on its internet website at *https://longtermstockexchange.com/.* Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–LTSE–2026–32 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[21]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23847 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106947; File No. SR–CboeBZX–2026–094]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Annual Listing Fees Applicable to Outcome Strategy ETPs Listed on the Exchange

November 20, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 10, 2026, Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The

[16] *See, e.g.,* MEMX Equities Fee Schedule, Transaction Fees (assessing a base rate of $0.0030 per share for removing volume from the MEMX Book under Fee Codes Ra, Rb, and Rc); IEX Equities Fee Schedule, Base Rates (assessing a base fee of $0.0010 per share for adding non-displayed liquidity under Fee Code MI); and NYSE National Price List, Section I (assessing 'No charge (MPL)' for Mid-Point Liquidity orders that add liquidity and 'No Charge' for removing liquidity).

[17] 15 U.S.C. 78f(b)(8).

[18] *See supra* note 16.

[19] 15 U.S.C. 78s(b)(3)(A)(ii).

[20] 17 CFR 240.19b–4(f)(2).

[21] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe BZX Exchange, Inc. (''BZX'' or the ''Exchange'') is filing with the Securities and Exchange Commission (''Commission'' or ''SEC'') a proposed rule change to amend the annual listing fees applicable to Outcome Strategy ETPs listed on the Exchange, which are set forth in BZX Rule 14.13(b)(2)(E)(iii), to (i) provide that Outcome Strategy ETPs with outcome periods that begin in different calendar years constitute separate series for purposes of the annual listing fee cap, and (ii) replace the single $16,000 annual listing fee cap with a two-tier cap of $16,000 for a series of four or fewer Outcome Strategy ETPs and $25,000 for a series of five or more Outcome Strategy ETPs. Changes to the fee schedule pursuant to this proposal are effective upon filing and will become operative on January 1, 2027. The text of the proposed rule change is attached as Exhibit 5.

The text of the proposed rule change is also available on the Commission's website (*https://www.sec.gov/rules/sro.shtml*), the Exchange's website (*https://www.cboe.com/us/equities/regulation/rule_filings/bzx/*), and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On August 30, 2011, the Exchange received approval of rules applicable to the qualification, listing and delisting of companies on the Exchange,[3] which it modified on February 8, 2012 in order to adopt pricing for the listing of exchange-traded products (''ETPs'')[4] on the Exchange.[5] On August 30, 2019, the Exchange adopted an annual listing fee cap for Outcome Strategy Series (the ''2019 filing''),[6] and in January 2021 expanded criterion (iii) of the applicable rule to include ETPs based on two or more underlying instruments.[7] The Exchange now proposes to amend BZX Rule 14.13(b)(2)(E)(iii) to refine the manner in which the annual fee cap applies to Outcome Strategy ETPs.

Currently, Rule 14.13(b)(2)(E)(iii) provides: ''Where an issuer lists multiple ETPs that are each designed to provide (i) a pre-defined set of returns; (ii) over a specified outcome period; (iii) based on the performance of the same underlying instruments; and (iv) each employ the same outcome strategy for achieving the pre-defined set of returns (each an ''Outcome Strategy ETP''), the collective maximum annual listing fee applicable to such series of Outcome Strategy ETPs will be $16,000 per year.'' In addition, Rule 14.13(b)(2)(E) provides that an issuer will be charged the lowest applicable fee among the categories set forth in Rule 14.13(b)(2)(E)(i) through (vi). Under Rule 14.13(b)(2)(E)(vi), an ETP that does not otherwise qualify for a lower fee is subject to an annual listing fee based on the consolidated average daily volume (''CADV'') of the ETP in the fourth quarter of the preceding calendar year, ranging from $5,000 to $7,000.

Outcome Strategy ETPs are designed to provide a particular set of returns over a specified outcome period based on the performance of an underlying instrument during that outcome period. As described in the 2019 filing, an Outcome Strategy ETP may employ a ''Buffer Strategy'' under which the ETP seeks to provide investment returns that match the gains of the reference asset(s) up to a Cap Level while guarding against certain declines in the same reference asset(s) through a Buffer Level over a defined Outcome Period, and the ETP resets at the end of the Outcome Period to employ the same strategy for the next Outcome Period. Because the applicable Outcome Period is central to the product design, issuers generally list Outcome Strategy ETPs in at least quarterly versions of the same strategy (a ''Quarterly Series'') and may also list monthly versions, meaning that an issuer may list twelve ETPs that employ the same strategy but have different Outcome Periods (a ''Monthly Series''). The 2019 filing explained that, under the existing $16,000 cap, a quarterly series would pay $4,000 per ETP and a monthly series would pay $1,333.33 per ETP. The Exchange also explained that each ETP in such a series uses the same reference instrument and strategy, has nearly identical holdings to the other ETPs in the series, and permits the Exchange to leverage the same surveillance and continued listing monitoring processes across the series.

The current rule does not specify any temporal boundary for a series, and as a result an issuer can continue adding Outcome Strategy ETPs with successive outcome periods to a single series indefinitely, including funds whose outcome periods begin years apart and whose cap levels and buffer levels were set under different market conditions. The Exchange therefore proposes to amend criterion (ii) to refer to ETPs designed to provide a pre-defined set of returns over a specified outcome period that begins in the same calendar year. As a result, Outcome Strategy ETPs with outcome periods beginning in different calendar years would constitute separate series for purposes of the annual listing fee cap. In applying the amended rule, the Exchange will include each Outcome Strategy ETP in the series for the calendar year in which its outcome period begins, and will determine the number of Outcome Strategy ETPs in a series as of the date the annual listing fee is assessed. For example, an Outcome Strategy ETP with an outcome period of January 1, 2027 through December 31, 2027 and an Outcome Strategy ETP with an outcome period of January 1, 2028 through December 31, 2028 that otherwise satisfy criteria (i), (iii), and (iv) would be part of separate series, each subject to its own annual listing fee cap. Because each Outcome Strategy ETP is assigned to a series based solely on the year its outcome period begins, an ETP whose outcome period spans two calendar years is counted in only one series. For example, an Outcome Strategy ETP with an outcome period of July 1, 2027 through June 30, 2028 would be part of the 2027 series only, and would not also be counted in the 2028 series.

The Exchange believes this calendar-year delineation is principled and administrable. First, Rule 14.13(b)(2)(K) provides that, unless otherwise specified, the Exchange assesses annual fees upon initial listing and in the first

[3] *See* Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR–BATS–2011–018).

[4] As set forth in Rule 14.13(b)(1)(B)(v), the term ''ETP'' includes all securities set forth in Rule 14.11.

[5] *See* Securities Exchange Act Release No. 66422 (February 17, 2012), 77 FR 11179 (February 24, 2012) (SR–BATS–2012–010).

[6] *See* Securities Exchange Act Release No. 86956 (September 12, 2019), 84 FR 49128 (September 18, 2019) (SR–CboeBZX–2019–081).

[7] *See* Securities Exchange Act Release No. 90957 (January 21, 2021), 86 FR 7327 (January 27, 2021) (SR–CboeBZX–2021–012).

quarter of the calendar year.[8] A calendar-year series therefore aligns the series concept with the period in which annual fees are assessed. Second, issuers typically launch, name, and market Outcome Strategy ETPs by the month and year of the applicable outcome period, and key terms such as cap levels are set at the beginning of that period based on then-current market conditions, so ETPs whose outcome periods begin in the same year share a common launch cycle. Third, the calendar year is an objective, uniform, and administrable standard that requires no subjective judgment by the Exchange. Finally, this approach preserves the original purpose of the fee cap, which was to accommodate the quarterly or monthly versions of a strategy that an issuer lists within an annual cycle, while preventing a single cap from covering an unbounded number of products over multiple years.

The Exchange also proposes to replace the current single $16,000 annual listing fee cap with a two-tier cap of $16,000 for a series of four or fewer Outcome Strategy ETPs and $25,000 for a series of five or more Outcome Strategy ETPs. The four-ETP threshold corresponds to the Quarterly Series described in the 2019 filing, and the second tier applies to series with more frequent issuance, such as a Monthly Series. Consistent with the approach in the 2019 filing, the following describes the annual listing fees that each type of series pays today, the fees each would pay under the proposal, and the fees each would pay absent the cap, assuming each ETP would otherwise be subject to a CADV-based annual listing fee of between $5,000 and $7,000 under Rule 14.13(b)(2)(E)(vi).

Quarterly Series. Today, a Quarterly Series of four Outcome Strategy ETPs pays the $16,000 cap, or $4,000 per ETP. Under the proposal, a Quarterly Series would continue to pay $16,000, or $4,000 per ETP, so the proposal does not change the annual listing fees paid by a Quarterly Series. Absent the cap, the four ETPs would pay between $20,000 and $28,000 in the aggregate ($5,000 to $7,000 per ETP). Accordingly, both today and under the proposal, a Quarterly Series receives a reduction of between $4,000 and $12,000 in the aggregate, or between $1,000 and $3,000 per ETP (approximately 20% to 43%).

Monthly Series. Today, a Monthly Series of twelve Outcome Strategy ETPs also pays the $16,000 cap, or approximately $1,333.33 per ETP, the same aggregate amount paid by a Quarterly Series with one-third as many ETPs. Under the proposal, a Monthly Series would pay the $25,000 cap, or approximately $2,083.33 per ETP, an increase of $9,000 in the aggregate, or $750 per ETP. Absent the cap, the twelve ETPs would pay between $60,000 and $84,000 in the aggregate. Accordingly, under the proposal a Monthly Series would continue to receive a reduction of between $35,000 and $59,000 in the aggregate, or between approximately $2,916.67 and $4,916.67 per ETP (approximately 58% to 70%), as compared to a current reduction of between $44,000 and $68,000 (approximately 73% to 81%).

Under the current single cap, the effective per-ETP fee for a Monthly Series is one-third of that paid by a Quarterly Series, and an issuer may add eight additional ETPs to a Quarterly Series without any increase in annual listing fees. The proposal narrows, but does not eliminate, that difference. Under the proposal, a Monthly Series would continue to pay a lower effective fee per ETP than a Quarterly Series (approximately $2,083.33 as compared to $4,000, or approximately 48% less) and would continue to receive a larger percentage reduction relative to the CADV-based fees than a Quarterly Series. Series of between five and eleven ETPs would likewise pay $25,000, or between $5,000 and approximately $2,272.73 per ETP, which in each case is no more than the lowest CADV-based annual listing fee. Because an issuer is charged the lowest applicable fee, no series will pay more than the aggregate annual fees that its constituent ETPs would otherwise pay under Rule 14.13(b)(2)(E).

The Exchange will implement the proposed change beginning with annual listing fees assessed for calendar year 2027. As noted above, unless otherwise specified, the Exchange assesses annual fees upon initial listing and in the first quarter of the calendar year.[9] Accordingly, the proposal will have no effect on annual listing fees already assessed for calendar year 2026, and this filing will provide issuers with notice of the change before the assessment of annual listing fees for calendar year 2027.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[10] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5),[11] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its issuers, and it does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that the proposal is reasonable because the use of the calendar year in which an outcome period begins aligns the operation of the fee cap with the Exchange's annual fee cycle and with the manner in which issuers launch and market Outcome Strategy ETPs. The proposal also retains a substantial discount relative to per-ETP fees for both types of series described in the 2019 filing. A Quarterly Series would continue to pay $16,000, or $4,000 per ETP, the same amount it pays today and the same result described in the 2019 filing. A Monthly Series would pay $25,000, or approximately $2,083.33 per ETP, which remains between approximately 58% and 70% below the aggregate CADV-based fees that would otherwise apply, and remains well below the lowest CADV-based annual listing fee of $5,000 per ETP. Any series of five or more ETPs would pay no more than $5,000 per ETP, and the effective fee per ETP declines further as the series grows.

The Exchange believes that the proposal provides for an equitable allocation of reasonable dues, fees, and other charges because it will apply equally to all issuers and to all Outcome Strategy Series meeting the objective criteria in Rule 14.13(b)(2)(E)(iii). The proposal allocates fees in relation to the number of Outcome Strategy ETPs an issuer lists in a given year, and issuers that list more products in a calendar year would bear a modestly larger share of the applicable annual listing fees while continuing to receive a lower effective fee per ETP.

The Exchange believes that the proposal is not unfairly discriminatory because it relies on objective criteria, namely the calendar year in which an Outcome Strategy ETP's outcome period begins and the number of ETPs in the relevant series, and those criteria would apply in the same manner to every issuer. Quarterly Series and Monthly Series are not similarly situated: a Monthly Series consists of three times as many listed ETPs as a Quarterly Series, and under the current single cap pays the same aggregate fee as a Quarterly Series, resulting in an effective per-ETP fee that is one-third of the per-ETP fee paid by a Quarterly Series. The proposal does not reverse that relationship. A Monthly Series would continue to pay a lower effective fee per ETP than a Quarterly Series and

[8] *See* Rule 14.13(b)(2)(K).

[9] *See* Rule 14.13(b)(2)(K).

[10] 15 U.S.C. 78f.

[11] 15 U.S.C. 78f(b)(4) and (5).

would continue to receive a larger discount relative to the CADV-based fees. Accordingly, the proposal does not provide a Quarterly Series with any benefit it does not receive today, and any remaining difference in the per-ETP fees paid by Quarterly and Monthly Series favors the Monthly Series and reflects only the number of ETPs the issuer has elected to list. Further, both tiers are available to every issuer, and any issuer may elect to list a Quarterly Series, a Monthly Series, or a series of any other frequency. The proposal also continues to recognize, consistent with the 2019 filing, that Outcome Strategy ETPs by their nature require multiple listings and that listing fees should not be the reason additional outcome periods are unavailable to investors. Distinguishing series by the calendar year in which an outcome period begins is a neutral line tied to the period in which annual fees are assessed, not to any particular issuer.

Furthermore, the marketplace for ETP listings is extremely competitive and there are several other national securities exchanges that offer ETP listings. Transfers between listing venues occur frequently for numerous reasons, including listing fees. Issuers of Outcome Strategy ETPs may transfer their listings to another venue if they deem the Exchange's listing fees excessive. The proposed rule change reflects a competitive pricing structure, which the Exchange believes will enhance competition both among ETP issuers and among listing venues, to the benefit of investors.

Based on the foregoing, the Exchange believes that the proposed rule change is consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will burden intramarket competition because the amendments to the annual listing fee cap for Outcome Strategy ETPs will apply uniformly to all issuers of Outcome Strategy ETPs based on objective criteria, namely the calendar year in which an outcome period begins and the number of ETPs in a series. The Exchange does not believe that the proposed rule change will burden intermarket competition because the market for ETP listings is highly competitive, and issuers may transfer the listing of an ETP to another national securities exchange if they deem the Exchange's listing fees excessive. The proposed rule change is a competitive pricing decision that reflects the Exchange's determination to tailor the annual listing fee cap for Outcome Strategy ETPs in a manner that better aligns with the Exchange's annual fee structure and the number of products listed in a series.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act [12] and paragraph (f) of Rule 19b–4 [13] thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–CboeBZX–2026–094 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–CboeBZX–2026–094. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–CboeBZX–2026–094 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Vanessa A. Countryman,

Secretary.

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[12] 15 U.S.C. 78s(b)(3)(A).

[13] 17 CFR 240.19b–4(f).

[14] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106930; File No. SR–NYSE–2026–56]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Article I, Sections 1.05 and 1.06 of Its Operating Agreement

November 19, 2026.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that on November 13, 2026, New York Stock Exchange LLC (''NYSE'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to (a) amend Article I, Sections 1.05 and 1.06 of its operating agreement to reflect the change of the address of the registered office; (b) amend Article II, Section 2.02

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

of its operating agreement to reflect the deletion of ''approved persons'' from the rules, and (c) make certain clarifying, technical and conforming changes to the operating agreement. The proposed rule change is available on the Exchange's website at *www.nyse.com* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to (a) amend Article I, Sections 1.05 (Registered Office) and 1.06 (Registered Agent) of the Fourteenth Amended and Restated Operating Agreement of the Exchange (''Operating Agreement'') to reflect the change of the address of the registered office; (b) amend Article II, Section 2.02 (Rules; Supervision of Member Organizations) of the Operating Agreement to reflect the deletion of ''approved persons'' from the rules, and (c) make certain clarifying, technical and conforming changes to the operating agreement.

Proposed Amendments to Article I, Sections 1.05 and 1.06

The Exchange proposes to amend the Operating Agreement to make a technical change updating the address of the registered office of the registered agent in the state of New York. The changes are non-substantive technical administrative changes.

The Exchange is a limited liability company organized under the laws of the State of New York. As such, it has and maintains a registered office and registered agent in New York.[4]

Article I, Section 1.05 of the Operating Agreement provides that the address of the registered office of the Exchange in the State of New York is c/o United Agent Group Inc., 15 North Mill Street, Nyack, Rockland County, New York 10960. The Exchange proposes to amend such provision to provide that the address is c/o United Agent Group Inc., 600 Mamaroneck Avenue #400, Harrison, Westchester County, New York 10528.

Article I, Section 1.06 of the Operating Agreement provides that the address of the registered agent of the Exchange for service of process on the Exchange in the State of New York is 15 North Mill Street, Nyack, Rockland County, New York 10960. The Exchange proposes to amend such provision to provide that the address is 600 Mamaroneck Avenue #400, Harrison, Westchester County, New York 10528.

Proposed Amendments to Article II, Section 2.02

The Exchange proposes to amend Section 2.02 to remove references to ''approved persons'' and replace it with ''Control Person'' or ''Associated Person'', as appropriate, consistent with a recent Exchange filing amending Rule 2 (''Member,'' ''Membership,'' ''Member Firm,'' etc.).[5]

A ''Control Person'' is a type of associated person defined in new Rule 2(c) to include any person (other than a governmental entity) that directly or indirectly controls, is controlled by, or is under common control with a member organization if such person is a U.S. registered broker-dealer. This definition encompasses the persons previously captured by the former ''approved person'' definition in Rule 2(c), including persons that control a member organization, persons engaged in a securities or kindred business that is controlled by a member or member organization, and U.S. registered broker-dealers under common control with a member organization. Supplementary Material .30 to Rule 2 further provides that ''Control Persons'' include both direct and indirect owners identified on Schedules A and B to a member organization's Form BD. Rule 2.30 further provides that each Control Person agrees to submit to the jurisdiction of the Exchange and comply with applicable Exchange Rules governing Control Persons.

As proposed, the term ''Control Person'' would be used in the first sentence of Section 2.02 because it most closely corresponds to the persons previously covered by the former Approved Person definition. The term ''Associated Person'' would be used in the following sentence to refer to registered and non-registered employees of a member organization, as well as Control Persons, all of whom are included within the definition of Associated Person in Rule 2(c). The Exchange believes these are non-substantive, technical, and administrative changes that simply update Section 2.02 to reflect the current terminology used in its Rules. Consistent with this framework, Rule 2A provides that the Exchange has jurisdiction over Associated Persons, whether or not such persons are registered or exempt from registration under Exchange Rules.

To ensure that the terms remain in compliance with Exchange Rules and that there is no ambiguity as to what is meant by Control Persons or Associated Persons, the proposed changes include ''as defined in the Exchange's rules.''

To that end, the Exchange proposes to make the following conforming changes to the first two sentences of Section 2.02 (proposed deletions in brackets, proposed additions underlined):

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[4] *See* N.Y. Ltd. Liab. Co. Law § 302.

[5] *See* Securities Exchange Act Release No. 106566 (October 1, 2026), 91 FR 63616 (October 6, 2026) (SR–NYSE–2026–47). The Exchange intends to revise the present filing if SR–NYSE–2026–47 is suspended by the Commission.

In furtherance and not in limitation of the foregoing, the Board shall have general supervision over members, and member organizations of the Company ("Member Organizations") and over [approved p]Control Persons as defined in the Exchange's rules in connection with their conduct with or affecting Member Organizations. The Board may examine into the business conduct and financial condition of Member Organizations, shall have supervision over partnership and corporate arrangements and over all offices of Member Organizations, whether foreign or domestic, and over all persons employed by such Member Organizations (and may, by affirmative vote of a majority of the Directors then in office, adopt, amend or repeal rules with respect to the employment, compensation and duties of such employees), shall have supervision relating to the collection, dissemination and use of quotations and of reports of prices on the exchange operated by the Company, shall have the power to approve or disapprove of any connection or means of communication with the floor and may require the discontinuance of any such connection or means of communication, may disapprove of any member acting as a specialist or odd lot dealer, and may, by affirmative vote of a majority of the Directors then in office, adopt, amend or repeal any rules as it may deem necessary or appropriate in connection with any of the foregoing, including without limitation rules relating to: the discipline of Member Organizations[, approved persons] and [registered and non-registered employees of Member Organizations]Associated Persons as defined in the Exchange's rules for the violation of applicable law or the rules of the Company; and the arbitration of any controversy between parties who are Member Organizations and any controversy between a Member Organization and any other person arising out of the business of such Member Organization.

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Additional Proposed Amendments

The Exchange proposes to make the following non-substantive technical and conforming changes to the title, recitals and signature page of the Operating Agreement: [6]

- Update references to the ''Fourteenth Amended and Restated Operating Agreement'' to the ''Fifteenth Amended and Restated Operating Agreement.''
- Update the recitals.
- Update the date in the signature line.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Exchange Act,[7] in general, and furthers the objectives of Section 6(b)(1) [8] in particular, in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members, with the provisions of the Exchange Act, the rules and regulations thereunder, and the rules of the Exchange. The Exchange also believes that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,[9] in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The proposed rule change is an administrative change that does not impact the governance or ownership of the Exchange. The Exchange believes that the proposed rule change would enable the Exchange to continue to be so organized as to have the capacity to carry out the purposes of the Exchange Act and comply and enforce compliance with the provisions of the Exchange Act by its members and persons associated with its members, because identifying the registered office in New York, replacing references to an obsolete category of membership in the Exchange with references to categories defined in the Exchange Rules, and making a conforming change to the date of the Operating Agreement would contribute to the orderly operation of the Exchange by adding clarity and transparency to its rules.

The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposed non-substantive and conforming changes would ensure that market participants can more easily navigate, understand and comply with its governing documents of the Exchange.

The Exchange believes that, by ensuring that such rules accurately identify the registered office in New York, do not make references to an obsolete category of membership in the Exchange, and make a conforming change to the date of the Operating Agreement, the proposed rule change would reduce potential investor or market participant confusion. The proposed non-substantive amendments also would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased transparency and clarity, thereby reducing potential confusion.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The proposed rule change is not intended to address competitive issues but rather is concerned solely with making technical changes in the Exchange's Operating Agreement, updating the registered office of the Exchange and replacing references to an obsolete category of membership with references to categories defined in the Exchange Rules.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act [10] and Rule 19b–4(f)(6) thereunder.[11] Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6)(iii) thereunder.[12]

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) [13] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov*. Please include file number SR–NYSE–2026–56 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–NYSE–2026–56. This file number should be included on the subject line if email is used. To help the Commission process and review your

[6] *See* Securities Exchange Act Release No. 84635 (November 20, 2018), 83 FR 60924 (November 27, 2018) (SR–NYSE–2018–56) (proposing to make technical and conforming changes to the title, recitals, and signature page of the Eleventh Amended and Restated Operating Agreement of the Exchange).

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(1).

[9] 15 U.S.C. 78f(b)(5).

[10] 15 U.S.C. 78s(b)(3)(A)(iii).

[11] 17 CFR 240.19b–4(f)(6).

[12] 17 CFR 240.19b–4(f)(6)(iii). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[13] 15 U.S.C. 78s(b)(2)(B).

comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NYSE–2026–56 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23853 Filed 11–23–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106944; File No. SR–MIAX–2026–44]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Permit the Listing and Trading of Binary Options on Broad-Based Indexes

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 12, 2026, Miami International Securities Exchange LLC (''MIAX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to: (1) amend certain of the Exchange's index option rules (Chapter XVIII) to permit the listing and trading of binary options on broad-based indexes (''binary index options''), and (2) make related amendments to Exchange Rules 100 and 521.

The text of the proposed rule change is available on the Exchange's website at *https://www.miaxglobal.com/markets/us-options/miax-options/rule-filings,* and at MIAX's principal office.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Rules to permit the listing and trading of binary options on broad-based indexes.[3] Specifically, the Exchange proposes to: (1) amend certain of the Exchange's index option rules (Chapter XVIII) to permit the listing and trading of binary index options, and (2) to make related amendments to Exchange Rules 100 and 521. All of the proposed rules and changes to existing Exchange Rules are based on the existing rules of other options exchanges.[4]

Binary index options are binary options that are European-style, cash-settled, and each class would be designated as to expiration date, exercise price, exercise settlement amount, contract multiplier, and underlying index. Binary options are based on the same framework as traditional, standardized options traded on the Exchange, except that the payout of a binary option is an amount contingent upon the option being in- or at-the-money at expiration, rather than the degree to which the option is in-the-money.

The Exchange proposes to define ''binary option'' as an option contract having an exercise settlement amount that is established at the creation of the option and only two possible payoff outcomes: either a fixed amount equal to the exercise settlement amount or nothing at all. The payout at expiration of a binary option is an all-or-nothing occurrence: the holder receives either a fixed amount established at the creation of the option (the ''exercise settlement amount'') or nothing.

Binary options on broad-based indexes are not novel. The Securities and Exchange Commission (the ''Commission'') approved the listing and trading of binary options on broad-based indexes on Cboe in 2008,[5] and Cboe currently lists binary options on broad-based indexes.[6] Other national securities exchanges also have rules permitting the listing and trading of binary options on broad-based indexes,[7] and the Commission recently approved Cboe's amended binary index option rules.[8]

Chapter XVIII describes the Exchange's generic listing rules for

[14] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Rules permitting the listing and trading of binary options products currently exist on NYSE American LLC (''NYSE American''), Nasdaq MRX, LLC (''Nasdaq MRX''), and Cboe Exchange, Inc. (''Cboe''). *See* Securities Exchange Act Release Nos. 55843 (June 1, 2007), 72 FR 31636 (June 7, 2007) (Notice); 56251 (August 14, 2007), 72 FR 46523 (August 20, 2007) (SR–Amex–2004–27) (Approval); 105342 (April 30, 2026), 91 FR 24299 (May 5, 2026) (SR–MRX–2026–05) (Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing of Amendment Nos. 3 and 4, and Order Granting Accelerated Approval of a Proposed Rule Change, as Superseded by Amendment No. 3 and Modified by Amendment No. 4, To Adopt New Options Rule 3B To List and Trade Binary Broad-Based Index Options); 105936 (July 17, 2026), 91 FR 46205 (July 22, 2026) (Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified and Superseded by Amendment No. 1, to Amend Its Rules Related to Binary Options) (SR–CBOE–2026–032) (the ''Cboe Binary Approval Order''); *and* 106743 (October 27, 2026), 91 FR 68563 (October 30, 2026) (SR–NYSEAMER–2026–96) (Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Binary Return Derivatives Rules). *See also* NYSE American Rules at Section 18 (describing broad-based index binary options), Nasdaq MRX Rules at Options 3B, Nasdaq Event Options, and Cboe Rules at Chapter 4, Section H, Binary Index Options.

[4] The rules contained in MIAX Chapter XVIII, as proposed to be amended herein, are incorporated by reference into the rulebooks of the Exchange's affiliate options exchanges, MIAX PEARL, LLC, MIAX Emerald, LLC, and MIAX Sapphire, LLC.

[5] *See* Securities Exchange Act Release No. 57850 (May 22, 2008), 73 FR 31169 (May 30, 2008) (SR–CBOE–2006–105) (Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 2 Thereto, To List for Trading Binary Options on Broad-Based Indexes) (the ''Cboe 2008 Approval Order'').

[6] *See* Cboe Binary Approval Order.

[7] *See supra* note 3.

[8] *See* Cboe Binary Approval Order. The Cboe Binary Approval Order permits Cboe to, among other things, list A.M.-settlement and P.M.-settlement for all binary index options and list binary options on the Cboe Magnificent 10 Index, which is not a broad-based index, consisting of only 10 component securities. *See* Cboe Magnificent 10 Index Options Fact Sheet, *available at https://cdn.cboe.com/resources/membership/Cboe-Magnificent-10-Index-Options-FS.pdf.*

listing and trading index options. The Exchange was also approved to list options on the Bloomberg 500 Index (the ''B500 Index''),[9] and plans to list options on the B500 Index. The proposed rule change would permit the Exchange to list binary options on any broad-based index that satisfies the initial listing criteria in Rule 1802(d), which includes the B500 Index. The Exchange believes that offering binary options on broad-based indexes will provide investors with an exchange-listed product with a simplified, limited-risk payout structure of binary index options. Binary index options will provide investors with the ability to transact options that pay a fixed sum at expiration on a listed exchange market subject to the benefits of a centralized forum for price discovery, pre- and post-trade transparency, standardized contract specifications, real time surveillance, and clearing guaranteed by The Options Clearing Corporation (''OCC'').

Proposed Amendment to Rule 100, Definitions

The Exchange proposes to add a definition of ''binary option'' to Rule 100. Specifically, the proposed rule defines ''binary option'' as an option contract having an exercise settlement amount that is established at the creation of the option and only two possible payoff outcomes: either a fixed amount equal to the exercise settlement amount or nothing at all. The proposed definition is consistent with the definition of binary option in the Options Disclosure Document (''ODD''),[10] and provides additional detail regarding how binary options work.

Proposed Interpretations and Policies .05 to Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors

Proposed Interpretations and Policies .05 to Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors, will provide that for purposes of the obvious error provisions in Rule 521, the adjusted price of a binary index option transaction (including any applicable adjustment for transactions that are not Priority Customer[11] transactions) may not exceed the applicable exercise settlement value for the binary index option.

Proposed Amendment to Rule 1800, Application of Index Rules

The Exchange proposes to amend Rule 1800 to provide that the Rules in Chapter XVIII are applicable to binary index options (as defined in proposed Rule 1818), in addition to index options. The Exchange also proposes to specify that all Rules in Chapter XVIII apply to the listing and trading of binary index options, except as otherwise provided or the context otherwise requires (for example, as described below, the Exchange proposes to provide that the trading hours for binary index options will be the same as for traditional index options).

Rule 1800 also specifies that the Rules in Chapters I through XVII are also applicable to options provided for in Chapter XVIII (*i.e.,* index options), unless such Rules are specifically replaced or are supplemented by Rules in Chapter XVIII. Further, where Rules in Chapter XVIII indicate that particular indices or requirements with respect to particular indices will be ''Specified,'' the Exchange shall file a proposed rule change with the Commission to specify such indices or requirements. The Exchange proposes that by establishing proposed Rule 1818 relating to Binary Index Options, the Rules in Chapters I through XVII will also be applicable to binary index options as provided for in proposed Rule 1818, unless such Rules are specifically replaced or are supplemented by proposed Rule 1818.

Proposed Rule 1818. Binary Index Options

Proposed Rule 1818(a). Definitions

Proposed Rule 1818(a) sets forth definitions applicable to binary index options. Specifically, the following definitions will apply to binary index options:

(1) A ''binary index option'' is an option contract having an exercise settlement amount that is established at the creation of the option. Binary index options are paid out if the settlement value of the underlying index (1) equals or is greater than the exercise price for a call binary index option or (2) is less than the exercise price for a put binary index option.

(2) A ''call binary index option'' means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is at or above the exercise price at expiration (*i.e.,* in- or at-the-money).

(3) The ''contract multiplier'' is the multiple applied to the exercise settlement value to arrive at the total exercise settlement amount per contract. The Exchange establishes the contract multiplier on a class-by-class basis, which multiplier must be at least one.

(4) The ''exercise price'' is the value to which the settlement value of the underlying index is compared to determine whether the holder of a binary index option is entitled to have the option be paid out.

(5) The ''exercise settlement amount'' is the amount of cash that a holder will receive upon exercise of the contract. It is a set amount equal to the exercise settlement value multiplied by the contract multiplier. The Exchange determines the exercise settlement value on a class-by-class basis, which may be an amount between $1 and $1,000 (unless otherwise adjusted pursuant to Rule 405). For example, if the exercise settlement value is $1 and the contract multiplier is 100, the exercise settlement amount is $100; if the exercise settlement value is $10 and the contract multiplier is 100, the exercise settlement amount is $1,000.

(6) A ''market capitalization ratio'' means the ratio of the market capitalization of an index to the market capitalization of the S&P 500 Index.

(7) A ''put binary index option'' means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is below the exercise price at expiration (*i.e.,* in-the-money).

(8) The ''settlement value'' is the value of the underlying index used to determine whether a binary index option is in-, at-, or out-of-the-money. For A.M.-settled binary index options, the settlement value is the reported opening level of the underlying index as derived from the prices of the underlying securities on such day and as reported by the reporting authority for the index. For P.M.-settled binary index options, the settlement value is the reported closing level of the underlying index as derived from the prices of the underlying securities on

[9] *See* Securities Exchange Act Release No. 102959 (April 30, 2025), 90 FR 19236 (May 6, 2025) (SR–MIAX–2025–08) (Order Granting Approval of a Proposed Rule Change To Amend Certain MIAX Options Exchange Rules To Permit the Listing and Trading of Options on the Bloomberg U.S. Large Cap Price Return Index) (the ''B500 Approval Order''). The ''Bloomberg US Large Cap Price Return Index was subsequently renamed the ''Bloomberg 500 Index.'' *See* Securities Exchange Act Release No. 103635 (August 5, 2025), 90 FR 38519 (August 8, 2025) (SR–MIAX–2025–34). In general, the B500 Index is a float market-capitalized weighted benchmark of the approximately 500 most highly capitalized U.S. companies. *See* B500 Index Fact Sheet, *available at https://assets.bbhub.io/professional/sites/27/Bloomberg-500-Index-Fact-Sheet.pdf.*

[10] *See* Options Disclosure Document at page 8, *available at riskstoc.pdf.*

[11] The term ''Priority Customer'' means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). The number of orders shall be counted in accordance with the following Interpretation and Policy .01. *See* Exchange Rule 100.

such day and as reported by the reporting authority for the index.

Proposed Rule 1818(b). Designation of Binary Index Option Contracts

Proposed Rule 1818(b)(1) provides that the Exchange may from time to time approve for listing and trading on the Exchange binary index options on any broad-based index, as defined in Rule 1801(l), on which the Exchange is approved to trade index options pursuant to Chapter 18 and that satisfies the initial listing criteria in Rule 1802(d). Additionally, proposed Rule 1818(b)(1) provides that the maintenance listing criteria in Rule 1802(e) apply to binary index options. The initial and continued listing standards will apply to binary index options as they apply to other broad-based index options.

Proposed Rule 1818(b)(2) provides that binary index options are a separate class from other options overlying the same index.

Proposed Rule 1818(c). Terms of Binary Index Option Contracts

Proposed Rule 1818(c)(1) provides that the Exchange may designate binary index options as A.M.-settled or P.M.-settled, and that binary index options are European-style options. Current Rule 1809(a)(4) allows traditional (*i.e.,* non-binary) index options to be either A.M.- or P.M.-settled. The Exchange proposes to permit both A.M.- and P.M.-settlement for binary index options for all broad-based indexes as this will provide investors further flexibility (coupled with the flexibility of permissible expirations) with respect to their investment strategies, regardless of the index option market in which investors participate. Additionally, the Exchange believes it is appropriate to be able to list A.M.- and P.M.- settled binary index options to provide investors with the same flexibility currently available for similar products currently available on other trading platforms (as further discussed below).

Proposed Rule 1818 (c)(2) provides that after approving a particular binary index option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that class. Additionally, the Exchange may designate binary index option series to expire from one day up to 36 months from the time they are listed to afford investors maximum flexibility.

Proposed Rule 1818(c)(3) provides that the Exchange may add new series of options of the same class as provided for in Rule 404 and Rule 1809(c) and the Interpretations and Policies thereunder. Additional series of the same binary index option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of binary index options on the Exchange will not affect any other series of options of the same class previously opened. Binary options will be quoted based on the existing strike intervals utilized for traditional, non-binary index options with minimum price variations, established by class, to be no less than $0.01.[12]

Proposed Rule 1818(d). Determination of Settlement Value of Binary Index Option Contracts

Proposed Rule 1818(d) provides that binary index options that are ''at-the-money,'' ''in-the-money,'' or ''out-of-the-money'' are a function of the settlement value of the underlying index in relation to the type of binary index option (*i.e.,* put or call) and the exercise price. For binary options on a broad-based index on which traditional options on the same broad-based index are A.M.-settled, the ''settlement value'' is the reported opening level of such index as derived from the prices of the underlying securities on such day and as reported by the Reporting Authority [13] for the index. For binary options on a broad-based index on which traditional options on the same broad-based index are P.M.-settled, the ''settlement value'' is the reported closing level of such index as derived from the prices of the underlying securities on such day and as reported by the Reporting Authority for the index. Binary options that are ''at-the-money,'' ''in-the-money,'' or ''out-of-the-money'' are a function of the settlement value of the underlying broad-based index in relation to the type of binary option (*i.e.,* put or call) and the exercise price.

Proposed Rule 1818(e). Adjustment of Binary Index Option Contracts

Proposed Rule 1818(e) provides that binary index option contracts are subject to adjustment only in accordance with and to the extent specified in the By-Laws and Rules of the Clearing Corporation.[14] When any such adjustment has been determined, the Exchange will announce the adjustment, which will become effective as of the time specified in that announcement.

Proposed Rule 1818(f). Exercise of Binary Index Options

Proposed Rule 1818(f) provides that binary index options will be automatically exercised at expiration if the settlement value of the underlying index is equal to or greater than the exercise price of a call binary index option or less than the exercise price in the case of a put binary index option.

Proposed Rule 1818(g). Position Limits and Reports for Binary Index Option Contracts

Proposed Rule 1818(g)(1) provides that in determining compliance with Rule 307, the position limits for binary index options on an index for which traditional options on the same index have no position limit pursuant to Rule 1804 is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount per expiration (*e.g.,* if the binary index option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration; if the binary index option exercise settlement amount is $1,000, then the position limit is 150,000 contracts per expiration; and if the binary index option exercise settlement amount is $12,000, then the position limit is 12,500 contracts per expiration).

Proposed Rule 1818(g)(2) provides that for binary index options on an index for which traditional options on the same index have a position limit pursuant to Rule 1804 the position limit is the number of contracts equal to the ratio of 10,000 to the exercise settlement amount multiplied by the number of contracts set forth in the table below (based on the market capitalization ratio of the underlying index) per expiration: [15]

Market capitalization ratio of underlying index	Number of contracts
Greater than or equal to 0.50	10,000
Less than 0.50 but greater than or equal to 0.25	5,000
Less than 0.25 but greater than or equal to 0.10	2,500

[12] *See* Rule 1809.

[13] The term ''reporting authority'' with respect to a particular index means the institution or reporting service designated by the Exchange as the official source for (1) calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and (2) reporting such level. The reporting authority for each index approved for options trading on the Exchange shall be Specified (as provided in Rule 1800) in the Interpretations and Policies to this Rule 1801. *See* Rule 1801(r).

[14] The term ''Clearing Corporation'' means The Options Clearing Corporation. *See* Exchange Rule 100.

[15] The rule provides that the Exchange would need to seek approval from the Commission prior to establishing position limits for binary options on broad based indexes that have a market capitalization ratio that is less than 0.10.

The proposed rule applies the fixed and formulaic limits to all indexes that may underlie binary options as proposed (*i.e.,* all broad-based indexes) and applies the proposed position limits on an expiration basis. Specifically, the proposed rule provides that the position limits for binary options for which the traditional options on the same index have no position limit pursuant to Rule 1804,[16] is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount per expiration.[17]

For reference, the table below sets forth the approximate market capitalizations that would equate to the above ratios based on a market capitalization of the S&P 500 Index of $62.5 trillion as of February 20, 2026:

Market capitalization ratio of underlying index	Range of underlying market capitalizations	Number of contracts
Greater than or equal to 0.50	Greater than or equal to $31.3 trillion	10,000
Less than 0.50 but greater than or equal to 0.25	Less than $31.3 trillion but greater than or equal to $15.6 trillion.	5,000
Less than 0.25 but greater than or equal to 0.10	Less than $15.6 trillion but greater than or equal to $6.3 trillion	2,500

Proposed Rule 1818(g)(3) provides that positions in binary index options on the same index that have different exercise settlement amounts are aggregated.

Proposed Rule 1818(g)(4) provides that in determining compliance with the position limits set forth in proposed Rule 1818(g), binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index. In addition, binary index options on an index are not aggregated with non-binary option contracts on an underlying security or securities included within such index, and binary index options on one index are not aggregated with binary index options on any other index.

Proposed Rule 1818(g)(5) provides that for purposes of the position limits established under proposed Rule 1818(g), long positions in put binary index options and short positions in call binary index options are considered to be on the same side of the market, and short positions in put binary index options and long positions in call binary index options are considered to be on the same side of the market.

Proposed Rule 1818(g)(6) provides that binary index options are not subject to the hedge exemptions to position limits in Rule 308 and Rule 1806. Notwithstanding proposed paragraphs 1818(g)(1) and 1818(g)(2) described above, the position limits for the hedged positions and strategies defined below is equal to five times the position limits established under paragraphs 1818(g)(1) and 1818(g)(2):

(i) a binary index option position ''hedged'' or ''covered'' by an appropriate amount of cash to meet the settlement obligation (*e.g.,* $1,000 for a binary index option with an exercise settlement amount of $1,000);

(ii) a binary index option position ''hedged'' or ''covered'' by a sufficient amount of a related or similar security to meet the settlement obligation; and

(iii) a binary index option position ''hedged'' or ''covered'' by a traditional option covering the same underlying index (which includes, among other strategies, a vertical spread with strikes reasonably close [18] to the binary index option strike) sufficient to meet the settlement obligation.

The proposed rule imposes a position limit on these hedged positions and strategies higher than the position limit for non-hedged positions and strategies.

Pursuant to Rule 1807, there are no exercise limits for options on broad-based indexes. The Exchange does not propose to implement exercise limits for binary index options on broad-based indexes. Binary index options, as discussed above, are European-style and are automatically exercised at expiration if the settlement value of the underlying index is equal to or greater than the exercise price of a call binary option or less than the exercise price in the case of a put binary option. Exercise limits are intended to prevent a single investor from exercising a number of option contracts that could potentially manipulate the value of the underlying. Because investors have no discretion regarding whether to exercise their binary index options due to their automatic exercise at expiration, there is no need for exercise limits.

With respect to reports related to position limits, proposed Rule 1818(g)(7) provides that in computing reportable positions under Rule 310: (i) positions in binary index options on the same index that have different exercise settlement amounts are aggregated; (ii) positions in binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index; (iii) positions in binary index options are not aggregated with non-binary option contracts on an underlying security or securities included within the underlying index; and (iv) positions in binary index options on one index are not aggregated with binary index options on any other index.

Because binary index options are European-style and are cash-settled, Exchange Rules that apply only to American-style options, or only to options settled by delivery of an underlying security, do not apply to binary index options.

Trading Sessions and Hours

The Exchange proposes that the trading sessions and hours for binary index options will be the same as the trading sessions and hours for traditional (*i.e.,* non-binary) index options. Rule 1808(a)(i) provides that transactions in index options may be effected on the Exchange between the hours of 9:30 a.m. and 4:15 p.m. Eastern time. Rule 1809(a)(5) provides that the last day of trading for A.M.-settled index options shall be the business day preceding the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day preceding the last day of trading in the underlying securities prior to the expiration date. Rule 1809(a)(6) provides that the last day of trading for P.M.-settled index options shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date. As it pertains specifically to B500

[16] Rule 1804 provides for position limits on broad based index options the Exchange may list for trading.

[17] For example, if the binary option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration; if the binary option exercise settlement amount is $1,000, then the position limit is 150,000 contracts per expiration; and if the binary option exercise settlement amount is $12,000, then the position limit is 12,500 contracts per expiration.

[18] The Exchange will determine strikes that are ''reasonably close'' in the same manner it currently does pursuant to Rule 1809.

Index options, Rule 1808(a)(1) provides that on their last trading day, transactions in B500 Index options that are P.M.-settled may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern time. As described above, the Exchange proposes to provide in Rule 1800 that all Rules in Chapter XVIII apply to the listing and trading of binary index options (*i.e.,* the trading hours described above for traditional index options), except as otherwise provided or the context otherwise requires.

Margin

Rule 1502 requires each Member [19] must elect to be bound by the initial and maintenance margin requirements of either the Cboe or the New York Stock Exchange as the same may be in effect from time to time. The Exchange proposes to elect Cboe's margin requirements [20] with respect to the binary index options.

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place to detect potentially manipulative trading in binary index options, and intends to apply the same surveillance procedures to binary index options that it applies to other options. The Exchange is a member of the Intermarket Surveillance Group (''ISG'') under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (''FINRA'') for certain market surveillance, investigation and examinations functions. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate amongst themselves and FINRA responsibilities to conduct certain options-related market surveillance that are common to rules of all options exchanges.[21] The Exchange believes its existing surveillance procedures are designed to deter and detect possible manipulative behavior that might arise from listing and trading binary index options. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of binary index options, including to address the potential increased susceptibility to manipulation of binary options, particularly when they are near-the-money and near expiration given the fixed payout structure of binary options. The Exchange notes, however, it believes the large market capitalization of the broad-based indexes and each of its constituent stocks reduces any susceptibility to manipulation of binary options on that index.

The Exchange has analyzed its capacity and represents that it believes the Exchange has the necessary systems capacity to handle any potential additional message traffic associated with the listing of binary options on broad based indexes. The Exchange also believes that the Options Price Reporting Authority (''OPRA'') has the necessary systems capacity to handle the additional traffic associated with the listing of new options that would result from this proposed rule change because OPRA already handles the reporting of binary options listed on other options exchanges. The Exchange does not believe Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with binary options and the effect (if any) of binary options on market fragmentation and the capacity of the Exchange's automated system.

Except as otherwise described in this proposal, all binary index options will be listed and traded on the Exchange in a substantially similar manner as non-binary index options are permitted to be listed and traded under current Rules. The Rules that apply to the listing and trading of non-binary index options on the Exchange, including those related to priority and execution,[22] Market Makers (including Market-Maker obligations),[23] obvious error,[24] trading halt procedures,[25] and clearing,[26] will apply to the listing and trading of binary options.

Implementation

The Exchange will issue an alert publicly announcing the date it intends to begin to offer binary index options prior to them becoming available to trade on the Exchange.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act [27] in general, and furthers the objectives of Section 6(b)(5) of the Act [28] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide investors with a securities exchange-listed investment choice with a simpler, all-or-none payout structure and a limited risk profile compared to traditional listed options. The Commission has previously recognized the benefits of listing and trading binary options on a securities exchange,[29] and the Exchange believes the proposed rule change will permit investors to manage

[19] The term ''Member'' means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed ''members'' under the Exchange Act. *See* Exchange Rule 100.

[20] Cboe Rule 10.3(m) describes margin requirements.

[21] Section 19(g)(1) of the Securities Exchange Act of 1934, among other things, requires every self-regulatory organization (''SRO'') registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO's own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. *See* 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO (''common members''). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

[22] *See* Rule 514.

[23] *See, generally,* Chapter VI, including Rule 603 (Obligations of Market Makers).

[24] *See* Rule 521.

[25] *See* Rule 504.

[26] *See* Rule 507.

[27] 15 U.S.C. 78f(b).

[28] 15 U.S.C. 78f(b)(5).

[29] The Commission stated, in approving Cboe's binary option rules, that ''binary options on broad-based indexes will provide investors with a potentially useful investment choice'' and that ''[t]he proposal will extend to these options the benefits of a listed exchange market, which include a centralized forum for price discovery, pre- and post-trade transparency, standardized contract specifications, and the guarantee of the OCC.'' Cboe 2008 Approval Order, 73 FR at 31172.

their risk exposures and carry out their investment objectives on a national securities exchange with more flexibility. The Exchange also believes the proposed rule change will promote competition, as it will meet the demands of investors that currently may trade products structured in substantively the same manner as the proposed binary index options in other markets.

The Exchange believes binary index options will benefit investors, particularly retail investors and other investors who prefer simplicity, as a complementary offering to current exchange-traded options. Buyers and sellers of traditional, non-binary options do not know the return on those options at the time of the transaction, as the return cannot be determined until near the option's expiration given movements in the underlying. For example, suppose an investor buys a traditional index call option with an exercise price of 100. If the index value at expiration is 105, the investor receives a payout of $5 (times the multiplier for that option); if the index value at expiration is 110, the investor receives a payout of $10 (times the multiplier). The payout of a traditional index option therefore depends on how in-the-money the option is at expiration, which is unknown until the time of expiration.

By contrast, binary options offer a set payout if the underlying closes at, below, or above the exercise price (depending on the type of binary option). Using the example above, suppose an investor buys a binary index call option with an exercise price of 100 and an exercise settlement value of $10. If the index value at expiration is 105, the investor receives a payout of $10 (times the multiplier for that option), and if the index value at expiration is any value of 100 or greater, the investor receives that same payout. Because the return on a binary option is a set amount, the buyer need not determine the absolute magnitude of the underlying's movement relative to the exercise price, as is the case with traditional options, but only whether the underlying value is expected to be above, at, or below the exercise price (as applicable).

The Exchange also believes the proposed rule change will further protect investors because of the reduced risk of the seller of a binary option compared to the seller of a traditional option. While sellers of traditional options have unlimited risk (as the payout increases the further in-the-money the option is at expiration), the maximum obligation of the seller of a binary option is known when the contract is written, which is the fixed payout amount. The structure of binary options thus offers investors pre- and post-trade transparency with respect to the risk associated with their trades.

The Exchange believes that permitting both A.M.- and P.M.-settled binary index options will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.[30] Traditional options on the B500 Index may be A.M.- or P.M.-settled, and permitting the same settlements for binary index options on the B500 Index will provide investors with additional investment options they can use to tailor their strategies with more precision with respect to specific timing needs and strategies related to traditional B500 Index options and related options. Different settlement times allow market participants to trade binary index options in a manner more aligned with specific timing needs and to more effectively tailor their investment and hedging strategies, including to incorporate daily changes in the market, which may reduce the premium cost of buying binary index options.

Further, the proposed rule change will permit the Exchange to list binary options overlying securities indexes with similar terms (such as A.M.- and P.M.-settlement) on a national securities exchange as alternatives to products that are structured in substantially the same manner as binary options currently available in the over-the-counter (''OTC'') market and on other platforms. The Exchange understands that investors have traded binary options similar to the proposed binary index options in OTC markets for many years but may prefer to trade such options in a listed environment to receive the benefits of trading listed options. These benefits include (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened counterparty creditworthiness due to the role of OCC as issuer and guarantor of all listed options. The Exchange believes the proposed rule change may encourage liquidity to shift from the OTC market onto the Exchange, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The proposed rule change is intended to provide a market for binary options as a standardized product without the credit risk of an individual issuer. By providing a listed and standardized market for more classes of binary options, the Exchange seeks to attract investors who desire the simplicity of a binary option with the certainty and safeguards of a regulated and standardized marketplace. Additionally, unlike an OTC binary option, counterparty credit risk for exchange-listed binary options is significantly reduced through the issuance and guarantee of the contracts by OCC, and, as an exchange-traded option, binary index options will have the advantage of liquidity provided by Market Makers, which may lead to tighter spreads than those in the OTC market. The Exchange also believes that standardization will enable more interested parties to become market participants.

In addition to the OTC market, various market platforms that are not registered as national securities exchanges currently offer products structured in substantively the same manner as the proposed binary index options, including on securities indexes and with settlement at varying points of the day. However, as these venues are not national securities exchanges, they do not offer investors the benefits of centralized liquidity, market transparency, or securities regulations intended to protect investors. The Exchange believes listing competitive products on a securities exchange creates a centralized and standardized marketplace for these products that promotes price discovery and transparency within a regulatory framework designed to protect investors in securities. In other words, the Exchange believes its proposal offers a more transparent platform than the OTC market and other market platforms offer and would contribute to leveling the playing field with these alternative markets.

The proposed rule change is also consistent with the requirements of the Act because binary options on securities indexes are securities under the Act. The Act defines ''security'' to include any ''put, call, straddle, option, or privilege on any security . . . or group or index of securities (including any interest therein or based on the value thereof).'' [31] Binary options on securities

[30] As noted above, there are many broad-based index options currently eligible for both A.M.-settlement and P.M.-settlement that may be listed by the exchange as well as other exchanges.

[31] *See* 15 U.S.C. 78c(a)(10). The Exchange notes options on securities indexes (and thus binary options on securities indexes) are not swaps. *See* Statement on Tokenized Securities, Commission Divisions of Corporation Finance, Investment Management, and Trading and Markets (January 28,

indexes, like non-binary options on securities indexes, are puts and calls, and the value of a binary option is based on the value of the underlying index. As securities, pursuant to Section 9(b)(1) of the Act, a person may effect any transaction in connection with a binary option only in accordance with Commission rules and regulations.[32] Therefore, the Exchange believes transactions in binary options on securities indexes must occur on a national securities exchange, subject to Commission jurisdiction and oversight.

The Commission has previously approved rules permitting the listing of binary options on broad-based indexes,[33] as being consistent with the Act, and approved OCC rules enabling OCC to clear them.[34] The Commission found that those OCC rules met the requirements of Section 17A(b)(3)(F) of the Act [35] because they would promote the ''prompt and accurate clearance and settlement'' of such securities transactions,[36] and approved updates to the ODD in advance of the listing of binary options, as required by the Act.[37] Rule 9b-1 under the Act requires a broker-dealer to furnish a customer a copy of the ODD prior to accepting an order for an option subject to the ODD,[38] and defines standardized options as options contracts traded on national securities exchanges that relate to options classes the terms of which are limited to specific expiration dates and exercise prices, as well as other securities as the Commission may by order designate.[39] Binary index options, as proposed, are standardized options to be traded on a national securities exchange,[40] and the Exchange believes the proposed rule change will benefit investors because broker-dealers must provide the ODD to customers, which describes the characteristics and risks associated with trading binary options.

The Exchange believes the proposed listing standards are designed to prevent fraudulent and manipulative acts and practices and to protect investors. To underlie a binary index option, an index must meet the same initial and maintenance listing criteria it must meet to underlie a traditional, non-binary option listed pursuant to Rule 1802(d). Those criteria, which relate to, among other things, the minimum market capitalization, trading volume, and relative weightings of an index's component securities, are designed to ensure that the markets for the index's component securities are adequately capitalized and sufficiently liquid, that no one stock dominates the index, and that the potential for manipulating the underlying index is minimized. The Commission previously found that the significant market capitalization of an underlying index, coupled with appropriate position limits, helps mitigate the potential for manipulation of the index settlement value to the benefit of an overlying binary option position, as well as the risk that the markets for the index's component securities would be impacted by additional derivatives.[41]

The Exchange also believes the proposed position limits are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and thus to protect investors. The proposed limits apply a scaling approach: limits are scaled to the market capitalization of the underlying index, with lower limits applicable to indexes with a smaller market capitalization ratio, and are scaled inversely to the exercise settlement amount. An index representing a larger aggregate market capitalization reflects a deep, liquid pool of underlying securities, the collective pricing of which is substantially more difficult to influence through trading in the options market. Scaling position limits to market capitalization, which directly measures the economic depth of an index, therefore sizes the limits to the actual manipulation risk presented by the specific index and may spread exposure across more participants, which makes manipulation by a single investor more difficult to achieve. Scaling the limits inversely to the exercise settlement amount, which directly measures the maximum payout of a binary index option, reduces the incentive to attempt to manipulate the underlying index to receive a larger payout and keeps the cost of manipulating the underlying index relatively high compared to the potential payout.

The Exchange also believes that applying the position limits on a per-expiration basis will prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors due to the unique risk profile of binary options that distinguish them from traditional (*i.e.,* non-binary). Unlike traditional index options, for which associated risk is distributed across a range of strikes and expirations because investors may offset or hedge positions across expirations, binary options are fixed-payout, all-or-nothing contracts whose value depends entirely on the value of the underlying index at a single point in time. Therefore, risk concentrates at the expiration date itself since each expiration series represents an independent and self-contained risk event. This makes the expiration date the most economically meaningful unit for measuring and constraining accumulated exposure of binary options. Limiting positions in binary options across expirations (as is done for traditional options) would not address the actual risk associated with the settlement event specific to a binary option. As a result, the Exchange believes an individual expiration is the most economically meaningful time to limit positions in binary options, as obtaining positions in binary options for one expiration generally have no impact on the value of binary options for another expiration.

Further, the Exchange believes that the proposed limit of five times the otherwise applicable limit for hedged positions and strategies is consistent with the Act because those positions and strategies create offsetting exposure. As a result, a customer no longer has a directional interest in the underlying, reducing the manipulation risk associated with those positions that position limits are designed to address. Given the investor benefits gained from hedged positions, the Exchange believes applying higher position limits to these positions sufficiently protects against the reduced potential for manipulation while not artificially restricting bona

2026), *available at https://www.sec.gov/newsroom/speeches-statements/corp-fin-statement-tokenized-securities-012826-statement-tokenized-securities* (''. . . any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities, including any interest therein or based on the value thereof, that is subject to the Securities Act [of 1933] and the Exchange Act, is excluded from the definition of swap. When assessing whether a financial instrument formatted as a crypto asset satisfies one of these exclusions, the economic reality of the instrument rather than the name given to the instrument determines whether it is excluded.'') (cites excluded).

[32] *See* 15 U.S.C. 78i(b).

[33] *See supra* note 3.

[34] *See* Securities Exchange Act Release Nos. 56875 (November 30, 2007), 72 FR 69274 (December 7, 2007) (SR–OCC–2007–08) (which OCC rules explicitly related to clearing binary options within the definition of a ''security'' as determined by the Commission); *and* 105537 (May 21, 2026), 91 FR 31513 (May 27, 2026) (SR–OCC–2026–003) (which amended OCC's STANS methodology description to enable OCC to accept binary options for clearing and appropriately manage the risk created by binary options).

[35] 15 U.S.C. 78q–1(b)(3)(F).

[36] *See* Securities Exchange Act Release No. 56875 (November 30, 2007), 72 FR 69274, 69276 (December 7, 2007) (SR–OCC–2007–08).

[37] *See* Securities Exchange Act Release No. 58043 (June 26, 2008), 73 FR 38260 (July 3, 2008) (SR–ODD–2008–02).

[38] *See* 17 CFR 240.9b–1(b).

[39] *See* 17 CFR 240.9b–1(a)(4).

[40] When describing the benefits of binary options, the Commission described them as having ''standardized contract specifications.'' Cboe 2008 Approval Order, 73 FR at 31171.

[41] *See* Cboe Binary Approval Order.

fide activity intended to manage risk exposure.

Position limits are designed to limit the number of options contracts overlying a security or index traded on the exchange that an investor, acting alone or in concert with others directly or indirectly, may control. These limits are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security or index underlying the options. Position limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes. Position limits do not limit the total number of options that may be held by all customers across the entire industry, but rather they limit the number of unhedged positions on the same side of the market a single customer may hold or exercise at one time. ''Since the inception of standardized options trading, the options exchanges have had rules imposing limits on the aggregate number of options contracts that a member or customer could hold or exercise.'' [42] Position limit rules are intended ''to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.'' [43] The Exchange believes the proposed position limits applied on a per expiration basis reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation without unnecessarily constraining investment activity.[44]

The Exchange believes that not subjecting binary index options to exercise limits is consistent with the Act. Exercise limits are intended to prevent a single investor from exercising a number of option contracts that could potentially manipulate the value of the underlying. Because binary index options are European-style and are automatically exercised at expiration, investors have no discretion regarding whether to exercise them, and exercise limits would serve no purpose.

The Exchange believes the proposed margin requirements for binary index options are reasonable and will protect investors because they limit investors' risk exposure given that the initial and maintenance margin requirements are equal to the maximum risk exposure. The Exchange also believes that electing to use Cboe's margin requirements for binary index options, promotes just and equitable principles of trade by ensuring that all Members apply the same margin requirements to binary index options. Further, the Rules of OCC also subject binary index options to OCC's margin and risk management methodology.[45]

Ultimately, the Exchange believes the proposed rule change will provide investors with greater trading tools, opportunities, and flexibility, resulting in additional means to carry out their investment objectives and manage their risk exposures with the benefits of being listed and traded on a national securities exchange. The Exchange believes the proposed rule change will offer market participants a simplified, transparent, and limited risk investment choice overlying securities indexes, which may be more aligned with their specific timing needs and investment and hedging strategies and risk tolerances. The Exchange believes it benefits the investing public to continue to enhance its listed product offerings to respond to continuously changing needs of investors and to a continuously changing competitive environment.

A robust and competitive market requires exchanges to respond to investors' evolving needs by regularly improving their offerings. When Congress charged the Commission with supervising the development of a ''national market system'' for securities, Congress stated its intent that the ''national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed.'' [46] Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention, to determine products and services in the securities markets.[47] Options exchanges continuously adopt new and different products and trading services in response to industry demands in order to attract order flow and to increase their trading volume. This competition has led to a growth in investment choices, which ultimately benefits the marketplace and the public. The Exchange believes the proposed rule change will further competition by providing market participants with another investment option for options listed on a national securities exchange.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intra-Market Competition

The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary index options will be available to all market participants who wish to trade such options on the same terms and in the same manner (including with respect to payout terms and amounts). All market participants will be subject to the same margin requirements and position limits, as well as the other rules applicable to binary index options, as described in this proposed rule change. To qualify for listing as a binary index option, an underlying index must meet the same initial and maintenance listing criteria it must meet to underlie a traditional, non-binary option. Except as set forth in the proposed rule change, binary index options will trade in the same manner as other options on the Exchange.

Inter-Market Competition

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the rules of other options exchanges, including NYSE American, Nasdaq MRX and Cboe, permit the listing and trading of binary options on broad-based indexes.[48] Additionally, as noted above, substantively similar

[42] *See* Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR–CBOE–1997–11).

[43] *See id.*

[44] The proposed application of higher position limits to hedged positions and strategies contributes to this balanced design

[45] *See* Securities Exchange Act Release No. 105537 (May 21, 2026), 91 FR 31513 (May 27, 2026) (SR–OCC–2026–003) (which amended OCC's STANS methodology description to enable OCC to accept binary options for clearing and appropriately manage the risk created by binary options).

[46] *See* H.R. Rep. No. 94–229, at 92 (1975) (Conf. Rep.).

[47] *See* S. Rep. No. 94–75, 94th Cong., 1st Sess. 8 (1975) (''The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services.''); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) (''The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the [self-regulatory organizations] and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system.''); and Regulation NMS, 70 FR at 37499 (observing that NMS regulation ''has been remarkably successful in promoting market competition in [the] forms that are most important to investors and listed companies'').

[48] *See supra* note 3.

products to binary index options, as proposed, are available in the OTC market and on various other markets. Such products are based on the values of securities indexes, including at the opening and closing of trading (*i.e.,* A.M.- and P.M.-settled) and at other times throughout the day. The proposed rule change will permit the Exchange to list binary options on the same type of underlying indexes as these markets, and with certain similar terms (two permissible settlements), as the binary options listed on those markets. Ultimately, the proposal is designed to increase competition for order flow in binary options.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues that offer similar products. The Exchange believes the proposed rule change will provide investors with a comparable alternative to the OTC market and other venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things, (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened counterparty creditworthiness due to the role of OCC as issuer and guarantor of all listed options. As a result, the Exchange believes the proposed rule change may relieve any burden on, or otherwise promote, competition, as it will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets and on other options exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act [49] and subparagraph (f)(6) of Rule 19b–4 thereunder.[50]

A proposed rule change filed under Rule 19b–4(f)(6) [51] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[52] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Exchange states that the proposed rule change is substantially similar to the binary broad-based index option rules of Cboe Exchange, Inc. and Nasdaq MRX LLC.[53] The Exchange further states that waiver would allow the Exchange to immediately compete with other options exchanges for order flow in binary index options, and investors and the public interest would benefit from the availability of binary index options, which provide a simplified, limited-risk payout structure, on an additional exchange. For these reasons, and because the proposal raises no new or novel legal or regulatory issues, the Commission finds that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.[54]

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–MIAX–2026–44 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–MIAX–2026–44. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–MIAX–2026–44 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[55]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23848 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

[49] 15 U.S.C. 78s(b)(3)(A).

[50] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[51] 17 CFR 240.19b–4(f)(6).

[52] 17 CFR 240.19b–4(f)(6)(iii).

[53] *See supra* note 3.

[54] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[55] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106941; File No. SR–NYSEARCA–2026–111]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules 7.34–E(T) and 7.37–E

November 19, 2026.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (''Act'') [2] and Rule 19b–4thereunder,[3] notice is hereby given that, on November 10, 2026, NYSE Arca, Inc. (''NYSE Arca'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 7.34–E(T) (''Trading Sessions''), and Rule 7.37–E (''Order Execution and Routing'') in preparation for trading 23 hours a day, 5 days a week (''23/5 Trading'') on the Exchange. The proposed rule change is available on the Exchange's website at *www.nyse.com* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

NYSE Arca, Inc. (''NYSE Arca'' or the ''Exchange'') proposes to amend Rule 7.34–E(T) (''Trading Sessions''), and Rule 7.37–E (''Order Execution and Routing'') in preparation for trading 23 hours a day, 5 days a week (''23/5 Trading'') on the Exchange.

Background

In May 2026, the Commission approved the Exchange's proposal (''Arca 23/5 Filing'') to introduce 23/5 Trading.[4] 23/5 Trading is scheduled to commence on December 6, 2026.

The Exchange now proposes to make several further amendments to its rules in anticipation of 23/5 Trading.

Proposed Change to Rule 7.34–E(T)(c)

Rule 7.34–E(T)(c)(2)(F) currently specifies how certain order types are handled before the Exchange's first trading session of the day, which currently is the Early Trading Session. The rule provides that ''Non-Displayed Limit Orders, MPL Orders, Tracking Orders, and RPI Orders entered before the Auction Processing Period for the Early Open Auction concludes will be rejected.''

Once 23/5 Trading commences, however, Rule 7.34–E(T)(c)(1)(E) will specify how such order types will be handled before the Exchange's first trading session of the day, which will be the Overnight Trading Session. That rule provides: ''Non-Displayed Limit Orders, MPL Orders, Tracking Orders, and RPI Orders entered before the Overnight Trading Session will be rejected.'' After the Overnight Trading Session commences, the Exchange will accept such order types.

As such, Rule 7.34–E(T)(c)(2)(F) is no longer applicable, and the Exchange proposes to delete it to clarify the rule's language and eliminate any confusion about the treatment of such order types under 23/5 Trading.

Concurrently, the Exchange proposes to delete the reference in Rule 7.34–E(T)(c)(1)(E) to RPI Orders (*i.e.,* Retail Price Improvement Orders). The Exchange no longer has a Retail Liquidity Program and no longer accepts Retail Orders or RPI Orders.[5] The Exchange also proposes to remove obsolete references to Retail Orders and RPI Orders in Rule 7.18–E(b)(7)(A)(i) and (v), and Rule 7.18–E(b)(7)(B)(i), for the same reason.

Proposed Change to Rule 7.34–E(T)(d)

The Exchange proposes to add references to the Overnight Trading Session in Rule 7.34–E(T)(d) concerning customer disclosures. The current rule text requires certain customer disclosures during the Early and Late Trading Sessions, but the Exchange proposes to require those disclosures during the Overnight Trading Session as well.

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] *See* Securities Exchange Act Release No. 105532 (May 21, 2026), 91 FR 31509 (May 27, 2026) (SR–NYSEARCA–2026–53) (''Arca 23/5 Filing'').

[5] *See* Securities Exchange Act Release No. 98168 (August 18, 2023), 88 FR 57980 (August 24, 2023) (SR–NYSEARCA–2023–55).

First, the Exchange proposes to amend Rule 7.34-E(T)(d) to provide: "No ETP Holder may accept an order from a non-ETP Holder for execution in the Overnight, Early or Late Trading Session without disclosing to such non-ETP Holder . . . ." (Proposed addition underlined.)

Second, the Exchange proposes to amend Rule 7.34-E(T)(d)(1) to provide: "Limit Orders are the only orders that are eligible for execution during the Overnight, Early and Late Trading Sessions . . . ." (Proposed addition underlined.)

Third, the Exchange proposes to amend Rule 7.34-E(T)(d)(2) to provide: "An order must be designated specifically for trading in the Overnight, Early and/or Late Trading Session to be eligible for trading in the Overnight, Early and/or Late Trading Session . . . ." (Proposed addition underlined.)

Proposed Change to Rule 7.37–E(d)

The Exchange proposes to amend the use of data feeds table in Rule 7.37–E(d), which sets forth on a market-by-market basis the specific securities information processor (''SIP'') and proprietary data feeds that the Exchange utilizes for the handling, execution, and routing of orders, and for performing the regulatory compliance checks related to each of those functions.

Specifically, the Exchange proposes to amend the table to account for the fact that The Nasdaq Stock Market LLC (''Nasdaq'') intends to run two separate sessions during 23/5 Trading: a ''Day Session'' from 4:00 a.m. ET through 8:00 p.m. ET, and a ''Night Session'' from 9:00 p.m. ET through 4:00 a.m. ET.[6]

The Exchange proposes to amend the table in Rule 7.37–E(d) to indicate that for the Nasdaq ''Night Session,'' the Exchange will use the SIP Data Feed as its primary source of data for order handling, order execution, order routing, and regulatory compliance. The Exchange proposes to transition from the SIP Data Feed to Nasdaq's Direct Data Feed at 4:15 a.m. ET and to continue to use the Direct Data Feed for the remainder of Nasdaq's ''Day Session.''

Implementation

The Exchange will implement the changes proposed when they become operative.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.[7] Specifically, the proposal is consistent with Section 6(b)(5) of the Act[8] because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest.

The Exchange believes that the proposed changes would remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest by enhancing the transparency and clarity of the Exchange's rules in anticipation of 23/5 Trading.

The proposed deletion of Rule 7.34–E(T)(c)(2)(F) would remove an inconsistency in the Exchange's rule with Rule 7.34–E(T)(c)(1) regarding the types of orders permitted during the Overnight Trading Session. Removing that inconsistency would remove impediments to and perfect the mechanism of a free and open market and protect investors and the public interest by providing additional specificity, clarity, and transparency in the Exchange's rules.

Similarly, the Exchange believes that removing obsolete references to order types the Exchange no longer supports after the decommissioning of its Retail Liquidity Program would enhance the transparency and clarity of the Exchange's rules and reduce the possibility of confusion by investors. Deleting such obsolete text would benefit investors and the public interest.

The proposed addition of references to the Overnight Trading Session in the consumer disclosure rules in Rule 7.34–E(T)(d) would enhance the transparency and clarity of the Exchange's rules and enhance the information available to market participants about trading in the Overnight Trading Session, all of which benefits investors and the public interest.

Finally, the proposed changes to the table in Rule 7.37–E(d) will ensure that the Rule correctly identifies and publicly states on a market-by-market basis all of the specific SIP and proprietary data feeds that the Exchange utilizes for the handling, execution, and routing of orders, particularly in light of the fact that Nasdaq plans to run two

[6] *See* Securities Exchange Act Release No. 105199 (April 10, 2026), 91 FR 20222 (April 15, 2026) (SR–NASDAQ–2025–109).

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(5).

different sessions (*i.e.,* a ''Day Session'' and a ''Night Session'') to implement 23/5 Trading. The proposed rule change also removes impediments to and perfects the mechanism of a free and open market and protects investors and the public interest by providing additional specificity, clarity, and transparency in the Exchange's rules.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the proposal is consistent with Section 6(b)(8) of the Act[9] in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is designed to enhance the transparency and specificity of the Exchange's rules regarding 23/5 Trading, to the benefit of investors and the public interest. The Exchange operates in a highly competitive environment in which unaffiliated exchange competitors and new entrants could compete to offer extended hours trading of similar duration, and the proposal would therefore enable the Exchange to compete on a more level playing field with these competitors.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[10] and Rule 19b–4(f)(6) thereunder.[11] Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6)(iii) thereunder.[12]

A proposed rule change filed under Rule 19b–4(f)(6)[13] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[14] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay because 23/5 Trading for national securities exchanges is scheduled to commence on December 6, 2026, which is less than 30 days from the filing date of this proposal. The Exchange believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because doing so would permit the Exchange to commence 23/5 Trading on December 6, 2026. The Commission agrees that waiver of the operative delay would ensure the timely effectiveness of this proposed rule change which corrects an inconsistency in the Exchange's rules, adds necessary references to the Overnight Trading Session in various rules, and ensures that the Exchange's rules correctly identify the specific SIP and proprietary data feeds that the Exchange will use for the handling, execution, and routing of orders in light of 23/5 Trading. These proposed changes should enhance the specificity and transparency of the rules in anticipation of 23/5 Trading, to the benefit of investors and the public interest. Accordingly, the Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest and hereby waives the operative delay and designates the proposed rule change operative upon filing.[15]

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[16] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–NYSEARCA–2026–111 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–NYSEARCA–2026–111. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NYSEARCA–2026–111 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[17]

Vanessa A. Countryman,

Secretary.

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[9] 15 U.S.C. 78f(b)(8).

[10] 15 U.S.C. 78s(b)(3)(A)(iii).

[11] 17 CFR 240.19b–4(f)(6).

[12] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[13] 17 CFR 240.19b–4(f)(6).

[14] 17 CFR 240.19b–4(f)(6)(iii).

[15] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[16] 15 U.S.C. 78s(b)(2)(B).

[17] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106933; File No. SR–GEMX–2026–41]

Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule General 8 Regarding Fees for Interfirm Cabinet Connectivity

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 6, 2026, Nasdaq GEMX, LLC (''GEMX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule General 8, Section 1(b) to provide that the installation fee and ongoing monthly fee for interfirm cabinet connectivity will apply separately to each of the two customers connected through an interfirm cabinet connectivity order, as described further below.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/gemx/rulefilings,* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule General 8, Section 1(b) to provide that the installation fee and ongoing monthly fee for interfirm cabinet connectivity will apply separately to each of the two customers connected through an interfirm cabinet connectivity connection, as described below. Currently, the Exchange assesses the applicable installation fee and ongoing monthly fee only to the customer that submits the order. The other customer that accepts and participates in the connection is not separately assessed those fees. Under the proposal, each customer participating in a new interfirm cabinet connectivity connection will be assessed the existing $550 installation fee and $385 ongoing monthly fee for its respective leg of the connectivity path. For interfirm cabinet connectivity connections already in place as of the implementation date, the accepting customer will be assessed the ongoing monthly fee, but not the installation fee, for its respective leg, and the fees assessed to the ordering customer will not change.

Background

The Exchange's data center campus consists of the original data center (''NY11''), an initial expansion area (''NY11–4''), and a second expansion area (''NY11–5'') (collectively, the ''Data Center'' or ''Data Center Campus''). Interfirm Cabinet Connectivity is a fiber-based connectivity service that links cabinets used by two different colocation customers (''Interfirm Cabinet Connectivity'') throughout the Data Center Campus. The interfirm cabinet connection consists of two customer-side legs that meet at the Nasdaq-provided distribution point: [3] one leg extends from the first customer's cabinet to the Nasdaq-provided distribution point, and the other extends from the Nasdaq-provided distribution point to the second customer's cabinet.

Before the Exchange implemented equalized connectivity [4] throughout its Data Center, a customer would order Interfirm Cabinet Connectivity through the Nasdaq customer portal and identify the customer to which the ordering customer wanted to connect, with the ordering customer being solely responsible for both the installation and the ongoing monthly fiber connectivity fees. No separate installation or ongoing monthly fees were assessed, or are currently assessed, to the non-ordering customer for its side of the Interfirm Cabinet Connectivity.

With respect to provision and installation of the service, the fiber for the Interfirm Cabinet Connectivity was provided and installed by a third-party provider or by the customer. The Exchange did not provide or install such fiber or manage such services.

Equalization places greater emphasis on the way Interfirm Cabinet Connectivity is supervised and managed, with Nasdaq taking a more central role in those functions. While customers still request the interfirm cabinet connection through the Nasdaq Customer Portal, the pre-existing fiber in the Interfirm Cabinet Connectivity has been replaced with Exchange-provided, equalized fiber. Under this structure, the Exchange supervises and audits the interfirm cabinet connection on an ongoing basis.[5]

As discussed above, the Interfirm Cabinet Connectivity consists of two customer-side legs that meet at the Nasdaq-provided distribution point: one leg extends from the first customer's cabinet to the Nasdaq-provided distribution point, and the other extends from the Nasdaq-provided distribution point to the second customer's cabinet. The Exchange provides and manages the cabling and standardized demarcation points and performs inventory management, implementation support, ongoing maintenance, monitoring, audit, and operational oversight for the connection.

Both customers must act before the connection is implemented: one customer initiates the Interfirm Cabinet Connectivity order through the Nasdaq Customer Portal, and the other customer

[3] As used in this context, a ''distribution point'' is a designated passive cabling node within the Data Center's structured telecommunications architecture, where backbone or feeder cabling terminates, and from which downstream cabling is routed to customer cabinets or equipment locations. Distribution points serve as standardized, auditable locations used for organizing, patching, and managing connectivity.

[4] Equalized connectivity refers to connectivity implemented using equalized cabling and infrastructure designed to support equidistant connectivity relative to other customer locations in the Data Center. The Equalization Project enhances the integrity of the Exchange's Data Center networks by establishing standardized connectivity requirements and providing for greater Exchange management oversight of those components. *See* Securities Exchange Act Release No. 34–101078 (Sept. 18, 2024), 89 FR 77937 (Sept. 24, 2024) (SR–NASDAQ–2024–054) (describing the Equalization Project in greater detail).

[5] The Exchange notes that a third-party provider, specifically the Data Center operator, runs the Interfirm Cabinet Connectivity. All other functions are performed by the Exchange.

accepts it. If the second customer does not accept the order, the connection is not implemented. Each participating customer consequently receives a distinct customer-side leg of a Nasdaq-provided, Nasdaq-managed, equalized connectivity path. Interfirm Cabinet Connectivity is optional and is not required for a customer to obtain colocation services or to connect to the Exchange's trading systems.

Proposal

The Exchange proposes to retain the existing installation and ongoing monthly fees for Interfirm Cabinet Connectivity and extend their application to the non-ordering, accepting customer side of the connection. Under the proposal, each customer participating in a new Interfirm Cabinet Connectivity connection will be assessed the existing $550 installation fee and $385 ongoing monthly fee for its respective leg of the connectivity path. For Interfirm Cabinet Connectivity connections already in place as of the implementation date, the accepting customer will be assessed the ongoing monthly fee, but not the installation fee, for its respective leg, and the fees assessed to the ordering customer will not change.

The Exchange anticipates implementing the proposed rule change during the first quarter of 2027 and will announce that implementation date through an Equity Trader Alert or other customer communication.

The Exchange believes that assessing the existing fees separately to each customer appropriately reflects the Exchange's increased role in managing Data Center connectivity following Equalization. The Exchange now provides the fiber and manages, supervises, monitors, and audits the connection after installation. The proposal also aligns the allocation of fees with the structure of the service: two separately provided and managed customer-side legs join at the Nasdaq-provided distribution point, and each customer must authorize and receive the benefit of its own leg. The proposal therefore assesses each customer for the Nasdaq-provided and Nasdaq-managed connectivity furnished to that customer.[6]

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[7] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[8] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed fees are reasonable because each customer receives a distinct leg of an equalized connectivity path that the Exchange actively provides and manages. Each customer-side leg is a defined, Exchange-managed component of that path. Following equalization, the Exchange provides the fiber connectivity and administers the cabling, standardized demarcation points, inventory, and ongoing operational support associated with each leg, and it supervises and audits the connection on an ongoing basis. Each customer's leg is a component the Exchange implements, administers, monitors, and supports. Applying the existing $550 installation fee and $385 monthly fee to each customer is reasonable because each customer receives, and the Exchange manages, a distinct leg of the equalized path.[9] The Exchange believes this approach equitably allocates the fees among the customers that receive and use each Exchange-managed leg of the connection. Each customer receives connectivity through its respective leg of the connectivity path, and each customer is accordingly responsible for the fees associated with the connectivity provided to it. The fact that the two connectivity paths collectively facilitate communication between the customers does not alter the fact that each customer receives a separately identifiable connectivity service. The Exchange further believes that assessing each customer for its respective connectivity leg avoids requiring one customer to pay for the leg that another customer receives. The Exchange therefore believes that its methodology represents an equitable allocation of fees among the customers using Interfirm Cabinet Connectivity.

The amount of each fee is also reasonable because it is unchanged from the Fiber connectivity fee amounts currently assessed to the ordering customer for Interfirm Cabinet Connectivity and is the same amount charged for certain other Fiber connectivity offerings.[10]

The Exchange also believes that the proposal is reasonable because it supports a uniformly administered and auditable Interfirm Cabinet connectivity pathway within the Data Center. As the Exchange has explained, equalization is intended to enhance the integrity of the Data Center network by establishing standardized connectivity requirements for each component of the connectivity path and exercising greater management oversight over those components.[11] A

[6] The Exchange notes that the structure proposed here parallels the structure the Exchange adopted for TNO Cross-Connect. A telecommunications company (''telco'') connectivity path in the Data Center consists of two Nasdaq-provided and Nasdaq-managed legs that meet at a Nasdaq-provided distribution point: the TNO Cross-Connect, which runs from the telco's carrier cabinet to the distribution point, and the customer-side leg, which runs from the distribution point to the customer's cabinet. *See* Exchange Rule General 8, Section 1. As with TNO Cross-Connect, the Exchange proposes to assess each leg, because the Exchange provides and manages both and, with equalized connectivity, exercises greater management oversight over each component of the path. *See* Securities Exchange Act Release Nos. 105012 (Mar. 16, 2026), 91 FR 13351 (Mar. 19, 2026) (SR–GEMX–2026–08); 105768 (June 24, 2026), 91 FR 39135 (June 29, 2026) (SR–GEMX–2026–26). The Exchange notes, however, that unlike TNO Cross Connect, the proposed Interfirm Cabinet Connectivity offering is optional and not required for collocating with the Exchange.

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(4) and (5).

[9] The Exchange also believes that the proposed fees are reasonable when viewed against the fee another exchange charges for a similar service. NYSE offers a ''Data Center Fiber Cross Connect'' service, for which it charges the User that requests the service an initial charge of $500 plus a monthly charge of $600 for a single cross connect, or $7,700 over the first year. *See* NYSE Connectivity Fee Schedule (last updated Oct. 2, 2026), Section A (Co-Location Fees). By comparison, under the proposal each customer participating in a new Interfirm Cabinet Connectivity connection would pay $5,170 over the first year for its own leg (a $550 installation fee plus twelve monthly fees of $385), or approximately 33% less than NYSE's first-year charge for a single cross connect. This comparison is based solely on NYSE's published fee schedule, which does not identify a separate charge to any other party to the connection, and the Exchange makes no representation regarding NYSE's billing practices beyond what that schedule states. The Exchange offers this comparison as context. The proposal need not replicate NYSE's fee structure to be consistent with the Act. The Act does not require an exchange to adopt another exchange's approach to pricing a similar service. The question under Section 6(b)(4) is whether the proposed fees are reasonable and equitably allocated among the persons using the Exchange's facilities, and the proposal meets that standard. Each customer would pay the same, existing monthly fee for the Exchange-provided and Exchange-managed leg that it receives. For new connections, each customer would also pay the same, existing installation fee for its leg. No customer would be asked to bear the fees attributable to another customer's leg of the connection path. Under the Exchange's current model, the ordering customer alone pays the fees for a connection in which two customers each receive a leg. Under the proposal, neither customer subsidizes the other. Each pays the same fee for its own leg, and only for the leg it receives. For connections already established as of the implementation date, the accepting customer would pay the ongoing monthly fee for its leg but not the installation fee, because that one-time fee has already been assessed to the ordering customer when the connection was established. In that case, the ordering customer's fees would not change.

[10] *See* Exchange Rule General 8.

[11] *See* SR–GEMX–2026–08, SR–GEMX–2026–26, *supra* note 6.

standardized, Nasdaq-managed path in which the Exchange oversees the cabling, demarcation points, and supporting architecture enhances the Exchange's ability to monitor, maintain, and audit that connectivity.[12] Each customer-side leg of Interfirm Cabinet Connectivity is a component of that path. Assessing the existing fees to each customer for its own leg allocates those fees among the customers that receive and use each Exchange-managed leg of the path and does not alter the path's availability or operation.

The Exchange further believes the proposal is reasonable because Interfirm Cabinet Connectivity is an optional service. Customers are not required to purchase Interfirm Cabinet Connectivity to obtain colocation services or to connect to the Exchange's trading systems. Rather, a customer purchases the service only if it elects to establish a fiber connection between its cabinet and the cabinet of another colocation customer, and each customer may determine for itself whether the service, at the proposed fees, is appropriate for its business.

The Exchange believes that applying the fees separately to both customers is equitable and not unfairly discriminatory because both customers receive a substantially similar customer-side service and both benefit from the Exchange's provision and ongoing management of the equalized path. Under the current billing model, only the ordering customer pays even though the accepting customer also receives a Nasdaq-provided and Nasdaq-managed leg of the connection. The proposal allocates the fees to both beneficiaries and treats the ordering and accepting customers alike. Each customer would pay the same, existing fee for the Exchange-provided and Exchange-managed leg that it receives, and no customer would be asked to bear the fees attributable to another customer's leg of the connection.

The Exchange also believes that it is reasonable, equitable, and not unfairly discriminatory not to assess the installation fee to the accepting customer for Interfirm Cabinet Connectivity connections already in place as of the implementation date. The installation fee is a one-time charge assessed when a connection is ordered and established. For a connection already in place, the connection has been established and the installation fee has already been assessed to the ordering customer. The Exchange therefore believes that it would be inappropriate to assess a one-time installation charge for a connection that is not being newly established. Those accepting customers will, however, be assessed the ongoing monthly fee beginning on the implementation date, which is consistent with the Exchange's rationale for assessing each customer for the Exchange-managed leg of the connection that it receives and uses. The distinction is drawn by whether a connection is in place as of the implementation date, and not by the identity, size, or trading activity of any customer, and it applies uniformly to every accepting customer with an existing connection.

The Exchange will apply the same fee amounts and billing methodology to all similarly situated customers. The proposal does not distinguish among customers based on their identity, trading activity, or anticipated use of the connection. Rather, each new customer will pay the same installation fee and monthly fee for its own leg of the standardized, equalized connectivity path.[13] Because both parties must affirmatively participate in the Nasdaq Customer Portal order process before implementation, as described above, each customer will have notice of the fee treatment before the Exchange provisions the connection.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposal will impose an undue burden on intramarket competition because it will apply the same fees to each customer participating in an Interfirm Cabinet Connectivity order. The proposal will eliminate the current difference in the ongoing monthly fee treatment of the ordering and accepting customers, each of which receives a customer-side leg of the Exchange-provided and Exchange-managed connection, and, for new orders, the difference in their installation fee treatment.

The proposal therefore will treat similarly situated customers consistently. Each customer participating in an Interfirm Cabinet Connectivity arrangement through a new order will be assessed the same installation and recurring monthly fees for its respective connectivity leg. For connections already in place as of the implementation date, the Exchange will not assess a one-time installation fee to the accepting customer because the connection has already been established, but the accepting customer will be assessed the same ongoing monthly fee as the ordering customer. This distinction turns on whether a connection is in place as of the implementation date and applies uniformly to all such connections. It does not favor or disadvantage any customer relative to another. The fees do not distinguish among customers based on their identity, business model, trading activity, or the identity of the customer with which they establish connectivity.

The Exchange also does not believe that the proposal will impose an undue burden on intermarket competition. Interfirm Cabinet Connectivity is an optional service that customers are not required to purchase to obtain colocation services or connect to the Exchange's trading systems. The proposal does not alter the availability or technical operation of the service. Instead, it applies the existing fees separately to each customer that elects to participate in and receive a customer-side leg of the connection: for new orders, the existing installation fee and ongoing monthly fee, and for existing connections, the existing ongoing monthly fee.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[14]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

[12] *See* SR–GEMX–2026–08, SR–GEMX–2026–26, *supra* note 6.

[13] As discussed above and as proposed, existing Interfirm Cabinet Connectivity customers will each pay only the ongoing monthly fees. For such established Interfirm Cabinet Connectivity connections, the Exchange will not assess a second installation fee to the non-ordering customer.

[14] 15 U.S.C. 78s(b)(3)(A)(ii).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov*. Please include file number SR–GEMX–2026–41 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–GEMX–2026–41. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR–GEMX–2026–41 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23839 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

[15] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106939; File No. SR–BOX–2026–24]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish a Minimum Eligible Order Size for Single-Leg Qualified Open Outcry Orders

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 9, 2026, BOX Exchange LLC (the ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to establish Rule 7600(a)(6) to provide a minimum eligible order size for single-leg Qualified Open Outcry Orders. The text of the proposed rule change is available from the principal office of the Exchange, and also on the Exchange's internet website at *https://rules.boxexchange.com/rulefilings.*

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend Rule 7600 (Qualified Open Outcry Orders—Floor Crossing) to add a minimum eligible order size for Qualified Open Outcry (''QOO'') Orders.[3] Specifically, the Exchange is proposing to establish Rule 7600(a)(6) to provide a minimum eligible order size for single-leg QOO Orders of 20 contracts. Single-leg QOO Orders for less than 20 contracts shall be rejected by the system under the proposed rule.

Today, BOX Participants may submit orders for execution on the Trading Floor pursuant to the procedures outlined in Rule 7600. Under Rule 7600, orders on the Trading Floor, after being announced to the trading crowd, are submitted by the Floor Broker as part of a QOO Order for execution. QOO Orders may be submitted as single-leg, Complex, or multi-leg orders.[4] QOO Orders are limited solely to the Trading Floor and only Floor Brokers may submit QOO Orders.[5] Currently, there is no minimum eligible order size requirement for QOO Orders.

Now, the Exchange is proposing to amend Rule 7600 to include the concept of a minimum eligible order size for QOO Orders. Under the proposed change, the Exchange is establishing a minimum eligible order size for single-leg QOO Orders only. The minimum eligible order size for single-leg QOO Orders shall be 20 contracts. Single-leg QOO Orders for less than 20 contracts shall be rejected by the system. The Exchange notes that for orders under the minimum eligible order size, Floor Participants would still be able to submit these orders to the Exchange for execution via electronic methods (*e.g.,* BOX Book[6] or Price Improvement Period (''PIP'')[7]).

The Exchange believes that establishing the proposed minimum eligible order size will help to ensure that the Exchange continues to have the available resources to facilitate Trading Floor activity and oversee the Trading Floor, generally. The Exchange believes that setting a minimum eligible order size will curtail excessive smaller order activity on the Trading Floor that has the effect of disproportionately taxing the Exchange's resources, as no exchange has unlimited capacity. Additionally, the Exchange believes that, at times, excessive smaller order activity can become disruptive as the

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Rule 7600. A QOO Order is a two-sided order submitted by Floor Brokers on the Trading Floor to the Trading Host after it is announced to the trading crowd.

[4] *See* Rule 7600(a)(4).

[5] *See* Rule 7600(a)(2) and (3).

[6] The term ''Central Order Book'' or ''BOX Book'' means the electronic book of orders on each single option series maintained by the BOX Trading Host. *See* Rule 100(a)(10).

[7] *See* Rule 7150.

scale of these orders in their totality may interfere with the orderly operations on the Trading Floor. Specifically, since all orders on the Trading Floor must be announced and certified by an Options Exchange Official,[8] all orders on the Trading Floor, regardless of their size, impose a comparable per-order burden on Exchange resources. When this is considered with the fact that these smaller sized orders are submitted with a higher frequency as compared to other orders on the Trading Floor, the Exchange believes these smaller sized orders in their totality can become overly burdensome to the Exchange's Trading Floor.

Therefore, the Exchange believes that the proposed rule change will assist the Exchange in the efficient allocation of resources applicable to overseeing and monitoring activity on the Trading Floor. The Exchange believes that setting a minimum order size for single-leg QOO Orders at 20 contracts is consistent with this goal given the Exchange's observations of past Trading Floor activity, which has shown that these smaller sized orders, when submitted with a high frequency, can disproportionately tax the Exchange's resources. Additionally, the Exchange believes that it is appropriate to only provide a minimum eligible order size for single-leg QOO Orders, but not multi-leg and Complex QOO Orders at this time, based on similar observations. Specifically, the Exchange has observed that the majority of smaller sized orders (orders under 20 contracts) on the Trading Floor are single-leg QOO Orders as compared to multi-leg and Complex QOO Orders.

The Exchange believes that it is appropriate to set a minimum order size for single-leg QOO Orders at 20 contracts to manage finite resources and accommodate overall demand on the Trading Floor by providing a means to efficiently deploy Exchange resources. Under Rule 7600, it is a requirement that an Options Exchange Official certify that each QOO Order is adequately announced to the trading crowd by the Floor Broker.[9] Therefore, the Exchange is required to manually certify that all QOO Orders executed on the Trading Floor are appropriately announced to the trading crowd. This certification is a manual process by the Floor Officials. Therefore, the Exchange believes that, at this time, it is appropriate to set a minimum eligible order size on the Trading Floor for single-leg QOO Orders to manage capacity and ensure that the Exchange is efficiently allocating its Trading Floor resources. The Exchange is ultimately looking to strike the right balance between curtailing certain smaller orders that disproportionally utilize Exchange resources without discouraging Floor Participants from utilizing the Trading Floor and the Exchange believes that setting a minimum eligible order size of 20 contracts for single-leg QOO Orders is a reasonable approach to satisfying this goal.[10] The Exchange is not proposing to implement a minimum eligible order size for multi-leg and Complex QOO Orders at this time, because, based on the observations of the Exchange, the Exchange believes it can achieve the goals stated above by only implementing the minimum eligible order size for single-leg QOO Orders. However, the Exchange will continue to monitor activity on the Trading Floor and, if the Exchange determines that excessive smaller size multi-leg and Complex QOO Orders on the Trading Floor are unreasonably taxing the Exchange's resources or leading to disruptive trading practices, the Exchange may propose implementing a minimum order size for multi-leg and Complex QOO Orders.[11]

The Exchange will provide notice prior to implementing the proposed minimum eligible order size for single-leg QOO Orders. Such implementation date will be communicated by the Exchange to Participants via Regulatory Notice.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[12] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [13] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [14] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed rule change will further the purposes of the Act by supporting the Exchange in regulating activity on the Trading Floor. The Exchange believes that allowing the Exchange to set a minimum eligible size for single-leg QOO Orders provides a means for balancing between providing a venue for orders to be executed while at the same time making sure that the Exchange continues to have the available resources to facilitate Trading Floor activity and oversee the Trading Floor, generally, which will assist with the maintenance of a fair and orderly market, promotes just and equitable principles of trade, and is designed to prevent fraudulent and manipulative acts and practices.

Additionally, the Exchange believes that the proposed rule change will further the purposes of the Act by providing an additional means for the Exchange to manage finite resources on the Trading Floor. Specifically, the Exchange believes that setting a minimum eligible order size will curtail excessive smaller order activity on the Trading Floor that has the effect of disproportionately taxing the Exchange's resources, as no exchange has unlimited capacity. Additionally, the Exchange believes that, at times, excessive smaller order activity can become disruptive as the scale of the orders in their totality may interfere with the orderly operations on the Trading Floor. Given the manual nature of certain obligations on the Trading Floor, setting a minimum eligible order size allows the Exchange to better manage capacity and resources and, is designed to assist with the maintenance of a fair and orderly market, promotes just and equitable principles of trade, and is designed to prevent fraudulent and manipulative acts and practices, as it ensures that the Exchange is utilizing its Trading Floor resources in an effective and efficient manner.

As stated above, the Exchange has an obligation to certify the announcement of all orders on the Trading Floor and, therefore, it needs to ensure that the level of activity is manageable. The

[8] *See* Rule 7600(b).

[9] *Id.*

[10] Although these smaller size orders under 20 contracts are voluminous, the total contracts of these orders make up a relatively small portion of the contracts traded on the Trading Floor.

[11] Any such determination to expand the minimum eligible order size to cover multi-leg and Complex QOO Orders would not become effective until a rule change is filed with, or filed with and approved by, the Commission.

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(5).

[14] *Id.*

proposed change is designed to provide the Exchange with the means to more efficiently manage this requirement. As such, ensuring that the Exchange can adequately certify the announcement of all orders on the Trading Floor furthers the objectives of such requirement, which is generally designed to prevent fraudulent and manipulative acts and practices.

The Exchange believes it is reasonable and appropriate to implement a minimum eligible order size for single-leg QOO Orders at 20 contracts, and not multi-leg and Complex QOO Orders at this time, because, based on the observations of the Exchange, the Exchange believes it will help manage capacity and ensure that the Exchange is efficiently allocating its Trading Floor resources. As noted above, the Exchange has observed that the majority of smaller sized orders (orders under 20 contracts) on the Trading Floor are single-leg QOO Orders as compared to multi-leg and Complex QOO Orders. The Exchange is ultimately looking to strike the right balance between curtailing certain smaller orders that disproportionally utilize Exchange resources without discouraging Floor Participants from utilizing the Trading Floor. As such, the Exchange believes the proposed change is designed to promote just and equitable principles of trade. The Exchange believes this proposed change will lead to a more efficient and effective use of Exchange resources and overall operation of the Trading Floor. In addition, it will help ensure the Exchange is appropriately overseeing activity on the Trading Floor. As such, the Exchange believes the proposed rule change is in the public interest, and therefore, consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not intended to address competitive issues and instead is being proposed to assist with the maintenance of a fair and orderly market by providing the Exchange with support to efficiently manage the finite resources on the Trading Floor and assistance to prevent potentially disruptive trade practices.

Intramarket Competition. The Exchange believes the proposed rule change to amend Rule 7600 to permit the Exchange to establish a minimum eligible order size for single-leg QOO Orders would not place an unfair burden on intramarket competition because it is designed to encourage the efficient and rational use of the Exchange's finite resources and to accommodate the overall demand on the Trading Floor. The Exchange also notes that the proposed rule change will apply equally to all Floor Participants. Additionally, as noted above, for orders under the minimum order size, Floor Participants would still be able to submit these orders to the Exchange for execution via electronic methods.

Intermarket Competition. The Exchange believes the proposal would not place an unfair burden on intermarket competition as it is not intended to address any competitive issues but is instead designed solely to encourage the efficient use of the Exchange's resources on the Trading Floor. The Exchange believes that the proposal to permit the Exchange to establish a minimum eligible order size for single-leg QOO orders will help make sure that the Exchange continues to have the available resources to facilitate Trading Floor activity and oversee the Trading Floor, generally, which, in turn, will sustain the Exchange's overall competitiveness. The Exchange also notes that nothing prevents other options exchanges, as applicable, from proposing similar rules to allow for the adoption of a minimum eligible order size for open outcry orders.

For the foregoing reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act [15] and Rule 19b–4(f)(6) [16] thereunder. Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act [17] and Rule 19b–4(f)(6) [18] thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act [19] to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–BOX–2026–24 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–BOX–2026–24. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

[15] 15 U.S.C. 78s(b)(3)(A).

[16] 17 CFR 240.19b–4(f)(6).

[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[19] 15 U.S.C. 78s(b)(2)(B).

protection. All submissions should refer to file number SR–BOX–2026–24 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[20]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23842 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: 3:00 p.m. on Thursday, December 3, 2026.

PLACE: The meeting will be held via remote means and/or at the Commission's headquarters, 100 F Street NE, Washington, DC 20549.

STATUS: This meeting will be closed to the public.

MATTERS TO BE CONSIDERED: Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters also may be present.

In the event that the time, date, or location of this meeting changes, an announcement of the change, along with the new time, date, and/or place of the meeting will be posted on the Commission's website at *https://www.sec.gov.*

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (6), (7), (8), 9(B) and (10) and 17 CFR 200.402(a)(3), (a)(5), (a)(6), (a)(7), (a)(8), (a)(9)(ii) and (a)(10), permit consideration of the scheduled matters at the closed meeting.

The subject matter of the closed meeting will consist of the following topics:

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings;

Resolution of litigation claims; and

Other matters relating to examinations and enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting agenda items that may consist of adjudicatory, examination, litigation, or regulatory matters.

CONTACT PERSON FOR MORE INFORMATION: For further information; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

(Authority: 5 U.S.C. 552b.)

Dated: November 19, 2026.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23858 Filed 11–20–26; 11:15 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106937; File No. SR–MX2–2026–13]

Self-Regulatory Organizations; MX2 LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Exchange's Fee Schedule

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 13, 2026, MX2 LLC (''MX2'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing with the Commission a proposed rule change to amend the Exchange's Options Fee Schedule (the ''Options Fee Schedule'') applicable to Members [3] of the Exchange pursuant to Exchange Rule 15.1(a) and (c), to adopt Membership Fees. The Exchange proposes to implement the Options Fee Schedule pursuant to this proposal immediately. The text of the proposed rule change is provided in Exhibit 5.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to establish a separate section of the Exchange's Options Fee Schedule, the ''Membership Fee Schedule'',[4] in order to adopt Membership Fees, which will include a monthly fee applicable to all Members, and an additional monthly fee based on membership type.[5]

The monthly Membership Fees are proposed to be assessed to each active Member at the close of business on the first day of each month. For example, the monthly Membership Fee for November 2026 will be assessed to all active Members at the close of business on November 2, 2026, the first business day of the month.

However, if a Member is pending a voluntary termination of rights as a Member pursuant to Rule 2.8 prior to the time any monthly Membership Fee will be assessed (*i.e.,* the close of business on November 2, 2026) and the Member does not utilize the facilities of the Exchange while such voluntary termination of rights is pending, then the Member will not be obligated to pay the monthly Membership Fee, as such Member will not be considered to have an ''active'' Membership.

As proposed, the monthly Membership Fees for a firm will not be prorated, which the Exchange believes is reasonable based on the frequency that the Fees are assessed (*i.e.,* monthly instead of applying to a longer period).

First, the Exchange proposes to establish a monthly Membership Fee for all Members of the Exchange of $200. Given that the Exchange has only recently launched operations,[6] to encourage new Members to join MX2, the Exchange is proposing that the $200 Membership Fee be waived for all Members until January 1, 2027, which the Exchange will indicate on the

[20] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Exchange Rule 1.5(p).

[4] The Exchange proposes to add a hyperlink within the ''Additional Fees'' section of the Options Fee Schedule which will electronically hyperlink the reader to the Membership Fee Schedule on the Exchange's website.

[5] The Exchange initially filed the proposed Membership Fees changes on October 30, 2026 (SR–MX2–2026–12). On November 13, 2026, the Exchange withdrew that filing and submitted this proposal.

[6] MX2 launched operations on September 14, 2026.

Membership Fee Schedule. The Exchange believes this is reasonable as waiving certain fees has historically been how exchanges have attracted membership and competed for order flow soon after launching operations.[7] The Exchange notes that this monthly Membership Fee is the same as what its affiliate, MEMX LLC, assesses for all Members.[8]

Next, the Exchange is proposing to charge an additional monthly Membership Fee that varies based on membership type: Options Order Entry Firms,[9] Market Makers (not appointed as a Lead Market Maker (''LMM'') [10] in any option class), and LMMs, as further detailed below.

Options Order Entry Firm Membership Fee

First, the Exchange proposes to charge $1,000 per month to Options Order Entry Firms (as defined in Exchange Rule 16.1), and it is also proposing to waive this fee until January 1, 2027. The Exchange notes that this fee is based on what the Exchange's affiliate, MEMX Options, charges Options Order Entry Firms on a monthly basis.[11]

Market Maker Membership Fee

For Members that are Market Makers (*i.e.,* those Members who have registered as Market Makers on the Exchange under Rule 22.2), but that are not appointed as an LMM in any classes, the Exchange is proposing to charge $7,000 per month. Again, this fee is based on what the Exchange's affiliate, MEMX Options, charges Market Makers.[12]

LMM Membership Fee

For Market Makers that are appointed as LMMs, the Exchange is proposing to charge monthly Membership Fees that are scaled according to the class volume percentages set forth in the table on the Membership Fee Schedule. The class volume percentage is the percentage that the TCV [13] in the classes in which the Member is appointed as LMM represents of the TCV in all ETF and equity options classes from the prior month. Newly listed option classes are excluded from the calculation until the month following their listing, at which time the newly listed option classes will be included in the overall TCV and the LMM's appointed class percentage of that TCV, as applicable.

The Exchange proposes to adopt the following monthly Membership Fees for LMMs: (i) $8,000 for LMM's with appointments that represent up to 1% of all equity and ETF option classes, (ii) $10,000 for LMM's with appointments that represent between 1% and 15% of all equity and ETF option classes, and (iii) $12,500 for LMM's with appointments that represent over 15% of all equity and ETF option classes. The Exchange notes that these fees are comparable to and lower than similar membership fees charged by competing options exchanges and as described in the table below, other exchanges assess membership fees at different rates based on the number of and/or percentage of classes by volume of the class appointments, and as such, this concept is not new or novel. The Exchange believes it is appropriate to assess the higher rates based on the appointment class volumes of LMMs, and not all Market Makers, due to the benefits that LMMs receive in their appointed classes. Specifically, if an LMM is quoting at the National Best Bid or Offer (''NBB/O'') in an appointed class, it will potentially receive greater than its normal pro rata share of an incoming order, after Priority Customer [14] orders have been filled.[15] These participation entitlements are not available to registered Market Makers that are not appointed as LMMs, and as such, as described above, the Exchange is proposing that the lowest monthly fee of $7,000 be assessed to Market Makers not appointed as LMMs.

The purpose of scaling the LMM Monthly Membership Fee according to appointed class volume percentage, rather than the raw number of class appointments, is due to the fact that trading volume in the options market tends to be concentrated in the top ranked options classes, with the vast majority of options classes being thinly quoted and traded. The Exchange believes that the rates provide an objective and flexible framework that will encourage Market Makers to be assigned and quote in option classes with lower total national average daily volume while also equitably allocating the fees in a reasonable manner amongst LMM appointments to account for quoting and trading activity.

As illustrated by the Membership Fee Comparison Table below, the Exchange notes that the proposed Membership Fees are competitive with and in several cases significantly lower than the fees for membership imposed by several other options exchanges that charge such fees.

[6] MX2 launched operations on September 14, 2026.

[7] *See e.g.,* Securities Exchange Act Release Nos. 85393 (March 21, 2019), 84 FR 11599 (March 27, 2019) (SR–EMERALD–2019–15) (waiving one-time membership application fees, trading permit fees, and testing and certification fees, among others, for an initial waiver period in order to attract membership and order flow upon launching operations) and 97893 (July 13, 2023), 88 FR 46285 (July 19, 2023) (SR–MEMX–2023–13) (waiving membership fees for an initial waiver period of approximately six months upon launch of MEMX Options).

[8] *See* the MEMX Membership Fee Schedule, available at: *https://info.memxtrading.com/membership-fees/*.

[9] An Order Entry Firm means those Options Members representing as agent Customer Orders on MX2 Options, and non-Market Maker Members conducting proprietary trading. Customer Orders are any orders for the account of a Priority Customer. ''Priority Customer'' means any person or entity that is neither a broker or dealer in securities nor a Professional. *See* Rule 16.1.

[10] Pursuant to Exchange Rule 22.2, the Exchange may appoint one LMM per option class. As discussed further below, an LMM is granted certain entitlements, including its participation entitlement and the small order entitlement. *See* Rule 21.8(g).

[12] *Id.*

[13] The Exchange is proposing to add the definition of TCV on the Membership Fee Schedule in connection with this proposal, specifically, TCV means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply.

[14] A Priority Customer is defined in Rule 16.1 as any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional. Pursuant to Rule 21.8, Priority Customer Orders shall have priority over orders on behalf of all other types of participants (''non-Customers'') at the same price, and are filled in price time priority first before any other non-Customer orders receive a pro rata allocation.

[15] Specifically, for each incoming order, if the LMM has a quote at the NBBO, its participation entitlement is equal to the greater of: (i) the proportion of the total size at the best price represented by the size of its quote, or (ii) sixty percent (60%) of the contracts to be allocated if there is only one (1) other Market Maker quotation or non-Customer order at the NBBO and forty percent (40%) if there are two (2) or more other Market Maker quotes and/or non-Customer orders at the NBBO. *See* Rule 21.8(g)(1). Additionally, the LMM is afforded a Small Order Entitlement, whereby any incoming orders of five or fewer contracts are allocated in full to the LMM if it has a quote at the NBBO, again, after any Priority Customer orders have been filled. *See* Rule 21.8(g)(2).

MEMBERSHIP FEE COMPARISON TABLE

Exchange	Monthly membership/trading permit fee
MX2 Options (as proposed)	All Members: $200. Options Order Entry Firm: $1,000. Options Market Maker: $7,000. LMM—Up to 1% of classes by volume: $8,000. LMM—1%–15% of classes by volume: $10,000. LMM—Over 15% of classes by volume: $12,500.
Nasdaq PHLX LLC (“PHLX”) *	Streaming Quote Trader (“SQT”) permit fees: Tier 1 (up to 200 option classes): $0.00. Tier 2 (up to 400 option classes): $2,200. Tier 3 (up to 600 option classes): $3,200. Tier 4 (up to 800 option classes): $4,200. Tier 5 (up to 1,000 option classes): $5,200. Tier 6 (up to 1,200 option classes): $6,200. Tier 7 (all option classes): $7,200. Remote Market Maker Organization (“RMO”) permit fees: Tier 1 (less than 100 classes): $5,000. Tier 2 (more than 100 and less than 999 classes): $8,000. Tier 3 (1000 or more classes): $11,000. Remote Lead Market Maker Fee: $200 per option allocation per month, capped at $4,500 per month.
BOX Options Exchange LLC (“BOX”) **	Participant Fee: $1,500 per month (Electronic Market Makers are not charged the Participant Fee). Market Maker Trading Permit fees: Up to and including 10 classes: $4,000. Up to and including 40 classes: $6,000. Up to and including 100 classes: $8,000. Over 100 classes: $10,000.
NYSE American, LLC (“NYSE American”) ***	Permit (“ATP”) Fees: Floor Broker: $500. Order Flow Provider: $1,000. Clearing Member: $1,000. Options Market Maker 1st ATP: $8,000. Options Market Maker 2nd ATP: $6,000. Options Market Maker 3rd ATP: $5,000. Options Market Maker 4th ATP: $4,000. Options Market Maker 5th ATP: $3,000. Options Market Maker 6th to 9th ATP: $2,000. Options Market Maker 10th or more ATPs: $500.
NYSE Arca, Inc. (“NYSE Arca”) ****	Permit (“OTP”) Fees: Office or Clearing Firms: $1,000. Floor Broker: $500. Options Market Maker 1st ATP: $8,000. Options Market Maker 2nd ATP: $6,000. Options Market Maker 3rd ATP: $5,000. Options Market Maker 4th ATP: $4,000. Options Market Maker 5th ATP: $3,000. Options Market Maker 6th to 9th ATP: $2,000. Options Market Maker 10th or more ATPs: $500. Reserve Market Maker OTP: $175.
MIAX Emerald *****	Electronic Exchange Member: $2,000. Market Maker Trading Permit Fees: Tier 1 (up to 10 option classes or up to 20% of option classes by volume): $8,000. Tier 2 (up to 40 option classes or up to 35% of option classes by volume): $14,000. Tier 3 (up to 100 option classes or up to 50% of option classes by volume): $20,000. Tier 4 (over 100 option classes or over 50% of option classes by volume or up to all option classes listed in MIAX Sapphire): $26,000. Alternative lower rate of $14,000 for Tiers 3 and 4 if the Market Maker’s total monthly executed volume during the relevant month is less than 0.025% of the total monthly executed volume reported by OCC in the Market Maker account type for MIAX Emerald listed option classes.
MIAX Options Exchange (“MIAX Options”) ******	Electronic Exchange Members Trading Permit: $2,000. Market Maker Trading Permit (up to 10 classes or 20% of classes by volume): $9,500. Market Maker Trading Permit (up to 40 classes or 35% of classes by volume): $16,000. Market Maker Trading Permit (up to 100 classes or 50% of classes by volume): $23,000. Market Maker Trading Permit (over 100 classes or over 50% of classes by volume): $29,500. Alternative lower rate of $16,000 for Tiers 3 and 4 if the Market Maker’s total monthly executed volume during the relevant month is less than 0.060% of the total monthly executed volume reported by OCC in the Market Maker account type for MIAX listed option classes.

* *See* PHLX Options 7 Pricing Schedule, Fee Schedule Section 8, available at: *https://listingcenter.nasdaq.com/rulebook/phlx/rules/Phlx* Options 7.

** *See* BOX Options Fee Schedule Section I, available at *https://boxoptions.com/fee-schedule/*).

*** *See* NYSE American Options Fees Schedule Section III(A), available at *https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE_American_Options_Fee_Schedule.pdf*.

**** *See* NYSE Arca Options Fees and Charges, available at *https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf*.

***** *See* MIAX Emerald Fee Schedule, Section 3, Membership Fees, available at: *https://www.miaxglobal.com/markets/us-options/emerald-options/fees*.

****** *See* MIAX Options Fee Schedule, Section 3, available at *https://www.miaxglobal.com/markets/us-options/miax-options/fees*.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) [16] of the Act in general, and furthers the objectives of Sections 6(b)(4) [17] of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers, or dealers.

The Exchange believes that the $200 Membership Fee which is assessed to all Members, regardless of membership type, is reasonable and consistent with the Act because there are technical, regulatory, and administrative services associated with a market participant being a Member of the Exchange. As a self-regulatory organization, MX2's membership team reviews applicants to ensure that each applicant for membership meets the Exchange's qualification criteria prior to approval. The membership team, in conjunction with the Regulatory Department, reviews the registration and qualification of an applicant's associated persons, the applicant's financial health, the validity of its clearing relationship, and its disciplinary history. The membership team also provides ongoing support to Members with respect to membership changes, registration, and other questions that commonly arise from Members regarding such matters. The Exchange believes that it is consistent with the Act to charge the $200 Membership Fee as it is reasonable to cover costs of administering its membership program.

The Exchange believes it is reasonable to waive the $200 Membership Fee until January 1, 2027, to provide an incentive for market participants to apply for Exchange membership in connection with the recent launch of MX2 Options. The Exchange believes waiving this Membership Fee is reasonable, equitable, and not unfairly discriminatory because the waiver will apply uniformly to all Members of the Exchange. As noted previously, this practice is not uncommon. New exchanges often do not charge fees or charge lower fees for certain services such as memberships/trading permits to attract order flow to an exchange, and later, once there is sufficient depth and breadth of liquidity, amend their fees to reflect the true value of those services, absorbing all costs to provide those services in the meantime.[18]

The Exchange believes that charging a $1,000 Membership Fee for Options Order Entry Firms is consistent with the Act, because this fee is in line with what other options exchanges charge members of their options platform who are not Market Makers, including MEMX Options.[19] For example, MX2 would charge $1,200 monthly after January 1, 2027, to an Options Order Entry Firm. If the same market participant (*i.e.,* not a Market Maker) wanted to join to trade on the BOX Options Exchange, they would be charged $1,500 monthly.[20] The Exchange believes it is reasonable, equitable, and not unfairly discriminatory to waive the Membership Fee applicable to Options Order Entry Firms until January 1, 2027, because the waiver will apply uniformly to all similarly situated Members of the Exchange. Again, waiving certain membership fees upon launch is standard practice and is designed to encourage market participants to trade on the Exchange and experience the quality of the Exchange's technology and trading functionality for a certain time free of charge.

The Exchange believes that charging a higher $7,000 Membership Fee for Market Makers (who are not appointed as LMMs) is consistent with the Act, because it is also in line with and significantly lower than the range of what other options exchanges charge members of their options platform who are Market Makers.[21] Each noted competitor exchange in the table above assesses Market Maker trading permit fees to all Market Makers, regardless of type, based on the number of class appointments or appointed class volume percentage, and on four of those exchanges, NYSE Arca, NYSE American, MIAX Emerald, and MIAX Options, the lowest tiered Options Market Maker Membership Fee is $8,000 per month,[22] while the highest tier Options Market Maker Fee is $29,500 per month, on MIAX Options.[23]

In general, the Exchange believes it is reasonable to charge Market Makers higher fees than Options Order Entry Firms given that Market Makers will consume the most bandwidth and Exchange resources and produce the highest volume of message traffic on the Exchange. The Exchange anticipates the volume of message traffic which is generated by Options Market Makers to be higher than the volume of message traffic generated by Options Order Entry Firms and additional functionality is offered: (i) to Market Makers only (*e.g.,* bulk messages described in Exchange Rule 21.1(l)), or (ii) with Market Makers as the most likely market participants to employ such functionality (*e.g.,* the Risk Monitor Mechanism described in Exchange Rule 21.16). The MX2 Options functionality for bulk messages allows Market Makers to submit up to 20 two-sided quotes in a single bulk quote message and is only available to Market Makers registered with the Exchange.[24] The Risk Monitor Mechanism is available to all Options Members but the Exchange anticipates that this functionality will be primarily used by Market Makers to manage their risk. Market Makers also require high touch network support services as provided by the Exchange and its staff. The Exchange anticipates that Order Entry Firms will consume less Exchange resources and generate fewer costs to the Exchange.

The Exchange notes that, while it anticipates that Market Makers will account for a vast majority of the costs and resources placed on the Exchange and its systems (as discussed herein), Market Makers continue to be valuable market participants on the exchanges as the options market is a quote-driven industry. The Exchange recognizes the value that Market Makers bring to the Exchange and particularly to the MX2

[16] 15 U.S.C. 78f.

[17] 15 U.S.C. 78f(b)(4).

[18] *See supra* note 7.

[19] *See supra* note 8 and Membership Fee Comparison Table, notes *_******.

[20] *See supra* Membership Fee Comparison Table, note **.

[21] *See supra* Membership Fee Comparison Table, notes *_******.

[22] *See supra* Membership Fee Comparison Table, notes ***_******.

[23] *See supra* Membership Fee Comparison Table, note ***_******.

[24] *See* MEMX U.S. Options FAQ, available at *https://info.memxtrading.com/us-options-trading-resources/us-options-faq/*.

Options platform. The Exchange believes that incentivizing Market Makers to direct order flow to the Exchange will benefit all market participants by increasing liquidity on the Exchange.

The Exchange notes that there are material costs associated with providing the infrastructure, System functionality, and headcount to fully support access to the Exchange. The Exchange incurs technology expenses related to establishing and maintaining Information Security services, System upkeep, and regulatory services. While some of the expenses are fixed, much of the expenses are not fixed and increase as the expenses associated with access for Market Makers increase. For example, new Market Makers to the Exchange may require additional resources of the Exchange due to the volume of their activities (*i.e.,* quote volumes, which are significantly higher on average than Order Entry Firms, thus leading to increased storage and capacity costs of the Exchange) and automatically will have access to additional features offered by the Exchange only to Market Makers free of charge (*i.e.,* bulk message functionality as described above). As the total number of Market Makers increases, the Exchange may need to increase its data center footprint and consume additional power, resulting in increased costs charged by its third-party data center provider. As the cost to the Exchange to provide access to Market Makers will increase with the number of Market Makers, the Exchange believes the proposed Membership Fees are reasonable and consistent with the Act, in order to offset a portion of the costs to the Exchange associated with providing Market Makers access to the Exchange's quote and order infrastructure.

As the options market is quote-driven, attracting Market Makers to the Exchange will create additional liquidity on the Exchange by encouraging Market Makers to quote in option classes. A market making firm does not need to be a member of the Exchange in order to route orders to the Exchange.[25] The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem the fees on any particular venue to be excessive. The Exchange's Membership Fees are restrained by competition. Many firms that actively trade on options markets are not currently Members of MX2 Options.[26] No market makers are required by rule, regulation, or competitive forces to be a Market Maker on the Exchange and can choose not to access the Exchange if it is determined that the Exchange's Membership Fees do not make business or economic sense for such market maker. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. The Exchange believes that the proposed Membership Fees reflect this competitive environment. If the Exchange is incorrect in this assessment, that error will be reflected in the Exchange's ability to compete with other options exchanges.

Lastly, the Exchange believes that it is reasonable, equitable and not unfairly discriminatory to charge incrementally higher monthly LMM Membership Fees based on the consolidated volume of the options classes in which an LMM is appointed, given that such fees are comparable to and in many cases lower than Market Maker Membership fees that are applicable to all Market Makers, not just LMMs, on other exchanges.[27] As discussed previously, LMMs receive economic benefits in the classes in which they are appointed and as such, the Exchange believes it is reasonable to assess higher fees in light of that benefit. The Exchange further believes that assessing the LMM Membership Fees based on the percentage of total consolidated volume that their appointed classes represent, rather than on the raw number of appointments, is reasonable and equitable because it ties the fee to the actual market activity and opportunity an LMM is exposed to in their appointed classes, rather than treating all appointments as equal, given that a single high-volume class can carry far more economic weight than several low-volume classes. Finally, other exchanges assess additional ''rights'' fees on LMMs or specialists in addition to their Market Maker membership fees, and as such, this practice is not novel.[28] No Market Makers are required by rule, regulation, or competitive forces to be an LMM on the Exchange and can choose not to access the Exchange or request appointment as an LMM if it is determined that the Exchange's Membership Fees do not make business or economic sense for such Market Maker.

There is ample evidence that the Exchange is subject to competitive constraints on the amount it can charge for Membership Fees. Of the 19 other operating options exchanges, none currently has more than 18.4% market share.[29] High levels of market share enhance the value of trading and membership. Market participants will distribute their transactions across exchanges according to their business needs. Market participants can and will choose where to become Members, as market participants do not need to become members of all exchanges and may utilize a third party to route their orders to the Exchange. Rather than becoming a Member of the exchange, a market participant could elect to have their orders routed to MX2 Options as nothing in the Options Order Protection and Locked/Crossed Market Plan [30] requires any market participant to become a member of any exchange. These competitive forces ensure that the Exchange cannot charge supra-competitive fees for membership. The Exchange expects that market participants will evaluate the Exchange's ability to meet market participants' needs through technology, functionality, and liquidity to determine whether such market participant will route flow to the Exchange. In fact, as a new options exchange, the Exchange is particularly subject to competitive

[25] For example, a market making firm could use a third-party connectivity service (where such third-party service is a Member of the Exchange) to route orders to the Exchange.

[26] The Exchange currently has 31 Members. On the other hand, in an August 2023 filing, MIAX Pearl noted that MIAX Pearl and its affiliated options markets, MIAX and MIAX Emerald, have a total of 47 members. *See* Securities Exchange Act Release No. 98180 (August 21, 2023), 88 FR 58404 (August 25, 2023) (SR–PEARL–2023–35). In a July 2023 filing, Cboe BZX Exchange noted that it has 61 members who trade options, Cboe EDGX Exchange has 51 members who trade options, and Cboe C2 has 52 Trading Permit Holders. *See* Securities Exchange Act Release No. 97928 (July 17, 2023), 88 FR 47209 (August 21, 2023) (SR–CboeBZX–2023–047). Based on publicly available information, NYSE American Options has 72 members. *See* NYSE American Options Membership Directory, available at *https://www.nyse.com/markets/american-options/membership#directory* (last visited October 29, 2026). Lastly, based on publicly available information, NYSE Arca Options has 74 members. *See* NYSE Arca Options Membership Directory, available at *https://www.nyse.com/markets/arca-options/membership#directory* (last visited October 29, 2026).

[27] *See supra* Membership Fee Comparison Table, notes *_******.

[28] *See supra* Membership Fee Comparison Table, notes *** and ****. Specifically, NYSE Arca Options charges monthly Lead Market Maker Rights Fees ranging from $25–$3,000 per issue, and NYSE American Options charges monthly e-Specialist, DOMM, and Specialist Rights Fees ranging from $50–$2,000 per issue.

[29] *See* U.S. Options Market Volume Summary, available at: *https://www.cboe.com/us/options/market_statistics/* (last visited October 28, 2026). Market share is the percentage of volume on a particular exchange relative to the total volume across all exchanges and indicates the amount of order flow directed to that exchange.

[30] *See* Options Order Protection and Locked/Crossed Market Plan (August 14, 2009), available at *https://www.theocc.com/getmedia/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/options_order_protection_plan.pdf* (last visited October 28, 2026).

forces and has carefully crafted its proposed Membership Fees with the goal of attracting order flow to the Exchange. In this environment, the Exchange has no ability to set Membership Fees at levels that would be deemed supra-competitive, as doing so would limit the Exchange's ability to compete with larger, established competitors in the options market.

As noted above, the proposed fees are also competitive with and in several cases significantly lower than the fees for membership imposed by several other options exchanges.[31] The Exchange also does not charge and does not have any plan to charge several types of fees that are charged by other exchanges with respect to membership or participation on the exchange—for example, the Exchange does not charge an application fee for Membership or any testing or certification fees—further highlighting the reasonableness of the proposed Options Membership Fees.[32] The Exchange believes that the proposed Options Membership Fees are equitably allocated and not unfairly discriminatory because they would be assessed uniformly across all firms that seek to become Members. Additionally, the Exchange believes that the proposed fees are not unfairly discriminatory because no broker-dealer is required to become a Member of the Exchange or to register as a Market Maker or LMM with the Exchange.

For the reasons discussed above, the Exchange submits that its proposed fee structure and changes to the Options Fee Schedule satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act[33] in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed fees and rebates described herein are appropriate to address such forces.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intramarket Competition

As it relates to the Membership Fee waiver applicable to the $200 monthly Membership Fee and the Options Order Entry Firm $1,000 monthly Membership Fee, as discussed above, the Exchange does not believe that the proposed changes would impose any burden on intramarket competition because such changes would encourage new participants to apply for Exchange membership, thereby enhancing liquidity and market quality on the Exchange, as well as enhancing the attractiveness of the Exchange as a trading venue.

The proposed Membership Fees do not place certain market participants at a relative disadvantage to other market participants to impose a burden on competition. As noted above, all Members of MX2 Options will be assessed a $200 Membership Fee, and each of those Members will be assessed an additional Membership Fee, specifically, all Options Order Entry Firms will be assessed the same $1,000 Membership Fee, all Market Makers will be assessed the same $7,000 Membership Fee, and all LMMs will be assessed a scaled Membership Fee ranging from $8,000 to $12,500 based on the percentage of TCV their appointed classes represent. Also as previously noted, the Exchange anticipates that Market Makers will consume the most bandwidth and resources of the Exchange's Systems, will transact the vast majority of the volume on the Exchange, and will require the most support services provided by Exchange staff. As opposed to Options Order Entry Firms, the Exchange anticipates that Market Makers (including LMMs) will take up more Exchange resources than Order Entry Firms. As such, the Exchange does not believe charging Market Makers higher Membership Fees will impose a burden on intramarket competition.

Intermarket Competition

As described above, the proposed $200 Membership Fee waiver and $1,000 Options Order Entry Firm Membership Fee waivers will incentive market participants to join the Exchange during the fee waiver period. Accordingly, the Exchange believes the proposal would not burden, but rather promote, intermarket competition by enabling it to better compete with other options exchanges.

The Exchange believes that adopting specific Membership Fees applicable to Options Order Entry Firms, Market Makers, and LMMs does not place an undue burden on competition on other SROs that is not necessary or appropriate. As has been previously noted, other options exchanges have similar fees for their participants and several charge even higher rates.[34] As a new entrant in an already highly competitive environment for equity options trading, MX2 does not have the market power necessary to set prices for services that are unreasonable or unfairly discriminatory in violation of the Exchange Act. The Exchange operates in a highly competitive market in which market participants can determine whether to join the Exchange based on the value compared to the cost of joining and maintain membership on the Exchange.

As noted above, market making firms have no obligation to become market makers or LMMs on all options exchanges. As a new options platform, the Exchange seeks to attract market making firms to become Members on the MX2 Options platform. If the Membership Fees charged are deemed too high by a market making firm, such market making firm can elect not to become a Member of the Exchange. The Exchange operates in a highly competitive market where market participants can favor an alternate venue if they deem the Exchange's Membership Fees to be excessive. In such an environment the Exchange must continually review and adjust its fees and credits to remain competitive with other exchanges and to attract order flow. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section

[31] *See supra* Membership Fee Comparison Table, notes *–******.

[32] In contrast, for example, MIAX Options charges a $2,500 one-time application fee for Electronic Exchange Members and a $3,000 one-time application fee for Market Makers. In addition, MIAX Options charges a $1,000 testing and certification fee for Electronic Exchange Members and a $2,500 testing and certification fee for Market Makers. *See* MIAX Options Fee Schedule, Section 3, available at *https://www.miaxglobal.com/markets/us-options/miax-options/fees.*

[33] 15 U.S.C. 78f(b)(4) and (5).

[34] *See supra* Membership Fee Comparison Table, notes *–******.

19(b)(3)(A)(ii) of the Act [35] and Rule 19b–4(f)(2) [36] thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–MX2–2026–13 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–MX2–2026–13. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–MX2–2026–13 and should be submitted on or before December 15, 2026.

[35] 15 U.S.C. 78s(b)(3)(A)(ii).

[36] 17 CFR 240.19b–4(f)(2).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[37]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23854 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106936; File No. SR–NASDAQ–2026–099]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Equity 4 To Allow for Certain Orders Entered Through OUCH and FLITE Protocols To Be Automatically Repriced

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 13, 2026, The Nasdaq Stock Market LLC (''Nasdaq'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Equity 4 to allow for certain orders entered through the OUCH and FLITE protocols to be automatically repriced. While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative during the first half of 2027.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings,* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Equity 4 [3] to allow certain orders submitted through the OUCH [4] and FLITE [5] order entry protocols to be automatically repriced by the Exchange, pursuant to participants' instructions. The Exchange proposes to implement this enhanced functionality during the first half of 2027.

Equity 4, Rule 4120 (Limit Up-Limit Down Plan and Trading Halts)

Currently, Rule 4120(b)(1)(C)(ii)(e)(2) states that both displayable and non-displayable incoming limit-priced interest to buy (sell) that is priced above (below) the Upper (Lower) Price Band shall be repriced to the Upper (Lower) Price Band. Rule 4120(b)(1)(C)(ii)(e)(2)(a) states that for limit-priced orders entered via the OUCH or FLITE protocol, which are not assigned a Managed Pegging, Discretionary, or Reserve Order Attribute, the order shall be repriced upon entry only if the Price Bands are such that the price of the limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. The Exchange proposes to add a new paragraph (iii) to Rule 4120(b)(1)(C)(ii)(e)(2)(a) specifying that, once an order has had its price adjusted by the Exchange system pursuant to 4120(b)(1)(C)(ii)(e)(2)(a), if the Price Bands move such that the price of the order to buy (sell) would be below (above) the upper (lower) Price Band, the order will continue to be repriced

[37] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The version of Equity 4 that this filing is modifying is the version that became immediately effective upon filing of SR–NASDAQ–2026–092 on October 22, 2026, and which the Commission noticed on November 3, 2026. The changes made to Equity 4 in that filing will become operative on November 21, 2026, which is 30 days after the October 22, 2026, filing date. *See* Securities Exchange Act Release No. 106807 (Nov. 3, 2026), 91 FR (Nov. 6, 2026) (Notice of Filing and Immediate Effectiveness of a Proposal to Amend Equity 4 To Remove All References To the CORE FIX Order Entry Protocol) (File No. SR–NASDAQ–2026–092).

[4] OUCH is a proprietary order entry protocol. *See* Equity 4, Rule 4702(a).

[5] FLITE is a proprietary order entry protocol. *See id.*

either to its original limit price or to the new price bands, whichever is less aggressive.

Equity 4, Rule 4702(b)(1) (Price to Comply Order Type)

Currently, Rule 4702(b)(1) specifies the behavior of Price to Comply Orders. Rule 4702(b)(1)(B) provides that if a Price to Comply Order entered through OUCH or FLITE, during Market Hours the Price to Comply Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

- If the entered limit price of the Price to Comply Order crossed a Protected Quotation and the NBBO changes so that the Price to Comply Order could be displayed at a price at or closer to its entered limit price without locking or crossing a Protected Quotation, the Price to Comply Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice.[6] A Participant's choice with regard to maintaining the Price to Comply Order or cancelling it is set in advance for each port through which the Participant enters Orders.
- If the entered limit price of the Price to Comply Order locked a Protected Quotation, the Price to Comply Order will be adjusted after initial entry only as follows. If the entered limit price would no longer lock a Protected Quotation, the Price to Comply Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice. A Participant's choice with regard to maintaining the Price to Comply Order, cancelling it, or allowing it to be displayed is set in advance for each port through which the Participant enters Orders. If the Price to Comply Order is ranked and displayed at its original entered limit price, it will receive a new timestamp, and will not thereafter be adjusted under this paragraph (Rule 4702(b)(1)(B)).

The Exchange proposes to make the following changes to this rule:

1. Provide that if the entered limit price of the Price to Comply Order crossed a Protected Quotation and the NBBO changes so that the Price to Comply Order could be displayed at a price at or closer to its entered limit price without locking or crossing a Protected Quotation, the Price to Comply Order may remain on the Nasdaq Book unchanged, be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on the participant's choice; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the displayed price of a Price to Comply Order, the prices of the Price to Comply Order will not be adjusted.[7] A Participant's choice with regard to maintaining the Price to Comply Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders.

2. Provide that the Price to Comply Order receives a new timestamp each time its price is changed.

3. Provide that if a Participant chooses to have the price of a Price to Comply Order adjusted in response to a change in a Protected Quotation, the Price to Comply Order can be repriced closer to its original entered limit price (*i.e.,* repriced to a more aggressive price). However, if a change in a Protected Quotation would require a Price to Comply Order to be repriced farther away from its original entered limit price (*i.e.,* repriced to a more passive price), the Price to Comply Order will be cancelled, instead.

4. Provide that if the original entered limit price of the Price to Comply Order would no longer lock or cross a Protected Quotation, the Price to Comply Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (Rule 4702(b)(1)(B)).

Equity 4, Rule 4702(b)(2) (Price to Display Order)

Currently, Rule 4702(b)(2) specifies the behavior of Price to Display Orders. Rule 4702(b)(2)(B) provides that if a Price to Display Order entered through OUCH or FLITE, during Regular Market Hours the Price to Display Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

- If the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes so that the Price to Display Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Price to Display Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice.[8] A Participant's choice with regard to maintaining the Price to Display Order or cancelling it is set in advance for each port through which the Participant enters Orders.

The Exchange proposes to make the following changes to this rule:

1. Provide that if the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes so that the Price to Display Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Price to Display Order may remain on the Nasdaq Book unchanged, be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on the Participant's choice.[9] The Order may be repriced repeatedly, but only when it can be repriced to a more aggressive price, until such time as the Price to Display Order is able to be displayed and ranked at its original entered limit price.[10] A Participant's choice with regard to maintaining the Price to Display Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders. The Price to Display Order receives a new timestamp each time its price is changed.

2. Provide that if a Participant chooses to have the price of a Price to Display Order adjusted in response to a change in a Protected Quotation, the Price to

[6] Therefore, for example, if a Price to Comply Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer changes to $11.01, the Order will not be repriced, but rather will either remain with a displayed price of $10.99 but ranked at a non-displayed price of $11 or be cancelled back to the Participant, depending on its choice.

[7] Therefore, For example, if a Price to Comply Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer changes to $11.01, the Order will remain with a displayed price of $10.99 but ranked at a non-displayed price of $11, be cancelled back to the Participant, or repriced to a displayed price of $11 but ranked at a non-displayed price of $11.01, depending on the Participant's choice.

[8] Therefore, for example, if a Price to Display Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked and displayed at $10.99. If the Best Offer changes to $11.01, the Price to Display Order will not be repriced, but rather will either remain at its current price or be cancelled back to the Participant, depending on its choice.

[9] Therefore, for example, if a Price to Display Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked and displayed at $10.99. If the Best Offer changes to $11.01, the Price to Display Order will either remain at its current price, be cancelled back to the Participant, or repriced to $11.00, depending on the Participant's choice.

[10] $11.02 in the example in the immediately preceding footnote.

Display Order can be repriced closer to its original entered limit price (*i.e.,* repriced to a more aggressive price).

3. Provide that if the original entered limit price of the Price to Display Order would no longer lock or cross a Protected Quotation, the Price to Display Order will be displayed and ranked at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (Rule 4702(b)(2)(B)).

Equity 4, Rule 4702(b)(3) (Non-Displayed Order)

Currently, Rule 4702(b)(3) specifies the behavior of Non-Displayed Orders. Rule 4702(b)(3)(B) provides that if a Non-Displayed Order entered through OUCH or FLITE, during Regular Market Hours the Non-Displayed Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• If the original entered limit price of the Non-Displayed Order locked or crossed a Protected Quotation and the NBBO changes so that the Non-Displayed Order could be posted at a price at or closer to its original entered limit price without crossing a Protected Quotation, the Non-Displayed Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice.[11] A Participant's choice with regard to maintaining the Non-Displayed Order or cancelling it is set in advance for each port through which the Participant enters Orders.

The Exchange proposes to make the following changes to this rule:

1. Provide that if the original entered limit price of the Non-Displayed Order locked or crossed a Protected Quotation and the NBBO changes so that the Non-Displayed Order could be posted at a price at or closer to its original entered limit price without crossing a Protected Quotation, the Non-Displayed Order may remain on the Nasdaq Book unchanged, be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on the Participant's choice.[12] A Participant's choice with regard to maintaining the Non-Displayed Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders. The Non-Displayed Order receives a new timestamp each time its price is changed.

2. Provide that if a Participant chooses to have the price of a Non-Displayed Order adjusted in response to a change in a Protected Quotation, the Non-Displayed Order can be repriced closer to its original entered limit price (*i.e.,* repriced to a more aggressive price). However, if a change in a Protected Quotation would require a Non-Displayed Order to be repriced farther away from its original entered limit price (*i.e.,* repriced to a more passive price), the Non-Displayed Order will be cancelled, instead.

Equity 4, Rule 4702(b)(4) (Post-Only Order)

Currently, Rule 4702(b)(4) specifies the behavior of Post-Only Orders. Rule 4702(b)(4)(B) provides that if a Post-Only Order entered through OUCH or FLITE, the price of the Post-Only Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• During Regular Market Hours, if the original entered limit price of the Post-Only Order locked or crossed a Protected Quotation, the Post-Only Order may be adjusted after initial entry in the same manner as a Price to Comply Order (or a Price to Display Order, if it is Attributable). Thus, in the case of a Non-Attributable Post-Only Order that crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice. In the case of a Non-Attributable Post-Only Order that locked a Protected Quotation, if the limit price would no longer lock a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice, and will not thereafter be adjusted under this paragraph (B). If the Post-Only Order is displayed at its original entered limit price, it will receive a new timestamp. Finally, in the case of an Attributable Post-Only Order that locked or crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice. A Participant's choice with regard to adjustment of Post-Only Orders is set in advance for each port through which the Participant enters Orders.

• During System Hours, if the original entered limit price of the Post-Only Order locked or crossed a displayed Order on the Nasdaq Book and the Nasdaq Book changes so that the original entered limit price would no longer lock or cross an Order on the Nasdaq Book, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice.[13] A Participant's choice with regard to maintaining the Post-Only Order or cancelling it is set in advance for each port through which the Participant enters Orders.

The Exchange proposes to make the following changes to this rule:

1. Provide that during Regular Market Hours, if the original entered limit price of the Post-Only Order locked or crossed a Protected Quotation, the Post-Only Order may be adjusted after initial entry in the same manner as a Price to Comply Order (or a Price to Display Order, if it is Attributable). Thus, in the case of a Non-Attributable Post-Only Order that crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may remain on the Nasdaq Book unchanged, be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on the Participant's choice.[14] In the case of a Non-Attributable Post-Only Order that locked a Protected Quotation, if the limit price would no

[11] Therefore, for example, if a Non-Displayed Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be priced at $11. If the Best Offer changes to $11.01, the Order will not be repriced, but rather will either remain at its current $11 price or be cancelled back to the Participant, depending on its choice.

[12] Therefore, for example, if a Non-Displayed Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be priced at $11. If the Best Offer changes to $11.01, the Order will remain at its current $11 price, be cancelled back to the Participant, or repriced to $11.01, depending on the Participant's choice.

[13] Therefore, for example, if a Post-Only Order to buy at $11 would lock a displayed Order on the Nasdaq Book priced at $11, the Post-Only Order will be ranked and displayed at $10.99. If the Order at $11 is cancelled or executed, the Post- Only Order may either remain with a displayed price of $10.99 or be cancelled back to the Participant, depending on the Participant's choice.

[14] Therefore, for example, if a Non-Attributable Post-Only Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the non-displayed price at which the Order is ranked will be changed to $11.01.

longer lock a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice, and will not thereafter be adjusted under this paragraph (B). If the Post-Only Order is displayed at its original entered limit price, it will receive a new timestamp. Finally, in the case of an Attributable Post-Only Order that locked or crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may remain on the Nasdaq Book unchanged, be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on the Participant's choice.[15] A Participant's choice with regard to adjustment of Post-Only Orders is set in advance for each port through which the Participant enters Orders.

2. Provide that if during Regular Market Hours a Participant chooses to have the price of a Post-Only Order adjusted in response to a change in a Protected Quotation, the Post-Only Order can be repriced closer to its original entered limit price (*i.e.,* repriced to a more aggressive price). However, if a change in a Protected Quotation would require a Post-Only Order to be repriced farther away from its original entered limit price (*i.e.,* repriced to a more passive price), the Post-Only Order will be cancelled, instead.

3. Provide that during Regular Market Hours, if the original entered limit price of the Post-Only Order would no longer lock or cross a Protected Quotation, the Post-Only Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (Rule 4702(b)(4)(B)).

4. Provide that during System Hours, if the original entered limit price of the Post-Only Order locked or crossed a displayed Order on the Nasdaq Book and the Nasdaq Book changes so that the original entered limit price would no longer lock or cross an Order on the Nasdaq Book, the Post-Only Order may remain on the Nasdaq Book unchanged, be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the best offer or best bid displayed on the Nasdaq Book, depending on the Participant's choice.[16] A Participant's choice with regard to maintaining the Post-Only Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders.

5. Provide that if during System Hours a Participant chooses to have the price of a Post-Only Order adjusted in response to a change in the best bid or best offer displayed on the Nasdaq Book, the Post-Only Order can be repriced closer to its original entered limit price (*i.e.,* repriced to a more aggressive price).

6. Provide that during System Hours, if the original entered limit price of the Post-Only Order would no longer lock or cross a displayed Order on the Nasdaq Book, the Post-Only Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (Rule 4702(b)(4)(B)).

Equity 4, Rule 4702(b)(5) (Midpoint Peg Post-Only Order)

Currently, Rule 4702(b)(5) specifies the behavior of Midpoint Peg Post-Only Order. The Midpoint Peg Post-Only Order is available during Regular Market Hours only. A subset of these orders are Fixed Midpoint Peg Post-Only Orders. Rule 4702(b)(5)(B) provides that a Fixed Midpoint Peg Post-Only Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

- The price at which the Midpoint Peg Post-Only Order is ranked on the Nasdaq Book is the midpoint between the NBBO, unless the Order has a limit price that is lower than the midpoint between the NBBO for an Order to buy (higher than the midpoint between the NBBO for an Order to sell), in which case the Order will be ranked on the Nasdaq Book at its limit price. The price of the Order will not thereafter be adjusted based on changes to the NBBO.
- Currently, Fixed Midpoint Peg Post-Only Order will be cancelled back to the Participant after initial entry and posting to the Nasdaq Book if any of five conditions are met. The second of these conditions is as follows: The Order to buy (sell) is entered with a limit price above (below) the Midpoint of the NBBO and is ranked at the Midpoint of the NBBO; thereafter, the NBBO changes so that the Midpoint changes and the Order is no longer at the NBBO Midpoint.

The Exchange proposes to make the following changes to this rule as it concerns Fixed Midpoint Peg Post-Only Orders:

1. Specify that Fixed Midpoint Peg Post-Only Orders are only available through the OUCH and FLITE order entry protocols. This change reflects existing Exchange functionality that is not currently described in the rule book. The Exchange is here proposing to correct this oversight.

2. Provide that the price at which the Midpoint Peg Post-Only Order is ranked on the Nasdaq Book is the midpoint between the NBBO, unless the Order has a limit price that is lower than the midpoint between the NBBO for an Order to buy (higher than the midpoint between the NBBO for an Order to sell), in which case the Order will be ranked on the Nasdaq Book at its limit price. After a Midpoint Peg Post-Only Order that is entered with a limit price above the Midpoint for an Order to buy (lower than the Midpoint for an Order to sell) is posted to the Nasdaq Book, if the Inside Bid and/or Inside Offer changes such that the Midpoint changes and the Order is no longer at the Midpoint, the Order will either be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the relevant Inside Quotation, depending on the Participant's choice.

3. Modify the second of the five conditions detailed above for when a Fixed Midpoint Peg Post-Only Order will be cancelled back to the Participant after initial entry and posting to the Nasdaq Book. Whereas that second condition currently states that ''The Order to buy (sell) is entered with a limit price above (below) the Midpoint of the NBBO and is ranked at the Midpoint of the NBBO; thereafter, the NBBO *changes* so that the Midpoint changes and the Order is no longer at the NBBO Midpoint,'' this same condition would now read as follows: ''The Order to buy (sell) is entered with a limit price above (below) the Midpoint of the NBBO and is ranked at the Midpoint of the NBBO; thereafter, the NBBO changes so that the Midpoint *becomes lower (higher)* and the Order is no longer at the NBBO Midpoint.''

4. In Equity 4, Rule 4702(b)(5)(C), the Exchange proposes to delete the sentence that read as follows: ''As discussed above, the price of a Fixed

[15] Therefore, for example, if an Attributable Post-Only Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the non-displayed price at which the Order is ranked will be changed to $11.01.

[16] Therefore, for example, if a Post-Only Order to buy at $11 would lock a displayed Order on the Nasdaq Book priced at $11, the Post-Only Order will be ranked and displayed at $10.99. If the Order at $11 is cancelled or executed, the Post-Only Order may either remain with a displayed price of $10.99, be cancelled back to the Participant, or be ranked and displayed at $11, depending on the Participant's choice.

Midpoint Peg Post-Only Order will be pegged to the midpoint upon entry and not be adjusted thereafter.'' The Exchange is proposing this deletion because this sentence would be obsoleted by the changes to the behavior of Fixed Midpoint Peg Post-Only Orders outlined above.

Equity 4, Rule 4703(d) (The Pegging Order Attribute)

Rule 4703 sets out the Order Attributes that may be assigned to those Order Types for which they are available. Rule 4703(d) sets out the Order Attribute of Pegging. This Order Attribute allows an Order to have its price automatically set with reference to the NBBO, subject to certain conditions. As it relates to Fixed Midpoint Orders, Rule 4703(d) specifies, in part, the following:

- Currently, the Nasdaq system will cancel ''Fixed Midpoint'' Orders in response to changes to the Midpoint.
- Currently, after posting to the Nasdaq Book, the price of a Fixed Midpoint Order will not thereafter be adjusted based on changes to the Inside Bid or Offer.
- Currently, a Fixed Midpoint Order will be cancelled back to the Participant after initial entry and posting to the Nasdaq Book if any of certain conditions are met, including that the Order to buy (sell) is entered with a limit price above (below) the Midpoint and is ranked at the Midpoint and, thereafter, the Inside Bid and/or Inside Offer change so that the Midpoint *changes* and the Order is no longer at the Midpoint.

The Exchange proposes to make several changes to this rule:

1. Provide that the Nasdaq system will cancel *or update* Fixed Midpoint Orders in response to changes to the Midpoint.

2. Specify that Fixed Midpoint Orders are only available through the OUCH and FLITE order entry protocols. This change represents existing Exchange functionality that is not currently described in the rule book. The Exchange is here proposing to correct this oversight.

3. Provide that, after posting to the Nasdaq Book, a Fixed Midpoint Order to buy (sell) that was entered with a limit price above (below) the Midpoint will either be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the relevant Inside Quotation, depending on the Participant's choice, if the Inside Bid and/or Inside Offer changes such that the Midpoint changes and the Order is no longer at the Midpoint.

4. Provide that a Fixed Midpoint Order will be cancelled back to the Participant after initial entry and posting to the Nasdaq Book if any of certain conditions are met, including that the Order to buy (sell) is entered with a limit price above (below) the Midpoint and is ranked at the Midpoint and, thereafter, the Inside Bid and/or Inside Offer change so that the Midpoint *becomes lower (higher)* and the Order is no longer at the Midpoint.

5. The Exchange proposes to make several non-substantive changes to Rule 4703(d), so that this rule is easier for Participants to follow it and understand it. These non-substantive changes are as follows:

a. Restate in a few places that Managed Midpoint Orders are only available through OUCH, RASH, and FIX. In other words, orders with this specific pegging attribute are available through all order entry protocols, except for FLITE. This is currently stated elsewhere in the same rule (''[Peg Managed Orders] are available through OUCH, RASH, and FIX only'').

b. Spell out that a Peg Managed Order with a Routing Order Attribute can only be entered through RASH or FIX. This is derived from statements, elsewhere in Equity 4, that Routing is only available through RASH, FIX, and FLITE. However, elsewhere in Rule 4703(d) it also states that Peg Managed Orders cannot be entered through FLITE. Therefore, only RASH and FIX can possibly support a Peg Managed Order with a Routing Order Attribute.

c. Spell out that *regardless of the order entry protocol used,* an Order with Pegging may specify a limit price beyond which the Order may not be executed. This is currently implied in Rule 4703(d), because the rule is currently silent as to whether this statement applies only to certain order entry protocols.

d. Spell out that *regardless of the order entry protocol used,* a Midpoint Pegging Order will have its price set upon initial entry to the Midpoint, unless the Order has a limit price, and that limit price is lower than the Midpoint for an Order to buy (higher than the Midpoint for an Order to sell), in which case the Order will be ranked on the Nasdaq Book at its limit price. This is currently implied in Rule 4703(d), because the rule is currently silent as to whether this statement applies only to certain order entry protocols.

e. Spell out that *regardless of the order entry protocol used,* if the Inside Bid and Inside Offer are locked, an Order with Midpoint Pegging that locked an Order on the Nasdaq Book would execute (provided, however, that a Midpoint Peg Post-Only Order would execute or post as described in Rule 4702(b)(5)(A)). This is currently implied in Rule 4703(d), because the sentence that contains this provision does not specify whether it applies only to certain order entry protocols.

f. A few minor grammatical changes that do not alter the substance of the rule.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[17] in general, and furthers the objectives of Section 6(b)(5) of the Act,[18] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act because it will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system by enhancing the price sliding functionality available to Participants that enter Orders through the OUCH and FLITE protocols. As described above, the proposal will permit certain OUCH and FLITE Orders to be repriced closer to their original entered limit prices in response to changes in the NBBO, protected quotations, the best bid or offer displayed on the Nasdaq Book, the Midpoint, or the applicable Price Bands, depending on the Order Type, the market condition, and the Participant's instructions. The Exchange believes this functionality will allow Participants to express their intended trading interest more efficiently while preserving the protections built into the Exchange's rules to avoid locking or crossing protected quotations, posting or executing at impermissible prices, or otherwise producing outcomes inconsistent with the applicable Order Type or Order Attribute.

The Exchange also believes that the proposal is consistent with the Act because the proposed functionality is optional and participant-directed. Under the proposed changes, Participants using OUCH or FLITE may configure, in advance, whether applicable Orders will remain on the Nasdaq Book unchanged, be cancelled back to the Participant, or be adjusted repeatedly closer to their limit price where market conditions permit. Providing this choice will help

[17] 15 U.S.C. 78f(b).

[18] 15 U.S.C. 78f(b)(5).

Participants select the order handling behavior that best aligns with their trading strategies, while the rule text will continue to specify the circumstances in which Orders will receive new timestamps, be cancelled, or cease to be adjusted. The Exchange believes that this combination of Participant choice and rule-based constraints promotes fair and orderly handling of Orders and protects investors and the public interest.

The Exchange believes that the proposed changes to Fixed Midpoint Orders and Fixed Midpoint Peg Post-Only Orders are likewise consistent with the Act because they will make the rulebook clearer, more accurate, and more closely aligned with the intended operation of these Orders. Prior Nasdaq and Nasdaq-affiliated filings have recognized that it is consistent with the Act to amend the rulebook to reflect upgraded OUCH capabilities, to describe pegged order behavior by reference to whether orders are managed or fixed rather than only by reference to the order entry protocol used, and to reorganize rule text so that it is more logical and readily comprehensible. Here, the proposed changes similarly update the treatment of Fixed Midpoint Orders and Fixed Midpoint Peg Post-Only Orders so that Participants can choose cancellation or repeated adjustment closer to the Order's limit price when the Midpoint changes, while preserving the cancellation conditions that prevent those Orders from resting or repricing in circumstances inconsistent with the Order's intended midpoint functionality.

The Exchange also believes that the non-substantive clarifications in the proposed rule change are consistent with the Act because they will help Participants understand how the affected Order Types and Order Attributes operate. Prior Nasdaq and affiliated exchange filings have relied on the same principle when correcting omissions, reorganizing rule text, or clarifying how upgraded order entry protocol functionality operates. The Exchange believes that clarifying which protocols support Managed Midpoint Orders, Peg Managed Orders with Routing Order Attributes, limit price instructions for Orders with Pegging, and Midpoint Pegging behavior will promote transparency and reduce potential confusion, thereby helping Participants select the most appropriate order entry protocol and order handling instructions for their trading objectives.

The Exchange also believes that the proposed rule text corrections are consistent with the Act because they will cause the rulebook to more accurately and completely describe existing Exchange functionality and the operation of the affected Order Types and Order Attributes. In particular, the proposal specifies that Fixed Midpoint Peg Post-Only Orders and Fixed Midpoint Orders are available only through OUCH and FLITE, which reflects existing Exchange functionality that is not currently described in the rulebook. The proposal also clarifies related aspects of Rule 4703(d), including protocol availability for Managed Midpoint Orders, the entry protocols that may support a Peg Managed Order with a Routing Order Attribute, the use of limit prices for Orders with Pegging regardless of protocol, the initial pricing of Midpoint Pegging Orders, and the treatment of locked Inside Bid and Inside Offer conditions. These corrections and clarifications are reduce potential confusion, and help Participants understand and select the appropriate order entry protocol and order handling instructions.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The proposal will not impose an undue burden on intermarket competition because it is designed to enhance Nasdaq's order handling functionality in a highly competitive market for order flow. Nasdaq and its affiliated exchanges have previously explained that changes facilitating enhancements to exchange systems and order entry protocols are pro-competitive because they bolster the efficiency, functionality, and overall attractiveness of the exchange in an absolute sense and relative to its peers. The Exchange believes the same rationale applies here because the proposal will allow Nasdaq to offer enhanced price sliding and midpoint order handling functionality through OUCH and FLITE, thereby enabling the Exchange to compete more effectively with other execution venues that offer order handling functionality designed to give market participants flexibility in posting, repricing, or cancelling orders.

The proposal also will not impose an undue burden on intramarket competition. The proposed functionality will be available to all similarly situated Participants that use the affected order entry protocols and configure their ports or Orders to use the applicable functionality. Participants that do not wish to use the enhanced repricing functionality may choose cancellation or unchanged resting behavior where the applicable rule permits, and Participants remain free to select the order entry protocol and Order Type that best serve their trading strategies. Because the proposed changes apply uniformly based on objective protocol, Order Type, Order Attribute, and Participant instruction criteria, the Exchange does not believe the proposal will unfairly discriminate among Participants or place any category of Participant at a competitive disadvantage.

To the contrary, the Exchange believes the proposal will enhance competition by improving the efficiency and utility of Nasdaq's order handling functionality. The proposed changes are intended to reduce unnecessary order entry and cancellation activity, allow Participants to maintain greater control over whether an Order remains posted, is cancelled, or is repriced, and permit the Exchange to process applicable Orders in a manner more closely aligned with Participant instructions. The Exchange therefore believes that the proposal will support, rather than burden, competition among exchanges and among Participants by improving the choices available to Participants and by making Nasdaq's rules more transparent and its order handling functionality more efficient.

The Exchange likewise does not believe that the proposed rule text corrections will impose any burden on competition. These corrections are not designed to alter the competitive position of any Participant or category of Participants, but instead to make the rulebook accurately reflect existing functionality and to clarify how the affected Order Types and Order Attributes operate. Because the corrections will apply uniformly to all Participants and will not change the availability of the relevant functionality except as otherwise described in the proposed rule change, the Exchange believes they will have no adverse impact on intramarket competition. The Exchange also believes the corrections will support intermarket competition by improving the clarity and reliability of Nasdaq's rules, which helps Participants compare Nasdaq's order handling functionality with that of other venues and select the venue and protocol that best meet their trading objectives.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act [19] and subparagraph (f)(6) of Rule 19b–4 thereunder.[20]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- *Send an email to rule-comments@sec.gov.* Please include file number SR–NASDAQ–2026–099 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–NASDAQ–2026–099. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NASDAQ–2026–099 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[21]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23849 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

[19] 15 U.S.C. 78s(b)(3)(A)(iii).

[20] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[21] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106942; File No. SR–MRX–2026–46]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Concerning the Fees and Rebates for Executions in NDXB

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 12, 2026, Nasdaq MRX, LLC (''MRX'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Options 7, concerning the fees and rebates for executions in NDXB.[3]

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/mrx/rulefilings,* and at the principal office of the Exchange.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] On November 2, 2026, the Exchange filed SR–MRX–2026–44. On November 12, 2026, SR–MRX–2026–44 was withdrawn and replaced with this proposal.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On April 30, 2026, the Commission approved the listing and trading on the Exchange of binary broad-based index options—particularly binary options on the Nasdaq-100 index and the Nasdaq-100 Micro index.[4] In November 2026, the Exchange plans to begin listing and trading binary options on the Nasdaq-100 index, under the symbol ''NDXB.''

To help foster interest in this new product, the Exchange at this time proposes to set at $0.00 all transaction fees under Options 7, Sections 3 and 4 that would otherwise apply to executions in NDXB and to provide that no rebates under those sections will apply to NDXB executions. To that end, it proposes to add new provisions at the top of Options 7, Section 3 (Fees and Rebates for Regular Orders and All Crossing Orders) and Section 4 (Complex Order Fees). The provision at the top of Section 3 would read as follows:

For all Regular Order and Crossing Order executions in NDXB the fee will be $0.00 per contract. No other fees or rebates in Section 3 will apply to executions in NDXB.

Meanwhile, the provision at the top of Section 4 would read as follows:

For all Complex Order executions in NDXB, including interest in NDXB on the Regular Order Book that interacts with a Complex Order, the fee will be $0.00 per contract. No other fees or rebates in Section 4 will apply to executions in NDXB.

[4] *See* Securities Exchange Act Release No. 105342 (Apr. 30, 2026), 91 FR 24299 (May 5, 2026) (''Notice of Filing of Amendment Nos. 3 and 4, and Order Granting Accelerated Approval of a Proposed Rule Change, as Superseded by Amendment No. 3 and Modified by Amendment No. 4, To Adopt New Options Rule 3B To List and Trade Binary Broad-Based Index Options'') (File No. SR–MRX–2026–05).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[6] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system ''has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.'' [7]

Likewise, in *NetCoalition* v. *Securities and Exchange Commission* [8] (''NetCoalition'') the D.C. Circuit upheld the Commission's use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.[9] As the court emphasized, the Commission ''intended in Regulation NMS that 'market forces, rather than regulatory requirements' play a role in determining the market data . . . to be made available to investors and at what cost.'' [10]

Further, ''[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'. . . .'' [11] Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

The Exchange believes that charging no fees and paying no rebates for executions in NDXB is reasonable because NDXB is a new binary broad-based index options product that has not yet developed trading history on MRX, and the proposed pricing is designed to encourage initial trading interest and market participant familiarity with the product. Nasdaq ISE likewise waived fees and rebates when NQX began trading and subsequently adopted pricing designed to promote trading activity in that new proprietary Nasdaq-100 index option product.[12] Here, eliminating transaction fees and rebates for NDXB at launch is a reasonable means of reducing transaction-cost frictions while Members and investors evaluate the product.

The Exchange further believes that the proposal is equitably allocated and not unfairly discriminatory because the same $0.00 per contract fee, and the same absence of rebates, will apply to all Regular Order, Crossing Order, and Complex Order executions in NDXB. The proposal does not differentiate by Member, capacity, volume tier, order-entry protocol, side of the market, or whether the execution occurs on the regular order book or in a complex order. No Member or category of Member will receive preferential transaction pricing in NDXB, and no Member or category of Member will be assessed a higher transaction fee or denied a transaction rebate that another similarly situated Member receives.

The Exchange also believes the proposal is consistent with the Act because NDXB will be traded under the Exchange's approved binary broad-based index options framework and will be subject to the Exchange rules that apply to options trading unless Options 3B provides otherwise. The Commission approved MRX's rules to list and trade binary broad-based index options on the Nasdaq-100 index and Nasdaq-100 Micro index, and the proposed pricing is limited to the transaction fees and rebates applicable to executions in NDXB, a product within that approved framework.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Inter-Market Competition

The proposal does not impose an undue burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes its proposal remains competitive with other options markets and will offer market participants another choice of where to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-Market Competition

With respect to intra-market competition, the Exchange does not believe that the proposal will place any category of market participant at a competitive disadvantage. The proposed NDXB pricing applies uniformly to all Members and all market participant types that execute NDXB transactions. Because no Member will be charged a transaction fee and no Member will receive a transaction rebate for NDXB executions, the proposal does not create pricing advantages based on volume, capacity, order type, order side, or the ability to satisfy a tier. The absence of differentiated fees and rebates also avoids competitive distinctions that may arise from maker/taker pricing, capacity-based fees, rebates, fee caps, or volume thresholds. To the extent that the proposal encourages additional participation in NDXB, that increased activity should benefit all market participants by supporting the development of liquidity and trading opportunities in the new product.

[5] 15 U.S.C. 78f(b).

[6] 15 U.S.C. 78f(b)(4) and (5).

[7] Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (''Regulation NMS Adopting Release'').

[8] *NetCoalition* v. *SEC,* 615 F.3d 525 (D.C. Cir. 2010).

[9] *See NetCoalition,* at 534–535.

[10] *Id.* at 537.

[11] *Id.* at 539 (quoting Securities Exchange Act Release No. 59039 (Dec. 2, 2008), 73 FR 74770, 74782–83 (Dec. 9, 2008) (SR–NYSEArca–2006–21)).

[12] *See* Securities Exchange Act Release No. 83639 (July 16, 2018), 83 FR 34625, 34626 (July 20, 2018) (''Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Schedule of Fees To Add Establish Fees and Rebates for NQX Options and Make Several Clarifying Changes'') (File No. SR–ISE–2018–61).

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[13]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–MRX–2026–46 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–MRX–2026–46. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–MRX–2026–46 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23844 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

[13] 15 U.S.C. 78s(b)(3)(A)(ii).

[14] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106938; File No. SR–TXSE–2026–052]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11.014 To Extend Its Existing LULD-Based Limits on Clearly Erroneous Review to the Period When Overnight Price Bands Are in Place

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 16, 2026, Texas Stock Exchange LLC (the ''Exchange'' or ''TXSE'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(6) thereunder.[4] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend TXSE Rule 11.014 (''Clearly Erroneous Executions'') in light of the Commission's approval of Overnight Protected Bands under the LULD Plan for 23/5 Trading.

The text of the proposed rule change is available on the Commission's website (*https://www.sec/gov/rules/sro.shtml*) at the Exchange's website (*https://www.txse.com/reuglations/rules-filings*), and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend TXSE Rule 11.014 (''Clearly Erroneous Executions'') in light of the Commission's approval of Overnight Protected Bands under the LULD Plan for 23/5 Trading.

Background

In conjunction with the industry's plans for the introduction of trading 23 hours a day, 5 days a week (''23/5 Trading''), the Operating Committee of the Plan to Address Extraordinary Market Volatility (''LULD Plan'') filed proposed Amendment 27 to the LULD Plan, which proposed to establish price band protections during overnight trading hours (''Overnight Price Bands'').[5] The Operating Committee proposed that the Overnight Price Bands would initially be temporary static bands 20% above and below two reference points, and that after implementation, the Operating Committee would evaluate the performance of such Overnight Price Bands and propose appropriate changes in a new plan amendment.[6] On August 5, 2026, the Commission approved the proposal.[7]

In light of the Commission's approval of these changes to the LULD Plan, the Exchange now proposes several

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(iii).

[4] 17 CFR 240.19b–4(f)(6).

[5] *See* Securities Exchange Act Release No. 105596 (June 1, 2026), 91 FR 33774 (June 4, 2026) (File No. 4–631) (Notice of Filing of 27th Amendment to the National Market System Plan).

[6] *Id.*

[7] *See* Securities Exchange Act Release No. 106042 (August 5, 2026), 91 FR 51515 (August 10, 2026) (File No. 4–631) (Order Granting Approval of the 27th Amendment to the National Market System Plan to Address Extraordinary Market Volatility to Establish Temporary Price Band Protections in Overnight Trading).

amendments to TXSE Rule 11.014 regarding Clearly Erroneous Executions. In general, the rule describes the process a market participant may use to request cancellation of a transaction that was ''clearly erroneous.'' The current rule's central premise is that if LULD Price Bands under the LULD Plan were available and correct at the time the transaction was executed, the transaction is not eligible for clearly erroneous review. Specifically, TXSE Rule 11.014(c)(1) currently provides that ''[i]f the execution time of the transaction(s) under review is during Regular Trading Hours, the transaction will not be reviewable as clearly erroneous'' except in certain limited circumstances, including when (A) the transaction is in an NMS stock that is not subject to the LULD Plan (*e.g.,* rights and warrants), (B) the transaction was executed at a time with LULD Price Bands were unavailable or trading should have been prevented due to a regulatory halt or other halt, or (C) several other limited circumstances.[8] In approving the existing version of the rule, the Commission noted that restricting clearly erroneous review in this way during times when LULD Price Bands were in effect was ''consistent with the Act and will further the goal of providing greater certainty to market participants that trades executed within the Price Bands will stand and not be broken. . . . Thus, the proposal is designed to limit the potential discordance between the LULD mechanism and CEE review process.'' [9]

Currently, LULD Price Bands are available only during Regular Trading Hours,[10] meaning that the restrictions on clearly erroneous review described above apply only during the Regular Trading Hours. With the introduction of Overnight Price Bands, the Exchange now proposes to extend the existing restrictions on clearly erroneous review to the period when Overnight Price Bands are in place. This proposed change would be consistent with the Commission's rationale in approving the current version of the rule because it would limit any potential discordance between the LULD mechanism and CEE review in the overnight trading session, providing greater certainty to market participants that trades executed with the Overnight Price Bands will stand and not be broken.

Proposed Changes to TXSE Rule 11.014(c)(1)

To implement this change, the Exchange proposes to add several definitions to TXSE Rule 11.014(c)(1). First, the Exchange would add that the term ''LULD Protected Hours'' includes Regular Trading Hours and ''Overnight Protected Hours'' defined in Section VIII of the LULD Plan. Second, the Exchange would define ''LULD Price Bands'' or ''Price Bands'' to mean the Price Bands defined in Section V of the LULD Plan (*i.e.,* the Price Bands that apply during Regular Trading Hours) and ''Overnight Price Bands'' as defined in Section VIII of the LULD Plan (*i.e.,* the Price Bands that apply to the Overnight Protected Hours from 9:00 p.m. ET through 4:00 a.m. ET).

The Exchange proposes to amend the current first sentence of TXSE Rule 11.014(c)(1) to replace the phrase ''Regular Trading Hours'' with ''LULD Protected Hours,'' to provide that ''[i]f the execution time of the transaction(s) under review is during LULD Protected Hours, the transaction will not be reviewable as clearly erroneous. . . .'' This change would extend the LULD-based restrictions on clearly erroneous review currently in place during Regular Trading Hours to the Overnight Protected Hours.

The Exchange also proposes to amend TXSE Rule 11.014(c)(1)(B)'s reference to ''Percentage Parameter'' to incorporate the Percentage Parameter that applies to Overnight Protected Hours. The amended provision would provide for the applicability of clearly erroneous review if the price of the transaction to buy (sell) that is the subject of the clearly erroneous complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the applicable Percentage Parameter defined in Appendix A to the LULD Plan (with respect to the Price Bands that apply during Regular Trading Hours) or the ''Overnight Percentage Parameter defined in Section VIII of the LULD Plan'' (with respect to Overnight Protected Hours).

Proposed Changes to TXSE Rule 11.014(c)(2), (d)(3), and (f)

As noted above, current TXSE Rule 11.014(c)(1)(A) permits clearly erroneous review even during Regular Trading Hours when the transaction in question is in an NMS Stock that is not subject to the LULD Plan, *i.e.,* rights and warrants. Such transactions are reviewed for clearly erroneous status using the procedures set out in TXSE Rule 11.014(c)(2), including the Numerical Guidelines set out in the table accompanying TXSE Rule 11.014(c)(2)(A). The Exchange now proposes to introduce a similar provision regarding transactions in NMS Stocks not subject to the LULD Plan that are executed during the Overnight Protected Hours; such transactions would be subject to the same Numerical Guidelines as transactions occurring in the Pre-Market and Post-Market Sessions.[11]

The heading of TXSE Rule 11.014(c)(2) addresses ''[r]eview of transactions occurring during the Pre-Market Session, Post-Market Session or eligible for review pursuant to paragraph (c)(1)(A).'' The Exchange proposes to replace the phrase ''eligible for review pursuant to paragraph (c)(1)(A)'' (which, in the current rule, means transactions executed during Regular Trading Hours in NMS Stocks not subject to the LULD Plan) with ''during LULD Protected Hours in NMS Stocks not subject to the LULD Plan.'' This proposed language would cover transactions in NMS Stocks not subject to the LULD Plan in Regular Trading Hours and expand the same treatment to transactions executed in NMS Stocks not subject to the LULD Plan during Overnight Protected Hours. As such, the proposed change is not novel.

The Exchange proposes to make the same change everywhere else such language appears in the rule—namely, in the text of paragraphs (c)(2)(A), (c)(2)(B), (c)(2)(C), (c)(2)(D), (d)(3), and (f).[12] In each case, the Exchange proposes to replace the phrase ''transactions occurring during the Pre-Market Session or Post-Market Session or eligible for review pursuant to paragraph (c)(1)(A)'' with ''transactions occurring during the Early or Late Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan.''

The Exchange also proposes to make corresponding changes to the headings of the table accompanying TXSE Rule 11.014(c)(2)(A). The Exchange proposes

[8] *See* TXSE Rule 11.014(c)(1)(A), (B), and (C).

[9] *See* Securities Exchange Act Release No. 95658 (September 1, 2022), 87 FR 55060 at 55063 (September 8, 2022) (SR–CboeBZX–2022–037) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Amend BZX Rule 11.17, Clearly Erroneous Executions).

[10] *See* TXSE Rule 1.005(z). The term ''Regular Trading Hours'' shall mean the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

[11] *See* TXSE Rules 1.005(u) and (v). The term ''Pre-Market Session'' shall mean the time between 8:00 a.m. and 9:30 a.m. Eastern Time. The term ''Post-Market Session'' shall mean the time between 4:00 p.m. and 5:00 p.m. Eastern Time.

[12] TXSE Rule 11.014(c)(2)(A)–(D) specifies general rules for applying clearly erroneous review to transactions where such review is not precluded by paragraph (c)(1). TXSE Rule 11.014(d)(3) specifies conditions where the Exchange may use a revised Reference Price for the purpose of clearly erroneous review in certain transactions where such review is not precluded by paragraph (c)(1). TXSE Rule 11.014(f) specifies that for transactions where clearly erroneous review is not precluded by paragraph (c)(1), an officer may initiate clearly erroneous review on his or her own motion.

to change the heading of the second column from ''Regular Trading Hours Numerical Guidelines for transactions eligible for review pursuant to paragraph (c)(1)(A)'' to ''Numerical Guidelines for Transactions Executed During Regular Trading Hours in NMS Stocks Not Subject to the LULD Plan.'' This change would simply replace the shorthand ''eligible for review pursuant to paragraph (c)(1)(A)'' with the fuller description that such transactions are ''executed during Regular Trading Hours in NMS Stocks not subject to the LULD Plan,'' and is not a substantive change.

Similarly, the Exchange proposes to change the heading of the third column from ''Pre-Market and Post-Market Session Numerical Guidelines'' to ''Numerical Guidelines for Transactions Executed During the Pre-Market and Post-Market Session or During Overnight Protected Hours in NMS Stocks Not Subject to the LULD Plan.'' The proposed change addresses the fact that transactions executed during Overnight Protected Hours in NMS Stocks not subject to the LULD Plan are eligible for clearly erroneous review—just as are transactions in NMS Stocks not subject to the LULD Plan executed during Regular Trading Hours—but at the Numerical Guidelines that apply outside of Regular Trading Hours.

Together, these proposed changes would extend the eligibility of clearly erroneous review for transactions in NMS Stocks not subject to the LULD Plan that is currently in place during Regular Trading Hours to the Overnight Protected Hours, and would apply the Commission's recent approval of Overnight Price Bands to the clearly erroneous executions rule.

Implementation

The Exchange understands that the other national securities exchanges and FINRA will also file similar proposals, the substance of which are identical to this proposal. The Exchange proposes that this rule change would become operative at the commencement of 23/5 Trading, which is scheduled to commence industry-wide on December 6, 2026.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.[13] Specifically, the proposal is consistent with Section 6(b)(5) of the Act[14] because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest.

The Exchange believes that the proposed change is consistent with just and equitable principles of trade because it extends the basic premise of the current rule that clearly erroneous review should be generally unavailable any time a transaction is executed within LULD Price Bands at a time the Price Bands were available and correct. Currently, LULD Price Bands are available only during Regular Trading Hours, meaning that the restrictions on clearly erroneous review described above apply only during Regular Trading Hours. With the introduction of Overnight Price Bands, the Exchange believes that extending such restrictions on clearly erroneous review to the period when Overnight Price Bands are in place would remove impediments to and perfect the mechanism of a free and open market and a national market system by enhancing the transparency and consistency of the rule.

The resulting rule would thus extend the LULD-related limits on clearly erroneous review that are applicable in Regular Trading Hours to the overnight period. The proposed change would also be consistent with the Commission's rationale in approving the current version of the rule because it would limit any potential discordance between the LULD mechanism and CEE review in the overnight trading session, providing greater certainty to market participants that trades executed with the Overnight Price Bands will stand and not be broken.[15]

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the proposal is consistent with Section 6(b)(8) of the Act[16] in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather than impacting competition, the proposed change would simply extend the basic premise of the current rule that clearly erroneous review should be generally unavailable any time a transaction is executed within LULD Price Bands at a time the Price Bands were available and correct. The Exchange understands that the other national securities exchanges and FINRA will also file similar proposals, the substance of which are identical to this proposal. Thus, the proposed rule change will help to ensure consistency across SROs without implicating any competitive issues.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A)[17] of the Act and Rule 19b–4(f)(6)[18] thereunder. Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6) thereunder.[19]

A proposed rule change filed under Rule 19b–4(f)(6)[20] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[21] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay to the extent necessary, so that the proposed rule change may become operative upon effectiveness to enable the proposed rule change to become operative on December 6, 2026, when other exchanges will commence 23/5 Trading. Waiving the 30-day operative delay in this manner will help to ensure consistency across SROs and avoid confusion. For these reasons, and because the proposed rule change raises no new or novel legal or regulatory issues, the Commission finds that waiver of the operative delay is consistent with the protection of

[13] 15 U.S.C. 78f(b).

[14] 15 U.S.C. 78f(b)(5).

[15] *See* 87 FR 55060 at 55063, *supra* note 5.

[16] 15 U.S.C. 78f(b)(8).

[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b–4(f)(6).

[19] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[20] 17 CFR 240.19b–4(f)(6).

[21] 17 CFR 240.19b–4(f)(6)(iii).

investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.[22]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[23] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–TXSE–2026–052 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–TXSE–2026–052. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–TXSE–2026–052 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[24]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23846 Filed 11–23–26; 8:45 am]

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[22] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[23] 15 U.S.C. 78s(b)(2)(B).

[24] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106945; File No. SR–CBOE–2026–024]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, To Allow Stop-Limit Complex Orders and Establish Stop Complex Order Auctions as a New Type of Auction Mechanism

November 19, 2026.

I. Introduction

On March 9, 2026, Cboe Exchange, Inc. (''Exchange'' or ''Cboe'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to provide for stop-limit complex orders as a type of complex order and to adopt the stop limit complex order auction (''SCOA'') as an auction mechanism to facilitate auctions for stop-limit complex orders. The proposed rule change was published for comment in the **Federal Register** on March 26, 2026.[3] The Commission received no comments regarding the proposed rule change. On May 5, 2026, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On June 24, 2026, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act[6] to determine whether to approve or disapprove the proposed rule change.[7] On September 21, 2026, the Commission designated a longer time for Commission action on the proposed rule change.[8] On November 12, 2026, the Exchange filed Amendment No. 1 to the proposed rule change. On November 18, 2026, the Exchange filed Amendment No. 2 to the proposed rule change, which replaces and supersedes the original filing, as modified by Amendment No. 1, in its entirety.[9] The Commission is publishing this notice and order to solicit comment on Amendment No. 2 in Sections II and III below, which sections are being published verbatim as filed by the Exchange, and to approve the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

II. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') proposes to amend certain of its rules regarding complex orders and complex order auctions to accommodate stop-limit complex orders and establish Stop-Limit Complex Order Auctions (''SCOA'') as a new type of auction mechanism. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission's website (*https://www.sec.gov/rules/sro.shtml*), the Exchange's website (*https://www.cboe.com/us/options/regulation/rule_filings/cone/*), and at the principal office of the Exchange.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 105064 (Mar. 23, 2026), 91 FR 14736.

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 105371 (May 5, 2026), 91 FR 25393 (May 8, 2026). The Commission designated June 24, 2026, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

[6] 15 U.S.C. 78s(b)(2)(B).

[7] *See* Securities Exchange Act Release No. 105771 (Jun. 24, 2026), 91 FR 39143 (Jun. 29, 2026).

[8] *See* Securities Exchange Act Release No. 106444 (Sept. 21, 2026), 91 FR 60661 (Sept. 24, 2026).

[9] Amendment No. 2 revises the proposal to: (1) streamline and clarify the text of the proposed rules; (2) amend the definition of Market-Maker SBBO to include stock-option orders; (3) revise the definition of stock-option order to provide that, in classes determined by the Exchange, conforming and non-conforming stock-option orders will not be eligible for SCOA; (4) provide that a SCOA will terminate early upon receipt of a complex order that would post to the Complex Order Book (''COB'') on the same side as the order(s) that initiated the SCOA and at a price better than the limit price of any of the orders in the SCOA; (5) provide additional details regarding the allocation of contra-side complex interest to SCOA orders at the conclusion of a SCOA; (6) provide that complex limit orders comprised of legs in different groups of series in a class that are not designated as related groups, and that designate, or default to, the SBBO/trade price trigger condition, will trigger a SCOA only if a complex trade in the strategy occurs at or better than the stop price; (7) state that SCOA order executions must comply with the execution price requirements in Exchange Rule 5.33(f)(2)(A); and (8) provide additional discussion to support the proposal.

III. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend certain Exchange rules regarding complex orders and complex order auctions to establish stop-limit complex orders as a type of complex order and SCOA as a type of electronic auction mechanism that will facilitate auctions for stop-limit complex orders. Specifically, the Exchange proposes to amend Rule 5.33 to (1) define stop-limit complex orders and SCOA, as well as additional terms needed to support stop-limit complex orders and SCOA, (2) describe SCOA processing as a new type of auction for complex orders, and (3) broaden the existing naming convention for auction communications to include SCOA while also updating certain auction references throughout to include SCOA. Additionally, the Exchange proposes to amend Rule 5.21(b), Rule 5.25(c), and Rule 5.34(b) and (c) to include SCOA in certain references with other types of auctions, thereby applying certain existing safeguards to SCOA. The Exchange also proposes administrative changes to Rule 5.33(a), (b), and (d) to make grammatical corrections.

A ''complex order'' is an order or quote involving the concurrent execution of two or more different series in the same underlying equity security or index (the ''legs'' or ''components'' of the complex order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs.[10] A ''Stop-Limit'' order is an order to buy (sell) that becomes a limit order[11] when the consolidated last sale price (excluding prices from complex order trades if outside the NBBO) or NBB (NBO) for a particular option contract is equal to or above (below) the specified stop price.[12] Currently, the Exchange offers stop-limit functionality for simple orders only. The Exchange proposes to extend this functionality to complex orders, thereby creating stop-limit complex orders for options.

Taking into account the growth of options trading and customer demand for an automated tool to help manage risk exposure for complex orders more efficiently, the Exchange believes that market participants will use stop-limit complex orders to help manage an entire complex order position, rather than manage specific legs of the strategy individually, as they do today. The Exchange understands market participants currently may enter a stop-limit order on the short leg(s) of a complex order while managing the long leg(s) separately. A stop-limit complex order will provide market participants with the ability to manage both long and short legs simultaneously using a single complex order.

To establish stop-limit complex orders, the Exchange proposes to add ''stop-limit complex order'' in Rule 5.33(b) as a new instruction type that the System[13] will accept as a complex order and ''Market-Maker SBBO'' as a new term in Rule 5.33(a). As a new type of complex order, a stop-limit complex order means a complex order to buy or sell, as the case may be, two or more different series in the same underlying equity security or index, which are the ''legs'' or ''components'' of the complex order, for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs. Stop-limit complex orders will become limit orders when certain trigger conditions are met, one of which involves Market-Maker quotes in the individual legs of a complex order. Therefore, the Exchange proposes to adopt the new term ''Market-Maker SBBO'' to mean the best bid and offer for complex orders on the Exchange calculated using only appointed Market-Maker quotes for each option component of a complex strategy. Additionally, the Market-Maker SBBO for a stock-option order means the best bid and offer on the Exchange calculated using only appointed Market-Maker quotes for each option component and the NBBO of the stock component of the strategy.[14] The Exchange believes that the use of the Market-Maker SBBO is preferable to the use of the SBBO because it insulates stop-limit complex orders from inappropriate triggering events that could otherwise be caused by including non-Market-Maker single-leg limit orders in the SBBO. Specifically, using the Market-Maker SBBO will help avoid cascading events where a customer enters a single-leg order with a limit price that is higher than the current best Market-Maker bid. Using the SBBO inclusive of single-leg customer orders could cause resting stop-limit complex orders to trigger on SBBOs that are not reflective of liquidity provider price levels, which could harm stop-limit complex order customers. Further, the execution of the first stop-limit complex order(s) that are inappropriately triggered by inclusion of a non-Market-Maker order into the SBBO may in turn trigger a second investor's stop limit order with a more aggressive stop price, and so on, thereby creating a cascading event of inappropriately-triggered customer stop-limit orders. The Exchange believes that limiting the trigger condition, as described below, to quotes from Market-Makers will be more reflective of the market value and provide a more authentic market valuation to determine if a stop-limit complex order should be triggered.

A stop-limit complex order will become a limit order when either (i) the Market-Maker SBBO or a trade price of a complex strategy for a trade that occurs in the same complex strategy is equal to or higher (lower) than the stop price, or (ii) if designated by the User, a trade price of an underlying security, or the same side bid or ask of the underlying security or the underlying index level, as applicable, is equal to, or higher or lower, as designated by the User, than the designated stop price. In other words, a stop-limit complex order is a conditional order that becomes a limit order when triggered by one of two conditions. Only one of the two possible trigger conditions can be designated for a stop-limit complex order. Stop-limit complex orders are not eligible for execution during any session other than

[10] *See* Rule 1.1.

[11] *See* Rule 1.1, which states that a ''limit order'' is an order to buy or sell a stated number of option contracts at a specified price or better.

[12] *See* Rule 5.6(c).

[13] *See* Rule 1.1, which states that the term ''System'' means the Exchange's hybrid trading platform that integrates electronic and open outcry trading of option contracts on the Exchange, and includes any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub.

[14] The definition of Market-Maker SBBO includes reference to a stock-option order to align with the definition of Synthetic Best Bid and Offer.

RTH and are not eligible for bulk messages or as orders Direct to PAR.[15]

To facilitate order processing for stop-limit complex orders, the Exchange proposes to establish SCOA as a new type of auction mechanism. The Exchange currently offers a variety of auction mechanisms which provide price improvement opportunities for eligible orders but only one type of single-sided auction mechanism for complex orders, Complex Order Auction (''COA'').[16] The Exchange proposes SCOA as a second type of auction mechanism for complex orders, specifically stop-limit complex orders, that is similar to COA. Like COA, SCOA is intended to provide opportunities for price improvement, but it is also designed to maximize execution quantity, particularly given that one event may trigger multiple stop-limit complex orders. SCOA is the only auction mechanism that is available for stop-limit complex orders, and stop-limit complex orders are only eligible for SCOA processing (in other words, all triggered stop-limit complex orders will be processed in a SCOA). Consequently, Rule 5.33(b)(5)(A) is amended to state that a stop-limit complex order is not COA-eligible.

The Exchange notes that SCOA is an electronic auction. In classes determined by the Exchange, a nonconforming stock-option order is not eligible for electronic processing.[17] The Exchange has determined that nonconforming stock-option orders are currently not eligible for electronic processing in any class. Since nonconforming stock-option orders are currently not eligible for electronic processing,[18] SCOA will likewise not be utilized for nonconforming stock-option orders at this time.[19] The Exchange proposes to amend the definition of stock-option order in Rule 5.33(b)(5) to state the Exchange has the authority to determine if nonconforming stock-option orders will be eligible for SCOA on a class basis, and unlike other auction types listed in the definition of stock-option order, that same authority will extend to conforming stock-option orders as well. Rule 5.33(b)(5) currently gives the Exchange the ability to determine by class the ineligibility of nonconforming stock-option orders for the listed auction types.[20] Since the Exchange does not believe there is demand for SCOA for either conforming or nonconforming stock-option orders, the Exchange proposes to amend the definition of stock-option order in Rule 5.33(b)(5) to state that in classes so determined by the Exchange, a conforming or nonconforming stock-option order is not eligible for SCOA. Unlike the authority applicable to the other listed auction types that is limited to nonconforming stock-option orders, this authority will extend to conforming stock-option orders as well as nonconforming stock-option orders and will provide the Exchange with the ability to determine if conforming or nonconforming stock-option orders are ineligible on a class basis for SCOA. Upon launch and because the Exchange does not believe there is currently demand for SCOA for either conforming or nonconforming stock-option orders, the Exchange has determined that neither conforming nor nonconforming stock-option orders will be eligible for SCOA when SCOA launches on the Exchange.[21]

To add SCOA to Rule 5.33 as a new type of auction mechanism for stop-limit complex orders, the Exchange proposes to add the term ''Stop-Limit Complex Order Auction'' or ''SCOA'' as a new definition in Rule 5.33(a) and detail SCOA and SCOA processing in Rule 5.33(d). Rule 5.33(d) currently details COA and COA processing. Since both COA and SCOA are auction mechanisms for complex orders, the Exchange proposes to rename Rule 5.33(d) from ''Complex Order Auctions (COAs)'' to ''Auction Types for Complex Orders'' and relocate all existing COA provisions currently in Rule 5.33(d) to Rule 5.33(d)(1). Additionally, SCOA will utilize the same system functionality for order entry and messaging as COA. Consequently, the existing naming convention found in Rule 5.33 for order entry, including transaction ID, and auction messaging that currently reference COA (*e.g.,* COA messages) is broadened by replacing the existing ''COA'' designation with ''auction'' throughout Rule 5.33. For example, instances of ''COA messages'' throughout Rule 5.33 are replaced with ''auction messages'' so as to apply to both COA and SCOA messages within Rule 5.33. Also, language in existing Rule 5.33(d)(3)—*Response Time Interval* is updated to Rule 5.33(d)(1)(C)—*Response Time Interval for COA* to clarify that occurrences of Response Time Interval in that subparagraph are applicable to COA whereas occurrences of Response Time Interval in new Rule 5.33(d)(2)(D) are applicable to SCOA.

The Exchange proposes to further amend Rule 5.33(d) by adding ''*Stop-Limit Complex Order Auction (SCOAs)*'' as the second type of auction mechanism for complex orders, specifically (and solely) for stop-limit complex orders, as new subparagraph (d)(2). New Rule 5.33(d)(2)(A) establishes that a SCOA is triggered when the trigger condition designated for a stop-limit complex order has been met. There are two possible trigger conditions for a stop-limit complex order: the SBBO/trade price trigger condition and the underlying price trigger condition. However, only one of the two possible types of trigger conditions may apply to a stop-limit complex order, and the trigger condition type is determined when a stop-limit complex order is submitted by the User.[22] If no trigger condition type is designated when a stop-limit complex order is submitted, the default trigger condition will be applied, as described below.

For a stop-limit complex order with the SBBO/trade price trigger condition, the trigger condition is met when either (i) the same side Market-Maker SBBO is equal to or higher (lower) than the stop-limit price, or (ii) a complex trade occurs at a trade price equal to or higher (lower) than the stop-limit price. The SBBO/trade price trigger condition will be the trigger condition for a SCOA if the SBBO/trade price trigger condition is designated as such when an order is submitted or if no trigger condition is designated at the time of order submission since the SBBO/trade price trigger condition functions as the default trigger condition. Stop-limit complex orders comprised of legs in different groups of series in a class that designate the SBBO/trade price trigger condition will only trigger a SCOA if a trade occurs at or better than the stop price. The Exchange may determine to list SPX or VIX on a group basis [23] and may establish system trading parameters

[15] *See* Rule 5.6(b), which defines a ''Direct to PAR'' order as an order a User designates to be routed directly to a specified PAR workstation for manual handling. A PAR workstation is an Exchange-provided order management tool for use on the Exchange's trading floor.

[16] *See* Rule 5.33.

[17] *See* Rule 5.33(b)(5), which describes stock-option order.

[18] *See id.*

[19] If the Exchange subsequently determines to make nonconforming stock-option orders of certain classes eligible for electronic processing, the Exchange will announce such functionality through the publication of an Exchange notice.

[20] COA, C–AIM, and C–SAM are auction types that are eligible for conforming stock-option orders.

[21] If the Exchange subsequently determines to make conforming or nonconforming stock-option orders of certain classes eligible for electronic processing for SCOA, the Exchange will announce such functionality through the publication of an Exchange notice.

[22] *See* Rule 1.1, which states that the term ''User'' means any TPH or Sponsored User who is authorized to obtain access to the System pursuant to Rule 5.5.

[23] *See* Rule 4.13(f).

on a class-by-class basis for SPX or VIX on a group basis,[24] and consequently proposed Rule 5.33(d)(2)(A)(i) provides the manner in which a stop-limit complex order with legs in different groups of series in a class (as permitted by Rule 4.13(f)) and which are not designated as related groups [25] processed on the same matching engine at the Exchange will trigger under the SBBO/trade price trigger condition. As an example, for stop-limit complex orders with both SPX (or SPXO) and SPXW leg components that have the SBBO/Trade Price trigger condition, the SCOA will only trigger if a trade in the strategy occurs at or better than the stop price. In contrast, stop-limit complex orders with both SPX and SPXO leg components do not have this same limitation since SPX and SPXO are on the same matching engine and therefore may leg into the Simple Book. Likewise, stop-limit complex orders with only SPXW leg components will process on the same matching engine and may leg into the Simple Book.

For a stop-limit complex order with an underlying price designated as the trigger condition, the order (whether to buy or sell) must be submitted with instructions that designate the price threshold of the underlying security or index as either (i) at or above the underlying price or index level or (ii) at or below the underlying price or index level. If the underlying security is an equity, the SCOA is triggered when the same side bid (ask) of the underlying security is equal to or higher (lower) than the designated stop-limit price or if a last-sale eligible trade price is equal to or higher (lower) than the stop-limit price. If the underlying security is an index, the SCOA is triggered when the underlying index level is equal to or higher (lower) than the designated threshold price. The price threshold must be designated at a price that is higher (lower) than the current value of the underlying security.

Once the trigger condition designated for a stop-limit complex order is met, a SCOA will be initiated, and the System will send an auction message to all subscribers that receive auction messages. An auction message will identify the auction ID, instrument ID, quantity, and side of the market of the stop-limit complex order. If a single stop-limit complex order is triggered, the SCOA starting auction price will be the less aggressive of the order's limit price or the opposite side SBBO. In addition to addressing a single stop-limit complex order, SCOA is an auction mechanism designed to effectively manage order handling in the event that multiple stop-limit complex orders with the same trigger event are elected simultaneously, which has been observed for simple stop and stop-limit orders. If multiple stop-limit complex orders in the same complex instrument are triggered by the same trigger event, such orders are bundled into the same SCOA, as stated in new Rule 5.33(d)(2)(B). For multiple stop-limit complex orders in the same SCOA with the same trigger event, the SCOA starting auction price will be the less aggressive of either the most aggressive limit price of the orders in the SCOA or the opposite side SBBO.

If multiple stop-limit complex orders are received for the same complex strategy but with different trigger conditions, such orders will not be bundled into the same SCOA. Instead, multiple stop-limit complex orders in the same complex strategy but with different trigger events will be processed as separate SCOAs. SCOAs may process concurrently, and the System may initiate a SCOA in a complex strategy even though another SCOA in that complex strategy is ongoing.

Proposed Rule 5.33(d)(2)(D) defines ''Response Time Interval'' for SCOA as the period of time during which Users may submit responses to the auction message. The Exchange will establish the Response Time Intervals for SCOA on a class-by-class basis, and as provided in new Rule 5.33(d)(2)(D), the duration of the response time interval may not exceed 1000 milliseconds, which is the same as the maximum duration of the response time interval for COA. Auction Responses to SCOA will be substantially similar to Auction Responses to COA, and consequently, the process of submitting Auction Responses for SCOA in Rule 5.33(b)(2)(E) is substantially similar to the process of submitting Auction Responses for COA in Rule 5.33(b)(1)(D). As is the case for COA, the Exchange will determine on a class-by-class basis if all Users are eligible to submit Auction Response(s) or if only Market-Makers with an appointment in the class and TPHs acting as agent for orders resting at the top of the COB [26] in the relevant complex strategy may submit Auction Response(s). An Auction Response must specify the price, size, side of the market, and auction ID for the SCOA that the Auction Response is in response to. Auction Response(s) with a permissible Capacity in the applicable minimum increment during the Response Time Interval will be accepted by the System. Auction Responses may be for a quantity that is more than the SCOA order. The System will aggregate the size of Auction Responses submitted at the same price for an EFID [27] and cap the size of the aggregated Auction Responses at the size of the SCOA order. During the Response Time Interval, Auction Responses are not firm and can be modified or withdrawn at any time prior to the end of the Response Time Interval. However, any modified Auction Response will be given a new timestamp by the System, resulting in a loss of priority unless the modification was to decrease the size in the Auction Response. At the end of the Response Time Interval, Auction Responses are firm, and their price and size are guaranteed. Auction Responses are not displayed and may only execute against the SCOA order for which an Auction Response is submitted. The System will cancel any unexecuted Auction Responses or unexecuted portions at the conclusion of the SCOA. In certain circumstances, the System will terminate a SCOA prior to the end of the Response Time Interval.

The System will terminate a SCOA if one of three circumstances is met. First, pursuant to proposed Rule 5.33(d)(2)(D)(i), a SCOA will be terminated early upon receipt of a complex order that would post to the Complex Book on the same side as the order that initiated the SCOA and at a price better than the limit price of any of the orders in the SCOA. This is similar to existing Rule 5.33(d)(1)(C)(i), pursuant to which a COA terminates early when the System receives a non-COA-eligible order on the same side as the COA-eligible order that initiated the COA but with a price better than the COA price. Terminating the SCOA in this circumstance prevents the SCOA

[24] *See* Rule 1.5(c).

[25] *See* Securities Exchange Act Release No. 34–106696 (October 19, 2026), 91 FR 66744 (October 22, 2026) (SR–CBOE–2026–081). Rule 5.33(g)(6), which previously prohibited all complex orders with legs in different groups of SPX or VIX series from legging into the Simple Book and thereby preventing SPX/SPXW complex orders from legging because those series reside on different matching engines, was amended to add a related group framework to accommodate the listing of SPXO options as part of the SPX class. Because SPXO options will be on the same matching engine as SPX options, Exchange technology will permit SPX/SPXO complex orders to leg, although complex orders that include an SPXW leg with an SPX or SPXO leg will still be unable to do so. The related group framework in Rule 5.33(g)(6) allows complex orders with legs in different groups designated by the Exchange as related groups to leg into the Simple Book, in addition to being posted to the COB.

[26] *See* Rule 5.33(a), which defines ''Complex Order Book'' or ''COB'' as the Exchange's electronic book of complex orders used for all trading sessions.

[27] *See* Rule 1.1, which states that the term ''EFID'' means an Executing Firm ID.

order(s) from executing ahead of a newly received complex order resting in the Complex Book at a better price than the limit price of any of the orders in the SCOA. Second, similar to COA,[28] a SCOA may be terminated pursuant to proposed Rule 5.33(d)(2)(D)(ii) if orders are received in a leg of the stop-limit complex order that would improve the SBBO on the same side as the SCOA order to a price better than the least aggressively priced order(s) in the SCOA bundle. If the SCOA is terminated in this manner, SCOA orders may be filled against the best auction responses and resting orders to maximize volume executed before posting orders to the COB, if eligible. Third, pursuant to proposed Rule 5.33(d)(2)(D)(iii), a SCOA may also be terminated early if a Priority Customer simple order that would join or improve the SBBO on the same side as the SCOA order(s) to a price equal to the limit price of any of the orders in the SCOA and cause any component of the SBBO to be represented by a Priority Customer. In other words, SCOA may be terminated early if a Priority Customer is received in a leg of the stop-limit complex order(s) that would join the SBBO on the same side as the SCOA order(s) and cause the SBBO on the same side as the SCOA order(s) to equal the limit price of any of the orders in the SCOA.[29] Regardless of which of the three circumstances results in early termination of a SCOA, the SCOA order(s) will be filled to the extent permitted before entry into the COB, if eligible. In any case of early termination, the SCOA will be terminated by the System and any unexecuted orders resulting from the termination will be entered into the COB, if eligible, in accordance with new Rule 5.33(d)(2)(E)(iii).

Since other orders received in a leg of the complex order may result in early termination of a SCOA as described above, the Exchange recognizes it is possible that market activity may be used to interfere with SCOA processing in a way that is contrary to just and equitable principles of trade in the markets. Consequently, the Exchange proposes to amend Interpretations and Policies .03 to Rule 5.33 to include SCOA so that if the Exchange identifies a pattern or practice of order submissions by a TPH that results in early termination of a SCOA(s) because such orders cause one of the conditions for early SCOA termination to be met, the actions of the TPH will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1, as is currently the case for COA.

New Rule 5.33(d)(2)(F) establishes the processing of SCOA orders. Once the Response Time Interval has ended, the System will execute a SCOA order, in whole or in part, against complex contra-side interest by using a two-phase allocation algorithm that will allocate Auction Responses and unrelated orders resting in the COB to maximize executed volume. The Exchange believes that SCOA will most often be utilized by market participants to exit existing positions based on market conditions, by executing transactions for their desired quantities once designated price thresholds have been passed. For this reason, SCOA is designed to maximize executable volume as the primary goal of the auction. The first phase of the allocation algorithm (''SCOA Phase 1'') will allocate Auction Responses to SCOA orders by matching the least to most aggressively priced SCOA orders to the contra-side interest, filling the best-priced orders last in an attempt to maximize execution quantity. The Exchange believes that this initial phase of the SCOA process is appropriate because SCOA is designed to be utilized by market participants who prioritize fulfillment of their desired execution quantity above the price of a transaction once the designated price threshold set by the investor has been passed. SCOA is intended to be an auction mechanism that gives investors the ability to give greater priority to the execution quantity once a certain condition is met, through an automated process because these types of orders are generally used to mitigate risk, typically by selling existing positions once a specific market price or value has been reached. After SCOA Phase 1 has completed, the second phase of the SCOA allocation algorithm (''SCOA Phase 2'') will commence and redistribute Auction Responses matched to orders during SCOA Phase 1 processing by using the standard Price-Time allocation algorithm from Rule 5.32(a)(1)(A), which provides that resting orders and quotes on the Book with the highest bid and lowest offer have priority and if there are two or more resting orders or quotes at the same price, the System prioritizes them at the same price in the order in which the System received them. This two-phase SCOA allocation algorithm is designed to maximize execution quantity while also optimizing price-improvement opportunity (if possible) for stop-limit complex order customers and ensuring that more aggressively priced orders will be filled. The Exchange notes that SCOA does not allow legging because the SCOA allocation algorithm considers all available complex order liquidity (*i.e.,* SCOA auction responses and interest on the complex order book) and has multiple rounds. The complexity is compounded if legging is included and is further compounded if any of the legging events trip risk control limits for the single-leg book participants (particularly for Market-Makers who rely heavily on risk controls).

The Exchange notes that if auction responses are received in excess of the total quantity of the SCOA order(s), after maximizing executed volume and optimizing price-improvement opportunity, remaining auction responses will be allocated using price-time priority. The Exchange also notes that if the SCOA order(s) are not filled in the auction process, including all price iterations, then they will be added to the COB in sequence and individually eligible for legging at that point (as they are ultimately just complex limit orders at that point). If there are any unfilled order(s) in a SCOA after allocating Auction Responses and unrelated orders resting in the COB, the System will use an iteration process to attempt to fill the remaining orders of the initial SCOA. Upon completion of the initial SCOA, unfilled order(s) will iterate through additional SCOAs at incrementally more aggressive starting prices, determined as the least aggressive of (a) the previous auction price plus the Exchange default complex drill-through increment, (b) the most aggressive limit price of the complex orders in the SCOA, or (c) the current opposite side SBBO. The iteration process will continue until all orders are filled, the most aggressive limit price of the complex orders in the SCOA has been reached, or the current opposite side SBBO has been used as the auction start price. The System enters any unexecuted portion of a SCOA order that does not execute at the end of the SCOA iterations into the COB, if eligible for entry, and applies a timestamp based on the time it enters the COB. The System cancels any unexecuted portion of a SCOA order that does not execute at the end of the SCOA iterations if not eligible for entry into the COB, in accordance with the instructions for the stop-limit complex order.

The Exchange proposes additional amendments to Rule 5.33 to apply certain existing provisions of the rule to

[28] *See* existing Rule 5.33(d)(3).

[29] *See* Rule 1.1, which states that the term ''Priority Customer'' means a person or entity that is a Public Customer and is not a Professional.

SCOA or add SCOA as an auction mechanism applicable to existing rule provisions. Specifically, the definition of ''Regular Trading'' in Rule 5.33(a) is amended to add SCOA to the existing COA reference, thereby excluding complex orders processed through COA or SCOA from the definition of regular trading since complex orders processed during the COA or SCOA process are not part of regular trading of complex orders. Since the Exchange intends to treat SCOA in a similar manner as COA regarding the Exchange's determination of terms and Capacities,[30] the Exchange also proposes to amend Rule 5.33(b) to allow the Exchange to determine which Capacities are eligible for SCOA and which order types are eligible for SCOA. Specifically, the Exchange proposes to add SCOA to references of COA in Rule 5.33(b)(2) to permit the Exchange to determine Capacities for SCOA and to clarify that complex orders submitted to the Exchange with Capacities not eligible for SCOA will route to PAR for manual handling or cancellation.[31] As previously discussed, the instruction type of Stock-Option Order as provided in Rule 5.33(b)(5) is amended to state that, like COA and other auction mechanisms, a nonconforming stock-option order is not eligible for SCOA processing, and Stock-Option Order is also amended to clarify that the Exchange may determine SCOA eligibility for stock-option orders on a class basis. Additionally, SCOA is added to COA references in Rule 5.33(k) so that a SCOA will end if any component or underlying security of a SCOA order is halted.

The Exchange also proposes to apply certain provisions in Rules 5.21, 5.25, and 5.34 to SCOA as well as COA regarding complex order handling, message traffic mitigation, and protection mechanisms and risk controls for complex orders because these system functionalities will be applied to SCOA in the same manner as COA. Specifically, the Exchange proposes to amend Rule 5.21(b)(3) by modifying language limiting the reference to response auctions for complex orders to COA by including SCOA in that provision, thereby stating that Rule 5.33 should be referenced for a description of how COA and SCOA responses will operate during a limit up-limit down state. The proposed amendment to Rule 5.25(c) adds SCOA to the list of the Exchange's auction mechanisms, thereby applying the message traffic mitigation requirements for auction response processing to SCOA. The Exchange also proposes to amend Rule 5.34(b) and (c) to include SCOA with existing references to COA to extend existing order and quote price protection mechanisms and risk controls for complex orders that currently apply to COA to SCOA auction responses and complex order drill-through processing. The Exchange proposes to amend Rules 5.34(b)(3) and 5.34(b)(5)(C) to apply debit/credit price reasonability checks and price range reasonability checks, respectively, to SCOA responses. For Order and Quote Price Protection Mechanisms and Risk Controls, the Exchange also proposes to amend Rule 5.34(b)(6) to apply drill-through protection to SCOA so that a SCOA may be initiated at drill through prices. Furthermore, the Exchange proposes to add SCOA to the risk monitor mechanism in Rule 5.34(c)(4). Specifically, the Exchange proposes to amend Rule 5.34(c)(4)(B)(i) to allow a User to specify whether volume or executions in SCOA, in addition to existing auction mechanisms named in the rule, will count toward theUser's class, EFID, or EFID Group limit. Option volume resulting from SCOA processing may be excluded from certain risk monitor mechanism risk parameters when so designated by a User, namely the volume parameter in Rule 5.34(c)(4)(A)(i) and the count parameter in Rule 5.34(c)(4)(A)(iii). Additionally, under proposed Rule 5.34(c)(4)(F), SCOA responses are named as a type of complex order within the rule so that individual trades executed as part of a complex order response may be counted when determining that the volume, notional, count, or risk trips limit as well as percentage limit have been reached. Use of this functionality is optional, and a User may continue to include executions resulting from these exchange auctions in their risk parameters.

The Exchange also proposes to make grammatical corrections to (1) update existing Rule 5.33(d)(4), which will be renumbered as 5.33(d)(1)(D), by changing ''appointed'' to ''appointment'' when referencing the appointment of a Market-Maker, and (2) remove the second comma from the second sentence under Stock-Option Order in Rule 5.33(b)(5).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the ''Act'') and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[32] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[33] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[34] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed change would remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors and the public interest by making available to investors a type of complex order that incorporates the functionality of a stop-limit order. A stop-limit complex order can effectively be used by a market participant to replace manual monitoring and management a market participant must currently engage in to gain the benefits of stop-limit functionality. As stated previously, the Exchange believes that stop-limit complex orders will generally be utilized by market participants to close existing positions when specific market conditions have been met. Because such situations may arise quickly, stop-limit complex orders provide market participants with an automated way to place the closing order without the manual monitoring that is currently needed, thereby helping to ensure that an order may execute in a timely manner once the desired threshold has been met. Market participants may choose to execute a transaction once certain market conditions are met as a way to help manage and reduce the risk of extreme loss. Stop-limit complex orders provide investors an execution and risk management tool to execute transactions without manually monitoring for certain market conditions (such as when the

[30] *See* Rule 1.1, which states that ''Capacity'' means the capacity in which a User submits an order, such as an order for the account of a Market-Maker or Public Customer.

[31] Exchange determinations regarding Capacities pursuant to Rule 5.33(b)(2) are made separately for COA, SCOA, or for entry into the COB, and a determination for one of these types of order processing is not applied to the other two.

[32] 15 U.S.C. 78f(b).

[33] 15 U.S.C. 78f(b)(5).

[34] *Id.*

underlying security of a complex instrument is above or below a specific value as determined by the investor, or the price of the complex instrument is above or below a specific value as determined by the investor) and executing transactions when such market conditions are met, as is done today. The introduction of a stop-limit complex order gives market participants who wish to utilize this order type an automated way of monitoring for conditions in which they desire an execution to occur, thereby creating operational efficiencies for the market. The Exchange believes the proposed rules are appropriate in that complex orders are recognized by market participants as useful, both as an investment and a risk management strategy, and adding stop-limit order functionality to complex orders provides even greater utility. The proposed rules will provide an efficient mechanism for carrying out investor strategies.

The Exchange also believes auctioning triggered stop-limit complex orders through a SCOA will provide those orders with additional opportunities for price improvement and executions, particularly given that multiple stop-limit complex orders may be triggered by the same event. SCOA is necessary as a new auction mechanism to accommodate stop-limit complex order auctions because SCOA functionality that bundles multiple orders is unique to the SCOA auction mechanism. The Exchange believes that when multiple stop-limit complex orders are triggered by the same event, bundling into a single SCOA will have better execution outcomes than processing multiple individual orders in separate auctions, as a single auction message will be most efficient for those receiving and responding to the auction message, rather than having to process multiple messages in a very small time interval. Further, the SCOA allocation method is unique and designed to maximize the number of contracts executed, which is important because stop-limit orders are intended specifically to mitigate risk upon the occurrence of a triggering market condition and provide benefit only if executed upon observation of the triggering event. A stop-limit order that is triggered and does not receive an execution may leave the customer with an open position that was intended to be closed upon a triggering event. Thus, maximizing the number of contracts executed at the conclusion of a SCOA is of high importance. Pursuant to the proposed trigger process, the System will initiate the SCOA process for all stop-limit complex orders once designated conditions are met. Through the SCOA process, the Exchange intends to allocate resting interest and auction responses against auctioned stop-limit orders to maximize executed volume, thereby filling stop-limit complex orders to the extent possible based on the auction responses received for the SCOA and resting interest in the COB. The Exchange believes this allocation method will benefit investors because it will result in execution of as many contracts of the auctioned order(s) as possible. The Exchange believes that the proposal to initiate a SCOA once the designated trigger condition for a stop-limit complex order has been met removes impediments to, and perfects the mechanisms of, a free and open market and a national market system and, in general, protects investors and the public interest because the Exchange will initiate a SCOA for a stop-limit complex order in accordance with the User's instructions. Additionally, through the SCOA functionality that bundles multiple stop-limit complex orders with the same trigger condition into the same SCOA, SCOA processing will pursue price improvement through its allocation algorithm that is designed to maximize execution quantity while optimizing price-improvement opportunities for customers. The proposed execution of SCOA orders following the conclusion of a SCOA is consistent with general principles of customer priority and protects the leg markets. While SCOA orders may execute against complex contra-side interest only, the prices of these executions must improve the SBBO if there is a Priority Customer representing any leg on the Simple Book as required by Rule 5.33(f)(2)(A)(iv). SCOA order execution must comply with all requirements for execution prices in Rule 5.33(f)(2)(A). The proposed stop-limit complex order rules also promote equal access by providing recipients of the Exchange's data feeds that include auction notifications with the opportunity to interact with orders in a SCOA. The proposed rule also provides for early termination of a SCOA. The Exchange believes the early termination of a SCOA is appropriate to ensure that orders do not execute when certain conditions occur, and such conditions are generally consistent with existing COA early-termination functionality.

The Exchange again notes that the communication functionality for SCOA is the same as the existing functionality for COA, providing Users with the ability to place a stop-limit complex order if they so choose. When utilizing a stop-limit complex order, Users also have the choice to select the trigger condition for the order and must designate a limit price. Market participants who wish to place a stop-limit complex order have the flexibility to choose one of two types of trigger conditions which, if met, would execute the stop-limit complex order for SCOA processing. The trigger conditions rely on certain option or underlying prices, or index levels. The Exchange believes it is appropriate to use the Market-Maker SBBO for one of the trigger conditions because it will help insulate a stop-limit complex order from being triggered by an inappropriate trigger event (such as one or more customer orders placed at an extreme price) that could otherwise be caused by including non-Market-Maker limit orders into the SBBO. Use of the Market-Maker SBBO as a triggering condition is intended to help avoid cascading triggering events that could result from customer stop-limit complex orders with limit prices that are not necessarily reflective of market valuation. Use of the Market-Maker SBBO will help support greater market stability and execution and provides certain protections to market participants who wish to utilize stop-limit complex orders. The Exchange believes the proposed changes to add stop-limit complex orders and SCOA are not unfairly discriminatory, as the abilities to place a stop-limit order and respond to a SCOA auction message are generally available to all Users. The proposed rule change provides the Exchange with the authority to determine if all Users or only Market-Makers and certain TPHs may respond to auction messages in alignment with Exchange authority for responses to auction messages for COA,[35] and the Exchange believes it is appropriate to limit responses to Market-Makers and certain TPHs if it is necessary to incentivize those Market-Makers or TPHs to provide liquidity and further encourage competition. If the Exchange were to limit responses to only Market-Makers and designated TPHs, the Exchange would do so to encourage more competitive responses because such responses will have a greater likelihood of fulfillment in larger quantities when such responses are at more competitive prices.

Additionally, regarding risk controls and price protection mechanisms, the Exchange believes the proposed change would remove impediments to and perfect the mechanism of a free and open market and a national market

[35] *See* Rule 5.33(d)(1)(D).

system, and protect investors and the public interest by providing market participants with enhanced abilities to manage their risk with respect to stop-limit complex orders on the Exchange. The Exchange believes that the proposed rule change will protect investors and the public interest because the proposed extension of reasonability checks and the inclusion of SCOA processing with drill-through protection as a risk monitoring mechanism will assist Users in minimizing their risk exposure, thereby reducing the potential for disruptive, market-wide events. The Exchange also notes that the proposed amendment to Rule 5.33(k) to cancel or reject all auction responses to a SCOA in the event that any component or underlying to a stop-limit complex order is halted provides an additional layer of protection to market participants by eliminating SCOA processing when trading in underlying securities is not available. Since the proper functioning of the options market relies on the current price or value of an option's underlying security or index for option pricing calculations, the Exchange believes it is generally appropriate to halt options trading, including orders that would utilize SCOA processing, when the underlying price or value has been halted. SCOA will function in the same manner as COA with respect to these protection and risk mechanisms, as well as trading halts, and the proposed amendments are consistent with Cboe Rules as applicable to COA.

Proposed amendments to Rules 5.34(b) and (c) specifically include SCOA with safeguards that exist for COA. The Exchange believes the proposed change to include SCOA in the auction mechanism types that allow Users to specify whethervolume orexecutions in the various named auction mechanisms will count toward the User's class, EFID, or EFID Group limitis reasonable because orders executed through these auction mechanisms are subject to different protections, such as price improvement requirements, as compared to other order types. As a result, these orders have different risk considerations. The Exchange notes that this functionality is optional, and Users may continue to include executions resulting from these exchange auctions in their risk parameters (as is the case today) if they prefer. Additionally, the Exchange believes the proposed changes are not unfairly discriminatory, as the risk controls and protection mechanisms that will be applied to SCOA are currently available for other auction types. Additionally, the risk controls and protection mechanisms are available to all Users and applied uniformly to all Users who may choose to utilize enhanced risk parameter settings.

Last, the Exchange believes correcting grammatical errors by (1) replacing ''appointed'' with ''appointment'' in Rule 5.33(d)(1)(D) and (2) removing an unnecessary comma from Stock-Option Order in Rule 5.33(b)(5) will eliminate confusion in these provisions.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is intended to provide market participants with new voluntary functionality to automate a manual monitoring process to determine when to execute an order in the event that a specific condition has been met. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because stop-limit complex orders will be available to all Users and processed in the same manner. A stop-limit complex order is a type of complex order that is intended to achieve the execution of a complex order that Users can achieve today through manual monitoring and order submissions. Stop-limit complex orders offer market participants an automated alternative to this manual process. The proposed rule change provides all Users with the ability to submit a stop-limit complex order, which will be processed through SCOA once the trigger condition for the order has been met. Use of a stop-limit complex order (as well as the trigger condition) will be voluntary and within the discretion of a User, and a User may continue to manage complex orders to achieve an execution of a complex order under certain conditions in the same manner they do today. Additionally, SCOA messaging for an order will be sent to all Users who are recipients of auction messaging data, and all eligible Users generally may submit responses to the auction if they so choose. Furthermore, the Exchange does not believe that the proposed rule will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the proposed changes apply existing risk controls, which are available to all Members, to SCOA in the same way such controls currently apply to COA.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposed rule changes apply only to a permissible User order instruction regarding how the Exchange will handle and then execute an order. Stop-limit complex orders extend functionality that is available today on the Exchange in stop-limit orders for simple orders to complex orders, and SCOA will utilize certain COA functionality that is currently used on the Exchange. There is no burden on intermarket competition because other exchanges may pursue their own version of a SCOA. The extension of existing functionality to SCOA also includes risk controls, and the Exchange believes that the proposed changes with respect to its Risk Monitor Mechanism will help promote fair and orderly markets by applying existing controls that help prevent erroneous executions, such as buy strategy parameters that may cancel or reject an order executed outside of an acceptable price range. Additionally, to the extent that the proposed changes may make the Exchange a more attractive trading venue for market participants on other exchanges, such market participants may elect to become Exchange market participants.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received written comments on the proposed rule change.

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[36] In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Act,[37] which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the

[36] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[37] 15 U.S.C. 78f(b)(5).

mechanism of a free and open market, and, in general, to protect investors and the public interest; and not be designed to regulate by virtue of any authority conferred by the Act matters not related to the purposes of the Act or the administration of the exchange.

As discussed above, the proposal will establish a new order type, stop-limit complex orders, and a new electronic auction mechanism, the SCOA, that is designed to facilitate the execution of stop-limit complex orders.[38] Stop-limit complex orders could help market participants manage risk by allowing them to close an existing position upon the occurrence of a specific triggering event without monitoring the market to determine whether the trigger condition has occurred. In addition, stop-limit complex orders may help market participants manage their complex order exposure more efficiently by allowing them to transact the long and short leg(s) of a complex strategy simultaneously using a single stop-limit complex order, rather than managing the component legs of the complex strategy individually.[39]

All triggered stop-limit complex orders will be processed in a SCOA.[40] Multiple stop-limit complex orders in the same complex strategy that are triggered by the same event will be processed in the same SCOA, which should enable efficient processing of SCOA orders.[41] Multiple stop-limit complex orders in the same complex strategy but with different trigger events will be processed as separate SCOAs.[42] The process in proposed Exchange Rule 5.33(d)(2)(A) for soliciting responses to a SCOA will be the same as the existing process for soliciting responses to a COA, with auction messages sent to all subscribers to the Exchange's data feeds that deliver auction messages.[43] In addition, consistent with the COA process, the Exchange proposes to permit multiple SCOAs in the same complex strategy to be processed concurrently.[44]

The process for submitting Auction Responses to the proposed SCOA is substantively identical to the process for submitting Auction Responses to the COA.[45] Consistent with the COA auction process, the Exchange will determine on a class-by-class basis whether (1) all Users or (2) Market-Makers with an appointment in the class and Trading Permit Holders (''TPHs'') acting as agent for orders resting at the top of the COB in the relevant complex strategy may submit responses to the SCOA during the Response Time Interval.[46] The Response Time Interval for the SCOA, which the Exchange may determine on a class-by-class basis, and which may not exceed 1,000 milliseconds, is the same as the Response Time Interval for the COA.[47]

At the conclusion of the SCOA Response Time Interval, SCOA order(s) will be executed, in whole or in part, against Auction Responses and unrelated orders resting in the COB according to an algorithm that maximizes executed volume.[48] The first phase of the allocation algorithm will allocate Auction Responses and unrelated orders on the COB to SCOA orders by matching the least to most aggressively priced SCOA orders to contra-side interest, filling the best-priced orders last in an attempt to maximize execution quantity.[49] Maximizing the volume of contracts executed will protect investors and the public interest because such an allocation is consistent with the objectives of market participants that will use stop-limit complex orders to manage and reduce the risk of loss by closing existing positions. According to the Exchange, these market participants prioritize fulfillment of their orders over the execution price of the transaction.[50] The second phase of the SCOA allocation algorithm will use the Price-Time allocation algorithm in Exchange Rule 5.32(a)(1)(A) to redistribute Auction Responses and orders on the COB that were matched to SCOA orders during first phase of SCOA processing.[51] The Exchange states that the two-phase SCOA allocation algorithm is designed to maximize execution quantity while also providing price-improvement opportunities, if possible, for stop-limit complex order customers and ensuring that more aggressively priced orders are filled.[52] If SCOA Auction Responses exceed the total quantity of the SCOA order(s), after maximizing executed volume and optimizing price-improvement opportunities, the remaining SCOA Auction Responses will be allocated using price time priority.[53]

Upon completion of the initial SCOA, unfilled order(s) will iterate through additional SCOAs at incrementally more

[38] *See* Amendment No. 2 at 8. In classes determined by the Exchange, conforming and non-conforming stock-option orders will not be eligible for SCOA. *See* proposed Exchange Rule 5.33(b) (definition of stock-option order). Because the Exchange does not believe there is demand for SCOA for either conforming or nonconforming stock-option orders, the Exchange has determined that neither conforming nor nonconforming stock-option orders will be eligible for SCOA. The Exchange will announce any changes to this determination through an Exchange notice. *See* Amendment No. 2 at 9.

[39] *See* Amendment No. 2 at 5.

[40] *See* Amendment No. 2 at 8. *See also* proposed Exchange Rule 5.33(b)(5)(A) (definition of COA-Eligible and Do-Not-COA) (stating that a stop-limit complex order is not COA-eligible).

[41] *See* proposed Exchange Rule 5.33(d)(2)(A).

[42] *See* proposed Exchange Rule 5.33(d)(2)(C).

[43] *See* Exchange Rule 5.33(d)(1) (renumbered as Exchange Rule 5.33(d)(1)(A)). For both the SCOA and the COA, the auction message will identify the auction ID, instrument ID (*i.e.,* the complex strategy), quantity, and the side of the market of the order being auctioned. The auction message also may include the Capacity and/or the price of the order, which is (1) the limit order price, (2) the SBO (SBB) (if initiated by a buy (sell) market complex order), or (3) the drill-through price if the order is subject to the drill-through protection in Rule 5.34(b). *See* proposed Exchange Rule 5.33(d)(2)(A) and Exchange Rule 5.33(d)(1) (renumbered as 5.33(d)(1)(A)). If a single stop-limit complex order is triggered, the SCOA starting auction price will be the less aggressive of the order's limit price or the opposite side SBBO. For multiple stop-limit complex orders in the same SCOA with the same trigger event, the SCOA starting auction price will be the less aggressive of either the most aggressive limit price of the orders in the SCOA or the opposite side SBBO. *See* Amendment No. 2 at 12–13.

[44] *See* proposed Exchange Rule 5.33(d)(2)(C) and Exchange Rule 5.33(d)(2) (renumbered as Exchange Rule 5.33(d)(1)(B)).

[45] For the proposed SCOA and the COA, Auction Responses must specify the price, size, side of the market, and auction ID; Auction Responses may be larger than the auctioned order; the System will aggregate the size of Auction Responses submitted at the same price for an EFID and cap the size of the aggregated Auction Responses at the size of the order being auctioned; Auction Responses are not firm during the Response Time Interval, although the System will apply a new timestamp to nay modified Auction Response (unless the modification was to decrease its size), resulting in a loss of priority; Auction Responses are firm (*i.e.,* guaranteed at their price and size) at the end of the Response Time Interval; the Exchange will not display Auction Responses; Auction Responses may execute only against the SCOA or COA order being auctioned; and the System will cancel any unexecuted Auction Responses (or unexecuted portions) at the conclusion of the SCOA or COA auction. *See* proposed Exchange Rule 5.33(d)(2)(E) and Exchange Rule 5.33(d)(4) (renumbered as Exchange Rule 5.33(d)(1)(D).

[46] *See* proposed Exchange Rule 5.33(d)(2)(B) and Exchange Rule 5.33(d)(3) (renumbered as Exchange Rule 5.33(d)(1)(C)). The Exchange states that if it limits responses to Market Makers and certain TPHs, it would do so to incentivize them to provide liquidity and further encourage competition. *See* Amendment No. 2 at 26.

[47] *See* proposed Exchange Rule 5.33(d)(2)(D) and Exchange Rule 5.33(d)(3) (renumbered as Exchange Rule 5.33(d)(1)(C).

[48] Although stop-limit complex orders executed in the SCOA will execute only against other complex orders on the COB or submitted as Auction Responses during the SCOA auction process, SCOA order(s) that are not executed during the SCOA will be added in sequence to the COB, if eligible and subject to the User's instructions, where they will be eligible to execute against leg market interest. *See* Amendment No. 2 at 18.

[49] *See* Amendment No. 2 at 16–17.

[50] *See id.* 17.

[51] *See id.* at 16–17.

[52] *See id.* at 17.

[53] *See id.*

aggressive starting prices, determined as the least aggressive of the previous auction price plus the Exchange default complex drill-through increment, the most aggressive limit price of the complex orders in the SCOA, or the opposite side SBBO, until (a) all orders are filled, or (b) the most aggressive limit price or the then-current opposite-side SBBO price has been used as the last auction start price.[54] The additional iterations will protect investors and the public interest by helping to ensure that as many stop-limit complex orders as possible are executed in the SCOA. At the end of SCOA iterations, the System enters any unexecuted SCOA orders into the COB, if eligible, and cancels any unexecuted SCOA orders that are not eligible for entry into the COB, subject to the User's instructions.[55] Complex orders resting in the COB may execute pursuant to Exchange Rule 5.33(e) following evaluation pursuant to paragraph Exchange Rule 5.33(i) and remain in the COB until they execute or are cancelled.[56]

Executions in the SCOA will comply with the requirements of Exchange Rule 5.33(f)(2)(A).[57] including the complex order priority requirements in Exchange Rule 5.33(f)(2)(A)(iv).[58] These requirements will help to ensure that executions in the SCOA respect the priority of interest, including Priority Customer interest, on the Exchange's Simple Book. In addition, the SCOA will terminate early when the System receives an order in a leg of a stop-limit complex order that would (i) post to the Complex Book on the same side as the order(s) that initiated the SCOA and at a price better than the limit price of any of the orders in the SCOA; (ii) improve the SBBO on the same side as the SCOA order to a price better than the limit price of any of the orders in the SCOA; or (iii) join or improve the SBBO on the same side as the order that initiated the SCOA to a price equal to the limit price of any of the orders in the SCOA and cause any component of the SBBO to be represented by a Priority Customer.[59] These early termination provisions are similar to the COA early termination provisions in Exchange Rule 5.33(d)(3) (which will be renumbered as Exchange Rules 5.33(d)(1)(C)) and should help to protect the priority of interest on the Simple Book and in the COB, including Priority Customer interest. If the SCOA terminates early, SCOA order(s) will be filled to the extent permitted before entry into the COB, if eligible.[60] Consistent with the early termination policies applicable to the COA, a pattern or practice of submitting orders that cause the SCOA to end early will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Exchange Rule 8.1.[61]

The proposal will protect investors and the public interest by applying several existing price and risk protections to orders executed in the SCOA. The proposal applies the debit/credit price reasonability checks in Exchange Rule 5.34(b)(3)(D) and the maximum value acceptable price range check in Exchange Rule 5.34(b)(5)(C), which currently apply to COA Auction Responses, to SCOA Auction Responses. Applying these price checks to SCOA Auction Responses will ensure consistent treatment of COA and SCOA Auction Responses and help to prevent orders in the SCOA from executing at prices that could be erroneous. In addition, the proposal incorporates the SCOA, in addition to the COA, into the drill-through protection in Exchange Rule 5.34(b)(6), which will allow a SCOA to be initiated at a drill-through price.[62] The proposal also amends Exchange Rule 5.34(c)(4)(B)(i) to allow Users to specify whether volumes or executions in the SCOA, along with the volumes or executions in other auctions, including the COA, will counttoward theUser's class, EFID, or EFID Group limit for the volume and count limits that a User may establish under Exchange Rules 4.34(c)(4)(A)(i) and (iii), thereby providing Users with flexibility in applying these risk parameters.[63] In addition, the proposal amends Exchange Rule 5.34(c)(4)(F) to provide that the System counts individual trades executed as part of a SCOA Auction Response, as well as individual trades executed as part of a COA Auction Response, when determining whether the volume, notional, count, or risk trips limit in Exchange Rule 5.34(c)(4) has been reached. Exchange Rule 5.34(c)(4)(F), as amended, further provides that the System counts the percentage executed of a SCOA Auction Response, as well as a COA Auction Response, when determining whether the percentage limit has been reached. Accordingly, Exchange Rule 5.34(c)(4)(F) will treat COA and SCOA Auction Responses consistently for purposes of the risk monitor mechanism in Exchange Rule 5.34(c)(4).

The proposal also amends Exchange Rule 5.31(b)(3) to refer to Exchange Rule 5.33 for a description of how a SCOA, as well as a COA, will operate during a limit up-limit down state, thereby providing clarity regarding the provisions that will apply to a SCOA during a limit up-limit down state. In addition, the proposal amends Exchange Rule 5.25(c) to apply the Exchange's auction response processing to SCOA as well as to the Exchange's other auction mechanisms, thereby providing consistent treatment of responses submitted to the Exchange's auctions.

The proposal amends Exchange Rule 5.33(a) to add or amend several defined terms. The proposed change to the definition of Regular Trading will treat SCOA auctions in the same manner as COA auctions by excluding both auctions from regular trading. The proposed definitions of Auction Response, Stop Complex Order Auction, and Stop-Limit Complex Order will add clarity to the Exchange's rules. The

[54] *See* proposed Exchange Rule 5.33(d)(2)(F)(ii).

[55] *See* proposed Exchange Rule 5.33(d)(2)(F)(iii).

[56] *See* proposed Exchange Rule 5.33(d)(2)(F)(iii).

[57] *See* Amendment No. 2 at 24. Exchange Rule 5.33(f)(2)(A) states that the System does not execute a complex order pursuant to Exchange Rule 5.33 at a net price: (i) that would cause any component of the complex strategy to be executed at a price of zero; (ii) that would cause any component of the complex strategy to be executed at a price worse than the individual component prices on the Simple Book; or (iii) worse than the price that would be available if the complex order Legged into the Simple Book. *See* Exchange Rule 5.33(f)(2)(A)(i)–(iii).

[58] *See* Amendment No. 2 at 24. Exchange Rule 5.33(f)(2)(A)(iv) provides that the System will not execute a complex order at a net price that is worse than the SBBO or equal to the SBBO when there is a Priority Customer order on any leg comprising the SBBO and: (a) if a conforming complex order, at least one component of the complex order must execute at a price that improves the BBO for that component by at least one minimum increment; or (b) if a nonconforming complex order, the component(s) of the complex order for the leg(s) with a Priority Customer order at the BBO must execute at a price that improves the price of that Priority Customer order(s) on the Simple Book by at least one minimum increment.

[59] *See* proposed Exchange Rule 5.33(d)(2)(D).

[60] *See* Amendment No. 2 at 15–16.

[61] *See* proposed Exchange Rule 5.33, Interpretation and Policy .03.

[62] *See* Amendment No. 2 at 20.

[63] Exchange Rule 4.34(c)(4) states that, if a User enables the functionality: (A) Each User may establish limits for the following parameters in the Exchange's counting program. The System counts each of the following within a class for an EFID (''class limit'') and across all classes for an EFID (''EFID limit'') and/or across all classes for a group of EFIDs (''EFID Group'') (''EFID Group limit''), over a User-established time period (''interval'') and on an absolute basis for a trading day (''absolute limits''): (i) number of contracts executed (''volume''); (ii) notional value of executions (''notional''); (iii) number of executions (''count''); (iv) number of contracts executed as a percentage of number of contracts outstanding within an Exchange-designated time period or during the trading day, as applicable (''percentage''), which the System determines by calculating the percentage of a User's outstanding contracts that executed on each side of the market during the time period or trading day, as applicable, and then summing the series percentages on each side in the class; and (v) number of times the limits established by the parameters under (A)(i)–(iv) above are reached (''risk trips'').

proposed definition of Market-Maker SBBO, as discussed above, will ensure that only liquidity provider quotes will serve as one of the trigger conditions for a SCOA, thereby helping to prevent a SCOA from being triggered by one or more customer orders that could be entered at extreme prices.

The proposal amends Exchange Rule 5.33(b) to treat SCOA in the same manner as COA for purposes of Exchange Rule 5.33(b)(1) and (2). The proposal amends Exchange Rule 5.33(b)(1) to provide that the Exchange determines which Times-in-Force are available for complex orders, including for eligibility to initiate a SCOA. The proposal amends Exchange Rule 5.33(b)(2) to allow the Exchange to determine which Capacities are eligible for SCOA.[64] In addition, the proposal amends Exchange Rule 5.33(b)(2)(B)(i)(b) to state that the Exchange may determine that a complex order with Capacity M or N may enter the COB if orders on the same side of the market in the complex strategy that initiated a SCOA(s) if there are ''x'' number of SCOA(s) within ''y'' milliseconds, counted on a rolling basis (the Exchange determines the number ''x'' (which must be at least two) and the time period ''y'' (which may be no more than 2,000).[65]

The proposal amends Exchange Rule 5.33(k)(2) to treat SCOA auctions in the same manner as COA auctions during a trading halt. Under Exchange Rule 5.33(k)(2), as amended, the System will cancel or reject all SCOA Responses and end the SCOA early if any component of a SCOA order or underlying security is halted. The proposed change will protect investors by preventing an execution of a SCOA Order(s) when the current price of the underlying security, which is necessary to accurately price the option components of the SCOA Order, is unavailable due to a trading halt.

In addition, the proposal updates cross-references and corrects grammatical errors, which should help to ensure the accuracy of the Exchange's rules.

[64] ''Capacity'' means the capacity in which a User submits an order, which the User specifies by applying the corresponding code to the order. *See* Exchange Rule 1.1 (definition of Capacity).

[65] Capacities M and N refer, respectively, to orders submitted for the account of a Market-Maker and orders submitted for the account of a market-maker on another options exchange. *See* Exchange Rule 1.1 (definition of Capacity).

V. Solicitation of Comments on Amendment No. 2 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 2 is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov*. Please include file number SR–CBOE–2026–024 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–CBOE–2026–024 on the subject line. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SRCBOE–2026–024 on the subject line, and should be submitted on or before December 15, 2026.

VI. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 2, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 2 in the **Federal Register**. Amendment No. 2 revises the proposal to: (1) streamline and clarify the text of the proposed rules; (2) amend the definition of Market-Maker SBBO to include stock-option orders; (3) revise the definition of stock-option order to provide that, in classes determined by the Exchange, conforming and non-conforming stock-option orders will not be eligible for SCOA; (4) provide that a SCOA will terminate early upon receipt of a complex order that would post to the COB on the same side as the order(s) that initiated the SCOA and at a price better than the limit price of any of the orders in the SCOA; (5) provide additional details regarding the allocation of contra-side complex interest to SCOA orders at the conclusion of a SCOA; (6) provide that complex limit orders comprised of legs in different groups of series in a class that are not designated as related groups, and that designate, or default to, the SBBO/trade price trigger condition, will trigger a SCOA only if a complex trade in the strategy occurs at or better than the stop price; (7) state that SCOA order executions must comply with the execution price requirements in Exchange Rule 5.33(f)(2)(A); and (8) provide additional discussion to support the proposal.

Amendment No. 2 raises no novel regulatory issues that have not previously been subject to comment and, without altering the purpose of the proposal, strengthens the proposal by providing additional clarity and support, including by providing additional details regarding the allocation of interest at the conclusion of a SCOA. Further, the proposed changes in Amendment No. 2 should help to ensure that the Exchange's rules accurately reflect the operation of the SCOA. Accordingly, for the reasons discussed above, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[66] to approve the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

VII. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[67] that the proposed rule change (SR–CBOE–2026–024), as modified by Amendment No. 2, is approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[68]

Vanessa A. Countryman,

Secretary.

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[66] 15 U.S.C. 78s(b)(2).

[67] 15 U.S.C. 78s(b)(2).

[68] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106931; File No. SR–MRX–2026–45]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule General 8 Regarding Fees for Interfirm Cabinet Connectivity

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 6, 2026, Nasdaq MRX, LLC (''MRX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule General 8, Section 1(b) to provide that the installation fee and ongoing monthly fee for interfirm cabinet connectivity will apply separately to each of the two customers connected through an interfirm cabinet connectivity order, as described further below.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/mrx/rulefilings,* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule General 8, Section 1(b) to provide that the installation fee and ongoing monthly fee for interfirm cabinet connectivity will apply separately to each of the two customers connected through an interfirm cabinet connectivity connection, as described below. Currently, the Exchange assesses the applicable installation fee and ongoing monthly fee only to the customer that submits the order. The other customer that accepts and participates in the connection is not separately assessed those fees. Under the proposal, each customer participating in a new interfirm cabinet connectivity connection will be assessed the existing $550 installation fee and $385 ongoing monthly fee for its respective leg of the connectivity path. For interfirm cabinet connectivity connections already in place as of the implementation date, the accepting customer will be assessed the ongoing monthly fee, but not the installation fee, for its respective leg, and the fees assessed to the ordering customer will not change.

Background

The Exchange's data center campus consists of the original data center (''NY11''), an initial expansion area (''NY11–4''), and a second expansion area (''NY11–5'') (collectively, the ''Data Center'' or ''Data Center Campus''). Interfirm Cabinet Connectivity is a fiber-based connectivity service that links cabinets used by two different colocation customers (''Interfirm Cabinet Connectivity'') throughout the Data Center Campus. The interfirm cabinet connection consists of two customer-side legs that meet at the Nasdaq-provided distribution point: [3] one leg extends from the first customer's cabinet to the Nasdaq-provided distribution point, and the other extends from the Nasdaq-provided distribution point to the second customer's cabinet.

Before the Exchange implemented equalized connectivity [4] throughout its Data Center, a customer would order Interfirm Cabinet Connectivity through the Nasdaq customer portal and identify the customer to which the ordering customer wanted to connect, with the ordering customer being solely responsible for both the installation and the ongoing monthly fiber connectivity fees. No separate installation or ongoing monthly fees were assessed, or are currently assessed, to the non-ordering customer for its side of the Interfirm Cabinet Connectivity.

With respect to provision and installation of the service, the fiber for the Interfirm Cabinet Connectivity was provided and installed by a third-party provider or by the customer. The Exchange did not provide or install such fiber or manage such services.

Equalization places greater emphasis on the way Interfirm Cabinet Connectivity is supervised and managed, with Nasdaq taking a more central role in those functions. While customers still request the interfirm cabinet connection through the Nasdaq Customer Portal, the pre-existing fiber in the Interfirm Cabinet Connectivity has been replaced with Exchange-provided, equalized fiber. Under this structure, the Exchange supervises and audits the interfirm cabinet connection on an ongoing basis.[5]

As discussed above, the Interfirm Cabinet Connectivity consists of two customer-side legs that meet at the Nasdaq-provided distribution point: one leg extends from the first customer's cabinet to the Nasdaq-provided distribution point, and the other extends from the Nasdaq-provided distribution point to the second customer's cabinet. The Exchange provides and manages the cabling and standardized demarcation points and performs inventory management, implementation support, ongoing maintenance, monitoring, audit, and operational oversight for the connection.

Both customers must act before the connection is implemented: one customer initiates the Interfirm Cabinet Connectivity order through the Nasdaq Customer Portal, and the other customer

[3] As used in this context, a ''distribution point'' is a designated passive cabling node within the Data Center's structured telecommunications architecture, where backbone or feeder cabling terminates, and from which downstream cabling is routed to customer cabinets or equipment locations. Distribution points serve as standardized, auditable locations used for organizing, patching, and managing connectivity.

[4] Equalized connectivity refers to connectivity implemented using equalized cabling and infrastructure designed to support equidistant connectivity relative to other customer locations in the Data Center. The Equalization Project enhances the integrity of the Exchange's Data Center networks by establishing standardized connectivity requirements and providing for greater Exchange management oversight of those components. *See* Securities Exchange Act Release No. 34–101078 (Sept. 18, 2024), 89 FR 77937 (Sept. 24, 2024) (SR–NASDAQ–2024–054) (describing the Equalization Project in greater detail).

[5] The Exchange notes that a third-party provider, specifically the Data Center operator, runs the Interfirm Cabinet Connectivity. All other functions are performed by the Exchange.

accepts it. If the second customer does not accept the order, the connection is not implemented. Each participating customer consequently receives a distinct customer-side leg of a Nasdaq-provided, Nasdaq-managed, equalized connectivity path. Interfirm Cabinet Connectivity is optional and is not required for a customer to obtain colocation services or to connect to the Exchange's trading systems.

Proposal

The Exchange proposes to retain the existing installation and ongoing monthly fees for Interfirm Cabinet Connectivity and extend their application to the non-ordering, accepting customer side of the connection. Under the proposal, each customer participating in a new Interfirm Cabinet Connectivity connection will be assessed the existing $550 installation fee and $385 ongoing monthly fee for its respective leg of the connectivity path. For Interfirm Cabinet Connectivity connections already in place as of the implementation date, the accepting customer will be assessed the ongoing monthly fee, but not the installation fee, for its respective leg, and the fees assessed to the ordering customer will not change.

The Exchange anticipates implementing the proposed rule change during the first quarter of 2027 and will announce that implementation date through an Equity Trader Alert or other customer communication.

The Exchange believes that assessing the existing fees separately to each customer appropriately reflects the Exchange's increased role in managing Data Center connectivity following Equalization. The Exchange now provides the fiber and manages, supervises, monitors, and audits the connection after installation. The proposal also aligns the allocation of fees with the structure of the service: two separately provided and managed customer-side legs join at the Nasdaq-provided distribution point, and each customer must authorize and receive the benefit of its own leg. The proposal therefore assesses each customer for the Nasdaq-provided and Nasdaq-managed connectivity furnished to that customer.[6]

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[7] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[8] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed fees are reasonable because each customer receives a distinct leg of an equalized connectivity path that the Exchange actively provides and manages. Each customer-side leg is a defined, Exchange-managed component of that path. Following equalization, the Exchange provides the fiber connectivity and administers the cabling, standardized demarcation points, inventory, and ongoing operational support associated with each leg, and it supervises and audits the connection on an ongoing basis. Each customer's leg is a component the Exchange implements, administers, monitors, and supports. Applying the existing $550 installation fee and $385 monthly fee to each customer is reasonable because each customer receives, and the Exchange manages, a distinct leg of the equalized path.[9] The Exchange believes this approach equitably allocates the fees among the customers that receive and use each Exchange-managed leg of the connection. Each customer receives connectivity through its respective leg of the connectivity path, and each customer is accordingly responsible for the fees associated with the connectivity provided to it. The fact that the two connectivity paths collectively facilitate communication between the customers does not alter the fact that each customer receives a separately identifiable connectivity service. The Exchange further believes that assessing each customer for its respective connectivity leg avoids requiring one customer to pay for the leg that another customer receives. The Exchange therefore believes that its methodology represents an equitable allocation of fees among the customers using Interfirm Cabinet Connectivity.

The amount of each fee is also reasonable because it is unchanged from the Fiber connectivity fee amounts currently assessed to the ordering customer for Interfirm Cabinet Connectivity and is the same amount charged for certain other Fiber connectivity offerings.[10]

The Exchange also believes that the proposal is reasonable because it supports a uniformly administered and auditable Interfirm Cabinet connectivity pathway within the Data Center. As the Exchange has explained, equalization is intended to enhance the integrity of the Data Center network by establishing standardized connectivity requirements for each component of the connectivity path and exercising greater management oversight over those components.[11] A

[6] The Exchange notes that the structure proposed here parallels the structure the Exchange adopted for TNO Cross-Connect. A telecommunications company (''telco'') connectivity path in the Data Center consists of two Nasdaq-provided and Nasdaq-managed legs that meet at a Nasdaq-provided distribution point: the TNO Cross-Connect, which runs from the telco's carrier cabinet to the distribution point, and the customer-side leg, which runs from the distribution point to the customer's cabinet. *See* Exchange Rule General 8, Section 1. As with TNO Cross-Connect, the Exchange proposes to assess each leg, because the Exchange provides and manages both and, with equalized connectivity, exercises greater management oversight over each component of the path. *See* Securities Exchange Act Release Nos. 105013 (Mar. 16, 2026), 91 FR 13373 (Mar. 19, 2026) (SR–MRX–2026–08); 105769 (June 24, 2026), 91 FR 39154 (June 29, 2026) (SR–MRX–2026–29). The Exchange notes, however, that unlike TNO Cross Connect, the proposed Interfirm Cabinet Connectivity offering is optional and not required for collocating with the Exchange.

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(4) and (5).

[9] The Exchange also believes that the proposed fees are reasonable when viewed against the fee another exchange charges for a similar service. NYSE offers a ''Data Center Fiber Cross Connect'' service, for which it charges the User that requests the service an initial charge of $500 plus a monthly charge of $600 for a single cross connect, or $7,700 over the first year. *See* NYSE Connectivity Fee Schedule (last updated Oct. 2, 2026), Section A (Co-Location Fees). By comparison, under the proposal each customer participating in a new Interfirm Cabinet Connectivity connection would pay $5,170 over the first year for its own leg (a $550 installation fee plus twelve monthly fees of $385), or approximately 33% less than NYSE's first-year charge for a single cross connect. This comparison is based solely on NYSE's published fee schedule, which does not identify a separate charge to any other party to the connection, and the Exchange makes no representation regarding NYSE's billing practices beyond what that schedule states. The Exchange offers this comparison as context. The proposal need not replicate NYSE's fee structure to be consistent with the Act. The Act does not require an exchange to adopt another exchange's approach to pricing a similar service. The question under Section 6(b)(4) is whether the proposed fees are reasonable and equitably allocated among the persons using the Exchange's facilities, and the proposal meets that standard. Each customer would pay the same, existing monthly fee for the Exchange-provided and Exchange-managed leg that it receives. For new connections, each customer would also pay the same, existing installation fee for its leg. No customer would be asked to bear the fees attributable to another customer's leg of the connection path. Under the Exchange's current model, the ordering customer alone pays the fees for a connection in which two customers each receive a leg. Under the proposal, neither customer subsidizes the other. Each pays the same fee for its own leg, and only for the leg it receives. For connections already established as of the implementation date, the accepting customer would pay the ongoing monthly fee for its leg but not the installation fee, because that one-time fee has already been assessed to the ordering customer when the connection was established. In that case, the ordering customer's fees would not change.

[10] *See* Exchange Rule General 8.

[11] *See, e.g.,* SR–MRX–2026–08, SR–MRX–2026–29, *supra* note 6.

standardized, Nasdaq-managed path in which the Exchange oversees the cabling, demarcation points, and supporting architecture enhances the Exchange's ability to monitor, maintain, and audit that connectivity.[12] Each customer-side leg of Interfirm Cabinet Connectivity is a component of that path. Assessing the existing fees to each customer for its own leg allocates those fees among the customers that receive and use each Exchange-managed leg of the path and does not alter the path's availability or operation.

The Exchange further believes the proposal is reasonable because Interfirm Cabinet Connectivity is an optional service. Customers are not required to purchase Interfirm Cabinet Connectivity to obtain colocation services or to connect to the Exchange's trading systems. Rather, a customer purchases the service only if it elects to establish a fiber connection between its cabinet and the cabinet of another colocation customer, and each customer may determine for itself whether the service, at the proposed fees, is appropriate for its business.

The Exchange believes that applying the fees separately to both customers is equitable and not unfairly discriminatory because both customers receive a substantially similar customer-side service and both benefit from the Exchange's provision and ongoing management of the equalized path. Under the current billing model, only the ordering customer pays even though the accepting customer also receives a Nasdaq-provided and Nasdaq-managed leg of the connection. The proposal allocates the fees to both beneficiaries and treats the ordering and accepting customers alike. Each customer would pay the same, existing fee for the Exchange-provided and Exchange-managed leg that it receives, and no customer would be asked to bear the fees attributable to another customer's leg of the connection.

The Exchange also believes that it is reasonable, equitable, and not unfairly discriminatory not to assess the installation fee to the accepting customer for Interfirm Cabinet Connectivity connections already in place as of the implementation date. The installation fee is a one-time charge assessed when a connection is ordered and established. For a connection already in place, the connection has been established and the installation fee has already been assessed to the ordering customer. The Exchange therefore believes that it would be inappropriate to assess a one-time installation charge for a connection that is not being newly established. Those accepting customers will, however, be assessed the ongoing monthly fee beginning on the implementation date, which is consistent with the Exchange's rationale for assessing each customer for the Exchange-managed leg of the connection that it receives and uses. The distinction is drawn by whether a connection is in place as of the implementation date, and not by the identity, size, or trading activity of any customer, and it applies uniformly to every accepting customer with an existing connection.

The Exchange will apply the same fee amounts and billing methodology to all similarly situated customers. The proposal does not distinguish among customers based on their identity, trading activity, or anticipated use of the connection. Rather, each new customer will pay the same installation fee and monthly fee for its own leg of the standardized, equalized connectivity path.[13] Because both parties must affirmatively participate in the Nasdaq Customer Portal order process before implementation, as described above, each customer will have notice of the fee treatment before the Exchange provisions the connection.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposal will impose an undue burden on intramarket competition because it will apply the same fees to each customer participating in an Interfirm Cabinet Connectivity order. The proposal will eliminate the current difference in the ongoing monthly fee treatment of the ordering and accepting customers, each of which receives a customer-side leg of the Exchange-provided and Exchange-managed connection, and, for new orders, the difference in their installation fee treatment.

The proposal therefore will treat similarly situated customers consistently. Each customer participating in an Interfirm Cabinet Connectivity arrangement through a new order will be assessed the same installation and recurring monthly fees for its respective connectivity leg. For connections already in place as of the implementation date, the Exchange will not assess a one-time installation fee to the accepting customer because the connection has already been established, but the accepting customer will be assessed the same ongoing monthly fee as the ordering customer. This distinction turns on whether a connection is in place as of the implementation date and applies uniformly to all such connections. It does not favor or disadvantage any customer relative to another. The fees do not distinguish among customers based on their identity, business model, trading activity, or the identity of the customer with which they establish connectivity.

The Exchange also does not believe that the proposal will impose an undue burden on intermarket competition. Interfirm Cabinet Connectivity is an optional service that customers are not required to purchase to obtain colocation services or connect to the Exchange's trading systems. The proposal does not alter the availability or technical operation of the service. Instead, it applies the existing fees separately to each customer that elects to participate in and receive a customer-side leg of the connection: for new orders, the existing installation fee and ongoing monthly fee, and for existing connections, the existing ongoing monthly fee.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[14]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

[12] *See, e.g.,* SR–MRX–2026–08, SR–MRX–2026–29, *supra* note 6.

[13] As discussed above and as proposed, existing Interfirm Cabinet Connectivity customers will each pay only the ongoing monthly fees. For such established Interfirm Cabinet Connectivity connections, the Exchange will not assess a second installation fee to the non-ordering customer.

[14] 15 U.S.C. 78s(b)(3)(A)(ii).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–MRX–2026–45 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–MRX–2026–45. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–MRX–2026–45 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23845 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

[15] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106932; File No. SR–ISE–2026–60]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule General 8 Regarding Fees for Interfirm Cabinet Connectivity

November 19, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 6, 2026, Nasdaq ISE, LLC (''ISE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule General 8, Section 1(b) to provide that the installation fee and ongoing monthly fee for interfirm cabinet connectivity will apply separately to each of the two customers connected through an interfirm cabinet connectivity order, as described further below.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/ise/rulefilings,* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule General 8, Section 1(b) to provide that the installation fee and ongoing monthly fee for interfirm cabinet connectivity will apply separately to each of the two customers connected through an interfirm cabinet connectivity connection, as described below. Currently, the Exchange assesses the applicable installation fee and ongoing monthly fee only to the customer that submits the order. The other customer that accepts and participates in the connection is not separately assessed those fees. Under the proposal, each customer participating in a new interfirm cabinet connectivity connection will be assessed the existing $550 installation fee and $385 ongoing monthly fee for its respective leg of the connectivity path. For interfirm cabinet connectivity connections already in place as of the implementation date, the accepting customer will be assessed the ongoing monthly fee, but not the installation fee, for its respective leg, and the fees assessed to the ordering customer will not change.

Background

The Exchange's data center campus consists of the original data center (''NY11''), an initial expansion area (''NY11–4''), and a second expansion area (''NY11–5'') (collectively, the ''Data Center'' or ''Data Center Campus''). Interfirm Cabinet Connectivity is a fiber-based connectivity service that links cabinets used by two different colocation customers (''Interfirm Cabinet Connectivity'') throughout the Data Center Campus. The interfirm cabinet connection consists of two customer-side legs that meet at the Nasdaq-provided distribution point: [3] one leg extends from the first customer's cabinet to the Nasdaq-provided distribution point, and the other extends from the Nasdaq-provided distribution point to the second customer's cabinet.

Before the Exchange implemented equalized connectivity [4] throughout its

[3] As used in this context, a ''distribution point'' is a designated passive cabling node within the Data Center's structured telecommunications architecture, where backbone or feeder cabling terminates, and from which downstream cabling is routed to customer cabinets or equipment locations. Distribution points serve as standardized, auditable locations used for organizing, patching, and managing connectivity.

[4] Equalized connectivity refers to connectivity implemented using equalized cabling and

Data Center, a customer would order Interfirm Cabinet Connectivity through the Nasdaq customer portal and identify the customer to which the ordering customer wanted to connect, with the ordering customer being solely responsible for both the installation and the ongoing monthly fiber connectivity fees. No separate installation or ongoing monthly fees were assessed, or are currently assessed, to the non-ordering customer for its side of the Interfirm Cabinet Connectivity.

With respect to provision and installation of the service, the fiber for the Interfirm Cabinet Connectivity was provided and installed by a third-party provider or by the customer. The Exchange did not provide or install such fiber or manage such services.

Equalization places greater emphasis on the way Interfirm Cabinet Connectivity is supervised and managed, with Nasdaq taking a more central role in those functions. While customers still request the interfirm cabinet connection through the Nasdaq Customer Portal, the pre-existing fiber in the Interfirm Cabinet Connectivity has been replaced with Exchange-provided, equalized fiber. Under this structure, the Exchange supervises and audits the interfirm cabinet connection on an ongoing basis.[5]

As discussed above, the Interfirm Cabinet Connectivity consists of two customer-side legs that meet at the Nasdaq-provided distribution point: one leg extends from the first customer's cabinet to the Nasdaq-provided distribution point, and the other extends from the Nasdaq-provided distribution point to the second customer's cabinet. The Exchange provides and manages the cabling and standardized demarcation points and performs inventory management, implementation support, ongoing maintenance, monitoring, audit, and operational oversight for the connection.

Both customers must act before the connection is implemented: one customer initiates the Interfirm Cabinet Connectivity order through the Nasdaq Customer Portal, and the other customer accepts it. If the second customer does not accept the order, the connection is not implemented. Each participating customer consequently receives a distinct customer-side leg of a Nasdaq-provided, Nasdaq-managed, equalized connectivity path. Interfirm Cabinet Connectivity is optional and is not required for a customer to obtain colocation services or to connect to the Exchange's trading systems.

Proposal

The Exchange proposes to retain the existing installation and ongoing monthly fees for Interfirm Cabinet Connectivity and extend their application to the non-ordering, accepting customer side of the connection. Under the proposal, each customer participating in a new Interfirm Cabinet Connectivity connection will be assessed the existing $550 installation fee and $385 ongoing monthly fee for its respective leg of the connectivity path. For Interfirm Cabinet Connectivity connections already in place as of the implementation date, the accepting customer will be assessed the ongoing monthly fee, but not the installation fee, for its respective leg, and the fees assessed to the ordering customer will not change.

The Exchange anticipates implementing the proposed rule change during the first quarter of 2027 and will announce that implementation date through an Equity Trader Alert or other customer communication.

The Exchange believes that assessing the existing fees separately to each customer appropriately reflects the Exchange's increased role in managing Data Center connectivity following Equalization. The Exchange now provides the fiber and manages, supervises, monitors, and audits the connection after installation. The proposal also aligns the allocation of fees with the structure of the service: two separately provided and managed customer-side legs join at the Nasdaq-provided distribution point, and each customer must authorize and receive the benefit of its own leg. The proposal therefore assesses each customer for the Nasdaq-provided and Nasdaq-managed connectivity furnished to that customer.[6]

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[7] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[8] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed fees are reasonable because each customer receives a distinct leg of an equalized connectivity path that the Exchange actively provides and manages. Each customer-side leg is a defined, Exchange-managed component of that path. Following equalization, the Exchange provides the fiber connectivity and administers the cabling, standardized demarcation points, inventory, and ongoing operational support associated with each leg, and it supervises and audits the connection on an ongoing basis. Each customer's leg is a component the Exchange implements, administers, monitors, and supports. Applying the existing $550 installation fee and $385 monthly fee to each customer is reasonable because each customer receives, and the Exchange manages, a distinct leg of the equalized path.[9] The

infrastructure designed to support equidistant connectivity relative to other customer locations in the Data Center. The Equalization Project enhances the integrity of the Exchange's Data Center networks by establishing standardized connectivity requirements and providing for greater Exchange management oversight of those components. *See* Securities Exchange Act Release No. 34–101078 (Sept. 18, 2024), 89 FR 77937 (Sept. 24, 2024) (SR–NASDAQ–2024–054) (describing the Equalization Project in greater detail).

[5] The Exchange notes that a third-party provider, specifically the Data Center operator, runs the Interfirm Cabinet Connectivity. All other functions are performed by the Exchange.

[6] The Exchange notes that the structure proposed here parallels the structure the Exchange adopted for TNO Cross-Connect. A telecommunications company (''telco'') connectivity path in the Data Center consists of two Nasdaq-provided and Nasdaq-managed legs that meet at a Nasdaq-provided distribution point: the TNO Cross-Connect, which runs from the telco's carrier cabinet to the distribution point, and the customer-side leg, which runs from the distribution point to the customer's cabinet. *See* Exchange Rule General 8, Section 1. As with TNO Cross-Connect, the Exchange proposes to assess each leg, because the Exchange provides and manages both and, with equalized connectivity, exercises greater management oversight over each component of the path. *See* Securities Exchange Act Release Nos. 105010 (Mar. 16, 2026), 91 FR 13384 (Mar. 19, 2026) (SR–ISE–2026–09); 105770 (June 24, 2026), 91 FR 39145 (June 29, 2026) (SR–ISE–2026–38). The Exchange notes, however, that unlike TNO Cross Connect, the proposed Interfirm Cabinet Connectivity offering is optional and not required for collocating with the Exchange.

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(4) and (5).

[9] The Exchange also believes that the proposed fees are reasonable when viewed against the fee another exchange charges for a similar service. NYSE offers a ''Data Center Fiber Cross Connect'' service, for which it charges the User that requests the service an initial charge of $500 plus a monthly charge of $600 for a single cross connect, or $7,700 over the first year. *See* NYSE Connectivity Fee Schedule (last updated Oct. 2, 2026), Section A (Co-Location Fees). By comparison, under the proposal each customer participating in a new Interfirm Cabinet Connectivity connection would pay $5,170 over the first year for its own leg (a $550 installation fee plus twelve monthly fees of $385), or approximately 33% less than NYSE's first-year charge for a single cross connect. This comparison is based solely on NYSE's published fee schedule, which does not identify a separate charge to any other party to the connection, and the Exchange makes no representation regarding NYSE's billing practices beyond what that schedule states. The Exchange offers this comparison as context. The

Continued

Exchange believes this approach equitably allocates the fees among the customers that receive and use each Exchange-managed leg of the connection. Each customer receives connectivity through its respective leg of the connectivity path, and each customer is accordingly responsible for the fees associated with the connectivity provided to it. The fact that the two connectivity paths collectively facilitate communication between the customers does not alter the fact that each customer receives a separately identifiable connectivity service. The Exchange further believes that assessing each customer for its respective connectivity leg avoids requiring one customer to pay for the leg that another customer receives. The Exchange therefore believes that its methodology represents an equitable allocation of fees among the customers using Interfirm Cabinet Connectivity.

The amount of each fee is also reasonable because it is unchanged from the Fiber connectivity fee amounts currently assessed to the ordering customer for Interfirm Cabinet Connectivity and is the same amount charged for certain other Fiber connectivity offerings.[10]

The Exchange also believes that the proposal is reasonable because it supports a uniformly administered and auditable Interfirm Cabinet connectivity pathway within the Data Center. As the Exchange has explained, equalization is intended to enhance the integrity of the Data Center network by establishing standardized connectivity requirements for each component of the connectivity path and exercising greater management oversight over those components.[11] A standardized, Nasdaq-managed path in which the Exchange oversees the cabling, demarcation points, and supporting architecture enhances the Exchange's ability to monitor, maintain, and audit that connectivity.[12] Each customer-side leg of Interfirm Cabinet Connectivity is a component of that path. Assessing the existing fees to each customer for its own leg allocates those fees among the customers that receive and use each Exchange-managed leg of the path and does not alter the path's availability or operation.

The Exchange further believes the proposal is reasonable because Interfirm Cabinet Connectivity is an optional service. Customers are not required to purchase Interfirm Cabinet Connectivity to obtain colocation services or to connect to the Exchange's trading systems. Rather, a customer purchases the service only if it elects to establish a fiber connection between its cabinet and the cabinet of another colocation customer, and each customer may determine for itself whether the service, at the proposed fees, is appropriate for its business.

The Exchange believes that applying the fees separately to both customers is equitable and not unfairly discriminatory because both customers receive a substantially similar customer-side service and both benefit from the Exchange's provision and ongoing management of the equalized path. Under the current billing model, only the ordering customer pays even though the accepting customer also receives a Nasdaq-provided and Nasdaq-managed leg of the connection. The proposal allocates the fees to both beneficiaries and treats the ordering and accepting customers alike. Each customer would pay the same, existing fee for the Exchange-provided and Exchange-managed leg that it receives, and no customer would be asked to bear the fees attributable to another customer's leg of the connection.

The Exchange also believes that it is reasonable, equitable, and not unfairly discriminatory not to assess the installation fee to the accepting customer for Interfirm Cabinet Connectivity connections already in place as of the implementation date. The installation fee is a one-time charge assessed when a connection is ordered and established. For a connection already in place, the connection has been established and the installation fee has already been assessed to the ordering customer. The Exchange therefore believes that it would be inappropriate to assess a one-time installation charge for a connection that is not being newly established. Those accepting customers will, however, be assessed the ongoing monthly fee beginning on the implementation date, which is consistent with the Exchange's rationale for assessing each customer for the Exchange-managed leg of the connection that it receives and uses. The distinction is drawn by whether a connection is in place as of the implementation date, and not by the identity, size, or trading activity of any customer, and it applies uniformly to every accepting customer with an existing connection.

The Exchange will apply the same fee amounts and billing methodology to all similarly situated customers. The proposal does not distinguish among customers based on their identity, trading activity, or anticipated use of the connection. Rather, each new customer will pay the same installation fee and monthly fee for its own leg of the standardized, equalized connectivity path.[13] Because both parties must affirmatively participate in the Nasdaq Customer Portal order process before implementation, as described above, each customer will have notice of the fee treatment before the Exchange provisions the connection.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposal will impose an undue burden on intramarket competition because it will apply the same fees to each customer participating in an Interfirm Cabinet Connectivity order. The proposal will eliminate the current difference in the ongoing monthly fee treatment of the ordering and accepting customers, each of which receives a customer-side leg of the Exchange-provided and Exchange-managed connection, and, for new orders, the difference in their installation fee treatment.

The proposal therefore will treat similarly situated customers consistently. Each customer participating in an Interfirm Cabinet Connectivity arrangement through a new order will be assessed the same

proposal need not replicate NYSE's fee structure to be consistent with the Act. The Act does not require an exchange to adopt another exchange's approach to pricing a similar service. The question under Section 6(b)(4) is whether the proposed fees are reasonable and equitably allocated among the persons using the Exchange's facilities, and the proposal meets that standard. Each customer would pay the same, existing monthly fee for the Exchange-provided and Exchange-managed leg that it receives. For new connections, each customer would also pay the same, existing installation fee for its leg. No customer would be asked to bear the fees attributable to another customer's leg of the connection path. Under the Exchange's current model, the ordering customer alone pays the fees for a connection in which two customers each receive a leg. Under the proposal, neither customer subsidizes the other. Each pays the same fee for its own leg, and only for the leg it receives. For connections already established as of the implementation date, the accepting customer would pay the ongoing monthly fee for its leg but not the installation fee, because that one-time fee has already been assessed to the ordering customer when the connection was established. In that case, the ordering customer's fees would not change.

[10] *See* Exchange Rule General 8.

[11] *See, e.g.,* SR–ISE–2026–09, SR–ISE–2026–38, *supra* note 6.

[12] *See, e.g.,* SR–ISE–2026–09, SR–ISE–2026–38, *supra* note 6.

[13] As discussed above and as proposed, existing Interfirm Cabinet Connectivity customers will each pay only the ongoing monthly fees. For such established Interfirm Cabinet Connectivity connections, the Exchange will not assess a second installation fee to the non-ordering customer.

installation and recurring monthly fees for its respective connectivity leg. For connections already in place as of the implementation date, the Exchange will not assess a one-time installation fee to the accepting customer because the connection has already been established, but the accepting customer will be assessed the same ongoing monthly fee as the ordering customer. This distinction turns on whether a connection is in place as of the implementation date and applies uniformly to all such connections. It does not favor or disadvantage any customer relative to another. The fees do not distinguish among customers based on their identity, business model, trading activity, or the identity of the customer with which they establish connectivity.

The Exchange also does not believe that the proposal will impose an undue burden on intermarket competition. Interfirm Cabinet Connectivity is an optional service that customers are not required to purchase to obtain colocation services or connect to the Exchange's trading systems. The proposal does not alter the availability or technical operation of the service. Instead, it applies the existing fees separately to each customer that elects to participate in and receive a customer-side leg of the connection: for new orders, the existing installation fee and ongoing monthly fee, and for existing connections, the existing ongoing monthly fee.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[14]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–ISE–2026–60 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–ISE–2026–60. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–ISE–2026–60 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23841 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 36396; 812–16097]

Powerlaw Corp., et al.

November 19, 2026.

AGENCY: Securities and Exchange Commission (''Commission'' or ''SEC'').

ACTION: Notice.

Notice of an application under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 19(b) of the Act and rule 19b–1 under the Act to permit registered closed-end investment companies to make periodic distributions of long-term capital gains more frequently than permitted by section 19(b) or rule 19b–1.

SUMMARY OF APPLICATION: Applicants request an order to permit certain registered closed-end management investment companies to pay as frequently as twelve times in any one taxable year in respect of its common stock and as often as specified by, or determined in accordance with the terms of, any preferred stock issued by the investment company subject to the terms and conditions stated in the application.

APPLICANTS: Powerlaw Corp., Powerlaw Fund II and Powerlaw Fund Adviser, LLC.

FILING DATES: The application was filed on October 6, 2026.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at *Secretarys-Office@sec.gov* and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. The email should include the file number referenced above. Hearing requests should be received by the Commission by 5:30 p.m., Eastern Time, on December 14, 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.

ADDRESSES: The Commission: *Secretarys-Office@sec.gov.* Applicants: Michael Dinsdale, *mike@powerlawfunds.com* with copies to Steven B. Boehm, Esq., Owen J. Pinkerton, Esq. and Krisztina Nadasdy, Esq., respectively, Eversheds Sutherland (US) LLP, *stevenboehm@eversheds-sutherland.com, owenpinkerton@eversheds-sutherland.com* and

[14] 15 U.S.C. 78s(b)(3)(A)(ii).

[15] 17 CFR 200.30–3(a)(12).

krisztinanadasdy@eversheds-sutherland.com

FOR FURTHER INFORMATION CONTACT: Rachel Loko, Senior Special Counsel, at (202) (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 application, dated October 6, 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. 2026–23820 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106946; File No. SR–FINRA–2026–027]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11892 (Clearly Erroneous Transactions in Exchange-Listed Securities) in Light of the Commission's Approval of Overnight Protected Bands for 23/5 Trading

November 20, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 18, 2026, the Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a ''non-controversial'' rule change under paragraph (f)(6) of Rule 19b–4 under the Act,[3] which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rule 11892 (Clearly Erroneous Transactions in Exchange-Listed Securities) in light of the Commission's approval of Overnight Protected Bands for 23/5 Trading.

The text of the proposed rule change is available on FINRA's website at *http://www.finra.org* and at the principal office of FINRA.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

In connection with the Commission's approval of proposals by multiple national securities exchanges to introduce trading 23 hours a day, 5 days a week (''23/5 Trading''), the Operating Committee of the Plan to Address Extraordinary Market Volatility (''LULD Plan'')[4] filed proposed Amendment 27 to the LULD Plan, which proposed to establish price band protections during overnight trading hours (''Overnight Price Bands'').[5] The Operating Committee proposed that the Overnight Price Bands would initially be temporary static bands 20% above and below two reference points, and that after implementation, the Operating Committee would evaluate the performance of such Overnight Price Bands and propose appropriate changes in a new plan amendment.[6] On August 5, 2026, the Commission approved the proposal.[7]

In light of the Commission's approval of these changes to the LULD Plan, including new Overnight Price Bands, FINRA now proposes several amendments to Rule 11892.

In general, Rule 11892 describes the process by which a FINRA officer may, on his or her own motion, review any over-the-counter transaction involving an exchange-listed security and declare any such transaction null and void if the officer determines that (A) the transaction is clearly erroneous or (B) such actions are necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest, consistent with the guidelines set forth in the rule. The current rule's central premise is that, if LULD Price Bands under the LULD Plan were available and correct at the time the transaction was executed, the transaction is not eligible for clearly erroneous review. Specifically, Rule 11892(b)(1) currently provides that ''[i]f the execution time of the transaction(s) under review is during Normal Market Hours, the transaction will not be reviewable as clearly erroneous'' except in certain limited circumstances, including when (A) the transaction is in an NMS Stock that is not subject to the LULD Plan (*e.g.,* rights and warrants), (B) the transaction was executed at a time when LULD Price Bands were not available, or resulted from a member's technology or systems issue that caused the transaction to occur outside the applicable LULD Price Bands, or was executed after the primary listing market declared a regulatory trading halt, suspension, or pause, or (C) several other limited circumstances.[8] In approving an exchange rule filing adopting substantively similar parameters in 2022, the Commission noted that restricting clearly erroneous review in this way during times when LULD Price Bands were in effect was ''consistent with the Act and will

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 17 CFR 240.19b–4(f)(6).

[4] Unless otherwise specified, the terms used herein have the same meaning as set forth in the LULD Plan.

[5] *See* Securities Exchange Act Release No. 105596 (June 1, 2026), 91 FR 33774 (June 4, 2026) (Notice of Filing of 27th Amendment to the National Market System Plan).

[6] *See supra* note 5.

[7] *See* Securities Exchange Act Release No. 106042 (August 5, 2026), 91 FR 51515 (August 10, 2026) (Order Granting Approval of the 27th Amendment to the National Market System Plan to Address Extraordinary Market Volatility to Establish Temporary Price Band Protections in Overnight Trading). *See also* Securities Exchange Act Release No. 106624 (October 7, 2026), 91 FR 65016 (October 13, 2026) (Notice of Filing and Order of Summary Effectiveness on a Temporary Basis Not To Exceed 120 Days of Proposed Twenty-Ninth Amendment to the National Market System Plan To Address Extraordinary Market Volatility To Revise the Time for Calculating the Consolidated Price in Connection With Overnight Trading).

[8] *See* Rule 11892(b)(1).

further the goal of providing greater certainty to market participants that trades executed within the Price Bands will stand and not be broken. . . . Thus, the proposal is designed to limit the potential discordance between the LULD mechanism and CEE review process.'' [9]

Currently, LULD Price Bands are available only during Normal Market Hours, meaning that the restrictions on clearly erroneous review described above apply only during Normal Market Hours. With the introduction of Overnight Price Bands, FINRA now proposes to extend the restrictions on clearly erroneous review to the period when Overnight Price Bands are in place. This proposed change would be consistent with the Commission's rationale described above in approving the prior substantively similar exchange rule filing because it would limit any potential discordance between the LULD mechanism and CEE review during overnight trading hours, providing greater certainty to market participants that trades executed within the Overnight Price Bands will stand and not be broken.

Proposed Change to Rule 11892(a)(1)

To implement this change, FINRA proposes to add several definitions to Rule 11892(a)(1). First, FINRA would add that the term ''LULD Protected Hours'' includes Normal Market Hours (9:30 a.m. Eastern Time (''E.T.'') to 4:00 p.m. E.T.) and Overnight Protected Hours, as defined in Section VIII of the LULD Plan. Second, FINRA would define ''LULD Price Bands'' or ''Price Bands'' to mean the Price Bands defined in Section V of the LULD Plan (*i.e.,* the Price Bands that apply during Normal Market Hours) and ''Overnight Price Bands,'' as defined in Section VIII of the LULD Plan (*i.e.,* the Price Bands that apply to the Overnight Protected Hours from 9:00 p.m. E.T. through 4:00 a.m. E.T.).[10]

FINRA proposes to amend Rule 11892(a) to replace the phrase ''Normal Market Hours (9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time)'' with ''LULD Protected Hours,'' to provide that a FINRA officer may, on his or her own motion, review any over-the-counter transaction involving an exchange-listed security occurring outside of LULD Protected Hours or eligible for review pursuant to paragraph (b)(1) of Rule 11892 arising out of or reported through a trade reporting system owned or operated by FINRA or FINRA Regulation and authorized by the Commission, provided that the transaction meets the guidelines set forth in Rule 11892. This change would extend the LULD-based restrictions on clearly erroneous review currently in place during Normal Market Hours to the Overnight Protected Hours.[11]

Proposed Changes to Rule 11892(b)(1)

FINRA proposes to amend Rule 11892(b)(1) to replace the phrase ''Normal Market Hours'' with ''LULD Protected Hours,'' to provide that ''[i]f the execution time of the transaction(s) under review is during LULD Protected Hours, the transaction will not be reviewable as clearly erroneous . . .'' This change would extend the LULD-based restrictions on clearly erroneous review currently in place during Normal Market Hours to the Overnight Protected Hours.[12]

FINRA also proposes to amend Rule 11892(b)(1)(B)'s reference to ''Percentage Parameter'' to incorporate the Percentage Parameter that applies to Overnight Protected Hours. The amended provision would provide for the applicability of clearly erroneous review if the price of the transaction to buy (sell) that is the subject of the clearly erroneous review is greater than (less than) the Reference Price by an amount that equals or exceeds the applicable Percentage Parameter defined in Appendix A to the LULD Plan (with respect to the Price Bands that apply during Normal Market Hours) or the ''Overnight Percentage Parameter'' defined in Section VIII of the LULD Plan (with respect to Overnight Protected Hours).

In addition to these changes, FINRA also proposes to make a non-substantive change to Rule 11892(b)(1)(A), substituting the term ''LULD Plan'' for ''the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the 'Limit Up-Limit Down Plan' or 'LULD Plan'),'' as the ''LULD Plan'' would be defined in the proposed revision to Rule 11892(a)(1).

Proposed Changes to Rule 11892(b)(2) and (c)(3)

As noted above, current Rule 11892(b)(1)(A) permits clearly erroneous review even during Normal Market Hours when the transaction in question is in an NMS Stock that is not subject to the LULD Plan, *e.g.,* rights and warrants. Such transactions are reviewed as set out in Rule 11892(b)(2), including the Numerical Guidelines set out in the table accompanying Rule 11892(b)(2)(A). FINRA now proposes to introduce a similar provision regarding transactions in NMS Stocks not subject to the LULD Plan that are executed during the Overnight Protected Hours; such transactions would be subject to the same Numerical Guidelines as transactions currently occurring outside Normal Market Hours.

The heading of Rule 11892(b)(2) addresses ''[r]eview of transactions occurring outside of Normal Market Hours or eligible for review pursuant to paragraph (b)(1)(A).'' FINRA proposes to replace ''Normal Market Hours'' with ''LULD Protected Hours'' to specify the timeframe of transactions not covered by LULD Price Bands. FINRA further proposes to replace the phrase ''eligible for review pursuant to paragraph (b)(1)(A)'' (which, in the current rule, means transactions executed during Normal Market Hours in NMS Stocks not subject to the LULD Plan) with ''during LULD Protected Hours in NMS Stocks not subject to the LULD Plan.'' This proposed language would cover transactions in NMS Stocks not subject to the LULD Plan during Normal Market Hours and expand the same treatment to transactions executed in NMS Stocks not subject to the LULD Plan during Overnight Protected Hours. As such, the proposed change is not novel.

FINRA proposes to make conforming changes throughout the rule—namely, in the text of paragraphs (b)(2)(A), (b)(2)(B), (b)(2)(C), and (c)(3).[13] In each case, FINRA proposes to replace the phrase ''a transaction executed outside of Normal Market Hours or eligible for

[9] *See* Securities Exchange Act Release No. 95658 (September 1, 2022), 87 FR 55060, 55063 (September 8, 2022) (Order Approving File No. SR–CboeBZX–2022–037). *See also* Securities Exchange Act Release No. 95939 (September 29, 2022), 87 FR 60421 (October 5, 2022) (Notice of Filing and Immediate Effectiveness of File No. SR–FINRA–2022–027).

[10] The proposed rule change would make non-substantive changes to Supplementary Material .02(b) to Rule 11892, which provides for a certification requirement where a member requests review of a transaction occurring outside of the LULD Price Bands as a result of the member's bona fide technological or systems issue, to incorporate these new definitions of ''Price Bands'' and ''LULD Plan.''

[11] The proposed rule change would also amend Rule 11892(a) to replace an obsolete reference to the Executive Vice President of FINRA's Market Regulation Department or Transparency Services Department with a reference to the Executive Vice President of FINRA's Market and Regulatory Services Department, reflecting FINRA's current structure.

[12] The proposed rule change would also similarly amend the title of paragraph (b)(1) of Rule 11892 to refer to ''LULD Protected Hours'' rather than ''Normal Market Hours.''

[13] Rule 11892(b)(2)(A)–(C) specifies general rules for applying clearly erroneous review to transactions where such review is not precluded by paragraph (b)(1). Rule 11892(c)(3) specifies conditions where FINRA may use a revised Reference Price for the purpose of clearly erroneous review in certain transactions where such review is not precluded by paragraph (b)(1).

review pursuant to paragraph (b)(1)(A) of this Rule'' with ''a transaction executed outside of LULD Protected Hours or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan.''

FINRA also proposes to make corresponding changes to the headings of the table accompanying Rule 11892(b)(2)(A). FINRA proposes to change the heading of the second column from ''Normal Market Hours Numerical Guidelines for Transactions Eligible for Review Pursuant to Paragraph (b)(1)(A)'' to ''Numerical Guidelines for Transactions Executed During Normal Market Hours in NMS Stocks Not Subject to the LULD Plan.'' This change would replace ''eligible for review pursuant to paragraph (b)(1)(A)'' with the fuller description that such transactions are ''executed during Normal Market Hours in NMS Stocks not subject to the LULD Plan,'' and is not a substantive change.

Similarly, FINRA proposes to change the heading of the third column from ''Outside Normal Market Hours Numerical Guidelines'' to ''Numerical Guidelines for Transactions Executed Outside LULD Protected Hours or During Overnight Protected Hours in NMS Stocks Not Subject to the LULD Plan.'' The proposed change addresses the fact that transactions executed during Overnight Protected Hours in NMS Stocks not subject to the LULD Plan are eligible for clearly erroneous review—just as are transactions in NMS Stocks not subject to the LULD Plan executed during Normal Market Hours—using the Numerical Guidelines that currently apply outside of Normal Market Hours.

Together, these proposed changes would extend the eligibility of clearly erroneous review for transactions in NMS Stocks not subject to the LULD Plan that is currently in place during Normal Market Hours to the Overnight Protected Hours, and would apply the Commission's recent approval of Overnight Price Bands to the clearly erroneous executions rules.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of filing, so FINRA can implement the proposed rule change on December 6, 2026.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[14] which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

FINRA believes that the proposed rule change is consistent with just and equitable principles of trade because it extends the premise of the current rule—*i.e.,* that clearly erroneous review should be generally unavailable any time a transaction is executed within LULD Price Bands at a time when the Price Bands were available and correct. Currently, LULD Price Bands are available only during Normal Market Hours, meaning that the restrictions on clearly erroneous review described above apply only during Normal Market Hours. With the introduction of Overnight Price Bands, FINRA believes that extending such restrictions on clearly erroneous review to the period when Overnight Price Bands are in place would remove impediments to and perfect the mechanism of a free and open market and a national market system by enhancing the transparency and consistency of the rule.

The resulting rule would thus extend the LULD-related limits on clearly erroneous review that are applicable in Normal Market Hours to the overnight period. The proposed change would also be consistent with the Commission's rationale in approving the substantively similar prior exchange rule because it would limit any potential discordance between the LULD mechanism and CEE review in the overnight trading session, providing greater certainty to market participants that trades executed within the Overnight Price Bands will stand and not be broken.[15]

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.[16] Rather than impacting competition, the proposed rule change would extend the premise of the current rule that clearly erroneous review should be generally unavailable any time a transaction is executed within LULD Price Bands at a time the Price Bands were available and correct. FINRA understands that the national securities exchanges have filed or will file similar proposals, the substance of which is substantively similar to this proposal. Thus, the proposed rule change will help to ensure consistency across SROs without implicating any competitive issues.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

FINRA has designated this rule filing as non-controversial under Section 19(b)(3)(A)[17] of the Act and Rule 19b–4(f)(6)[18] thereunder. Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6) thereunder.[19]

A proposed rule change filed under Rule 19b–4(f)(6)[20] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[21] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. FINRA has asked the Commission to waive the 30-day operative delay to the extent necessary, so that the proposed rule change may become operative upon effectiveness to enable the proposed rule change to become operative on December 6, 2026, when exchanges will commence 23/5 Trading. Waiving the 30-day operative delay in this manner will help to ensure consistency across SROs and avoid confusion. For these reasons, and because the proposed rule change raises no new or novel legal or regulatory issues, the Commission finds that waiver of the operative delay is consistent with the protection of

[14] 15 U.S.C. 78*o*–3(b)(6).

[15] *See* 87 FR 55060, 55063, *supra* note 9.

[16] 15 U.S.C. 78*o*–3(b)(9).

[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b–4(f)(6).

[19] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[20] 17 CFR 240.19b–4(f)(6).

[21] 17 CFR 240.19b–4(f)(6)(iii).

investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.[22]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[23] of the Act to determine whether the proposed rule change should be approved or disapproved

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–FINRA–2026–027 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–FINRA–2026–027. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–FINRA–2026–027 and should be submitted on or before December 15, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[24]

Stephanie J. Fouse,

Assistant Secretary.

[FR Doc. 2026–23915 Filed 11–23–26; 8:45 am]

BILLING CODE 8011–01–P

[22] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[23] 15 U.S.C. 78s(b)(2)(B).

[24] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice: 13172]

Notice of Department of State Sanctions Actions

ACTION: Notice.

SUMMARY: The U.S. Department of State is publishing the name of a person who has been added to the Department of the Treasury's List of Specially Designated Nationals and Blocked Persons (SDN List), administered by the Office of Foreign Assets Control (OFAC) based on the Secretary of State's determination pursuant to and in accordance with the referenced authority that one or more applicable criteria were satisfied. All property and interests in property subject to U.S. jurisdiction of the designated person are blocked.

DATES: This action was issued on October 15, 2026. See **SUPPLEMENTARY INFORMATION** section for applicable dates.

FOR FURTHER INFORMATION CONTACT: Rajeev M. Wadhwani, Director, Office of Economic Sanctions Policy and Implementation, Bureau of Economic, Energy, and Business Affairs, Department of State, Washington, DC 20520, tel.: (202) 647–7677, email: *WadhwaniRM@state.gov.*

SUPPLEMENTARY INFORMATION:

Electronic Availability

The SDN List and additional information concerning sanctions programs are available on OFAC's website, *https://ofac.treasury.gov/.*

Notice of Department of State Actions

Acting pursuant to the authority of, and in accordance with, E.O. 14404, the Secretary of State determined that the following person met the E.O. criteria referenced below. As a result, this person has been added to the SDN List as of October 15, 2026, and all property and interests in property subject to U.S. jurisdiction of this person are blocked.

Entities

1. BANCO INTERNACIONAL DE COMERCIO S.A. (a.k.a. ''BICSA''), Oficina 506, Edificio Santa Clara, Centro de Negocios Miramar, Calle 3 entre 76 y 78, Miramar, Playa, Havana, Cuba; SWIFT/BIC BIDCCUHH; Organization Established Date 23 Oct 1993; Target Type Financial Institution; alt. Target Type State-Owned Enterprise; Entity Code 60290 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the financial services sector of the Cuban economy.

Hugo Y. Yon,

Senior Bureau Official, Bureau of Economic, Energy, and Business Affairs, U.S. Department of State.

[FR Doc. 2026–23902 Filed 11–23–26; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF STATE

[Public Notice: 13171]

Notice of Department of State Sanctions Actions

ACTION: Notice.

SUMMARY: The U.S. Department of State is publishing the names of persons who have been added to the Department of the Treasury's List of Specially Designated Nationals and Blocked Persons (SDN List), administered by the Office of Foreign Assets Control (OFAC) based on the Secretary of State's determination pursuant to and in accordance with the referenced authority that one or more applicable criteria were satisfied. All property and interests in property subject to U.S. jurisdiction of the designated persons are blocked.

DATES: This action was issued on September 17, 2026. See **SUPPLEMENTARY INFORMATION** section for applicable dates.

FOR FURTHER INFORMATION CONTACT: Rajeev M. Wadhwani, Director, Office of Economic Sanctions Policy and Implementation, Bureau of Economic, Energy, and Business Affairs, Department of State, Washington, DC 20520, tel.: (202) 647 7677, email: *WadhwaniRM@state.gov.*

SUPPLEMENTARY INFORMATION:

Electronic Availability

The SDN List and additional information concerning sanctions programs are available on OFAC's website, *https://ofac.treasury.gov/.*

Notice of Department of State Actions

Acting pursuant to the authority of, and in accordance with, E.O. 14404, the Secretary of State determined that the following persons met the E.O. criteria referenced below. As a result, these persons have been added to the SDN List as of September 17, 2026, and all property and interests in property subject to U.S. jurisdiction of those persons are blocked.

Entities

1. EMPRESA DE SERVICIOS TECNICOS DE COMPUTACION COMUNICACIONES Y ELECTRONICA (a.k.a. EMPRESA DE SERVICIOS DE COMPUTACION COMUNICACIONES Y ELECTRONICA DEL NIQUEL RAFAEL FAUSTO OREJON FORMENT; a.k.a. ''SERCONI''), Moa, Holguin, Cuba; Organization Established Date 30 Sep 1996; Organization Type: Support activities for other mining and quarrying; Target Type State-Owned Enterprise; Entity Code 9987 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the metals and mining sector of the Cuban economy.

2. EMPRESA DE INGENIERIA Y PROYECTOS DEL NIQUEL (a.k.a. ''CEPRONIQUEL''), Moa, Holguin, Cuba; Organization Established Date 31 May 2001; Organization Type: Support activities for other mining and quarrying; Target Type State-Owned Enterprise; Entity Code 12392 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the metals and mining sector of the Cuban economy.

3. CENTRO DE INVESTIGACIONES DEL NIQUEL CAPITAN ALBERTO FERNANDEZ MONTES DE OCA (a.k.a. ''CEDINIQ''; a.k.a. ''CEINNIQ''), Moa, Holguin, Cuba; Organization Established Date 31 Dec 1986; Organization Type: Support activities for other mining and quarrying; Target Type State-Owned Enterprise; Entity Code 6681 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the metals and mining sector of the Cuban economy.

4. PINARES S.A., Nicaro, Holguin, Cuba; Organization Established Date 31 Jan 2001; Organization Type: Support activities for other mining and quarrying; Target Type State-Owned Enterprise; Entity Code 60172 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the metals and mining sector of the Cuban economy.

Hugo Y. Yon,

Senior Bureau Official, Bureau of Economic, Energy, and Business Affairs, U.S. Department of State.

[FR Doc. 2026–23899 Filed 11–23–26; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF STATE

[Public Notice: 13170]

Notice of Department of State Sanctions Actions

ACTION: Notice.

SUMMARY: The U.S. Department of State is publishing the names of persons who have been added to the Department of the Treasury's List of Specially Designated Nationals and Blocked Persons (SDN List), administered by the Office of Foreign Assets Control (OFAC) based on the Secretary of State's determination pursuant to and in accordance with the referenced authority that one or more applicable criteria were satisfied. All property and interests in property subject to U.S. jurisdiction of the designated persons are blocked.

DATES: This action was issued on September 3, 2026. See **SUPPLEMENTARY INFORMATION** section for applicable dates.

FOR FURTHER INFORMATION CONTACT: Rajeev M. Wadhwani, Director, Office of Economic Sanctions Policy and Implementation, Bureau of Economic, Energy, and Business Affairs, Department of State, Washington, DC 20520, tel.: (202) 647 7677, email: *WadhwaniRM@state.gov*.

SUPPLEMENTARY INFORMATION:

Electronic Availability

The SDN List and additional information concerning sanctions programs are available on OFAC's website, *https://ofac.treasury.gov/*.

Notice of Department of State Actions

Acting pursuant to the authority of, and in accordance with, E.O. 14404, the Secretary of State determined that the following persons met the E.O. criteria referenced below. As a result, these persons have been added to the SDN List as of September 3, 2026, and all property and interests in property subject to U.S. jurisdiction of those persons are blocked.

Individuals

1. CASTRO CALIS, Fidel Ernesto, Cuba; DOB 16 May 1995; nationality Cuba; Gender Male (individual) [CUBA–EO14404] (Linked To: CASTRO ESPIN, Alejandro).

Designated pursuant to Sec. 2(a)(i)(I) of Executive Order 14404 for being an adult family member of ALEJANDRO CASTRO ESPIN, a person whose property and interests in property are blocked pursuant to Executive Order 14404.

Entities

2. EMPRESA DE SERVICIOS COMANDANTE RENE RAMOS LATOUR (a.k.a. ''NICAROTEC''), Mayari, Holguin, Cuba; Organization Established Date 31 Jan 1977; Organization Type: Support activities for other mining and quarrying; Target Type State-Owned Enterprise [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the metals and mining sector of the Cuban economy.

3. EMPRESA IMPORTADORA Y ABASTECEDORA DEL NIQUEL (a.k.a. ''CEXNI''), Moa, Holguin, Cuba; Organization Established Date 31 Dec 1994; Organization Type: Non-specialized wholesale trade; Target Type State-Owned Enterprise; Entity Code 3883 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the metals and mining sector of the Cuban economy.

4. COMERCIAL CUPET S.A., Havana, Cuba; Organization Established Date 18 Sep 1991; Organization Type: Wholesale of solid, liquid and gaseous fuels and related products; Target Type State-Owned Enterprise; Entity Code 60254 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the energy sector of the Cuban economy.

5. EMPRESA IMPORTADORA DE ABASTECIMIENTO PARA EL PETROLEO (a.k.a. ''ABAPET''), Havana, Cuba; Organization Established Date 21 Mar 2000; Organization Type: Wholesale of other machinery and equipment; Target Type State-Owned Enterprise; Entity Code 12127 (Cuba) [CUBA–EO14404] (Linked To: UNION CUBA PETROLEO).

Designated pursuant to Sec. 2(a)(i)(B) of Executive Order 14404 for being owned, controlled, or directed by, or having acted or purported to act for or on behalf of, directly or indirectly, UNION CUBA PETROLEO, a person whose property and interests in property are blocked pursuant to this order.

6. BANCO EXTERIOR DE CUBA, Plaza de la Revolucion, Havana, Cuba;

SWIFT/BIC BECUCUHH; website bancoexteriorcuba.cu; Organization Established Date 29 Feb 2000; Target Type Financial Institution; Entity Code 259 (Cuba) [CUBA–EO14404].

Designated pursuant to Sec. 2(a)(i)(A) of Executive Order 14404 for operating in or having operated in the financial services sector of the Cuban economy.

Hugo Y. Yon,

Senior Bureau Official, Bureau of Economic, Energy, and Business Affairs, U.S. Department of State.

[FR Doc. 2026–23898 Filed 11–23–26; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–3400]

Commercial Driver's License: Nikolai Kostarev; Application for Exemption

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of application for exemption; request for comments.

SUMMARY: FMCSA requests public comment on Nikolai Kostarev's application for an exemption from the non-domiciled Commercial Driver's License (CDL) eligibility provisions to allow a State to treat his evidence of granted asylum in the United States as sufficient documentation to issue or renew his CDL. The applicant requests an exemption until he receives lawful permanent resident status or for two years, whichever is earlier. FMCSA is required by statute to publish a notice explaining each exemption request. This notice does not indicate what decision FMCSA will ultimately reach on the request. After reviewing the application, safety analyses, and public comments submitted, FMCSA will grant or deny the exemption.

DATES: Comments must be received on or before December 24, 2026.

ADDRESSES: You may submit comments identified by Docket Number FMCSA–2026–3400 by any of the following methods:

- *Federal eRulemaking Portal: www.regulations.gov.* See the Public Participation and Request for Comments section below for further information.
- *Mail:* Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- *Fax:* (202) 493–2251. Each submission must include the Agency name and the docket number (FMCSA–2026–3400) for this notice. Note that DOT posts all comments received without change to *www.regulations.gov,* including any personal information included in a comment. Please see the Privacy Act heading below.

Privacy Act: In accordance with 49 U.S.C. 31315(b), DOT solicits comments from the public to better inform its exemption process. DOT posts these comments, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice DOT/ALL–14 FDMS (Federal Docket Management System (FDMS)), which can be reviewed at *https://www.transportation.gov/individuals/privacy/privacy-act-system-records-notices.* The comments are posted without edit and are searchable by the name of the submitter.

FOR FURTHER INFORMATION CONTACT: Mr. Richard Clemente, FMCSA Driver and Carrier Operations Division; Office of Carrier, Driver and Vehicle Safety Standards; *richard.clemente@dot.gov.*

SUPPLEMENTARY INFORMATION:

I. Public Participation and Request for Comments

FMCSA encourages you to participate by submitting comments and related materials.

A. Submitting Comments

If you submit a comment, please include the docket number for this notice (FMCSA–2026–3400), indicate the specific section of this document to which the comment applies, and provide a reason for your suggestions or recommendations. You may submit your comments and material online or by fax, mail, or hand delivery, but please use only one of these means. FMCSA recommends that you include your name and a mailing address, an email address, or a phone number in the body of your document so the Agency can contact you if it has questions regarding your submission.

To submit your comment online, go to *https://www.regulations.gov/docket/FMCSA-2026-3400/document,* click on this notice, click ''Comment,'' and type your comment into the text box on the following screen.

If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing.

FMCSA will consider all comments and material received during the comment period. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable.

B. Confidential Business Information (CBI)

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to the notice contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to the notice, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission that constitutes CBI as ''PROPIN'' to indicate it contains proprietary information. FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the notice. Submissions containing CBI should be sent to Sarah Stella, Chief, Regulatory Development Division, Office of Policy, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001 or via email at *sarah.stella@dot.gov.* At this time, you need not send a duplicate hardcopy of your electronic CBI submissions to FMCSA headquarters. Any comments FMCSA receives not specifically designated as CBI will be placed in the public docket for this notice.

C. Viewing Comments and Documents

To view comments, as well as any documents mentioned in this preamble as being available in the docket, go to *https://www.regulations.gov,* insert FMCSA–2026–3400 in the keyword box, select the document tab and choose the document to review. To view comments, click this notice, then click ''Browse Comments.'' If you do not have access to the internet, you may view the docket by visiting Dockets Operations in the DOT West Building, 1200 New Jersey Avenue SE, W58–213, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

II. Legal Basis

FMCSA has authority under 49 U.S.C. 31136(e) and 31315(b) to grant exemptions from the Federal Motor Carrier Safety Regulations (FMCSRs). FMCSA must publish a notice of each exemption request in the **Federal**

Register (49 CFR 381.315(a)). The Agency must provide the public an opportunity to inspect the information relevant to the application, including the applicant's safety analysis. The Agency must provide an opportunity for public comment on the request.

The Agency reviews the application, safety analyses, and public comments submitted and determines whether granting the exemption would likely achieve a level of safety equivalent to, or greater than, the level that would be achieved absent such exemption, pursuant to the standard set forth in 49 U.S.C. 31315(b)(1). The Agency must publish its decision in the **Federal Register** (49 CFR 381.315(b)). If granted, the notice will identify the regulatory provision(s) from which the exempted party will be exempt, the effective period, and all terms and conditions of the exemption (49 CFR 381.315(c)(1)). If the exemption is denied, the notice will explain the reason for the denial (49 CFR 381.315(c)(2)). The exemption may be renewed (49 CFR 381.300(b)).

III. Applicant's Request

Current Regulatory Requirements

On February 13, 2026, FMCSA published a final rule amending the Federal regulations for State Driver's Licensing Agencies (SDLAs) issuing commercial driving credentials to foreign-domiciled individuals, effective March 16, 2026 (91 FR 7044). Under 49 CFR 383.73(f)(3)(ii)(A), as amended, SDLAs must not issue non-domiciled commercial learner's permits (CLPs) or CDLs unless the applicant provides evidence of lawful immigration status, as defined under 49 CFR 383.5. Section 383.5 provides that *evidence of lawful immigration status,* for applicants domiciled in foreign jurisdictions (other than U.S. territories), consists of an unexpired foreign passport and a Form I–94/94A issued by the U.S. Department of Homeland Security with an unexpired Admit Until Date indicating a classification of H–2A–Temporary Agricultural Workers, H–2B–Temporary Non-Agricultural Workers, or E–2–Treaty Investors.

Applicant's Request

Nikolai Kostarev's Oregon CDL expired in August 2026. Prior to his CDL expiring, Mr. Kostarev states that he was an owner-operator who drove for Jacob Transport Inc. in Vancouver, Washington. The applicant indicates that he was granted asylum on March 18, 2026 and is lawfully present and authorized to work. He states that his Form I–485, Application to Register Permanent Residence or Adjust Status, is pending and he is waiting for issuance of his Form I–551, which is a United States permanent resident card, commonly known as a green card.

Mr. Kostarev requests an exemption from 49 CFR 383.71(f) and 49 CFR 383.73(f) (including the definition of *evidence of lawful immigration status* as used in those sections) to allow a State to issue or renew a CDL or CLP based on his evidence of granted asylum and his statement that he would not request to skip verification of his asylee status through the Systematic Alien Verification for Entitlements system. Mr. Kostarev requests that the exemption last until he receives his Form I–551 or for two years from the date FMCSA grants his request, whichever is earlier.

Applicant's Equivalent Level of Safety

Mr. Kostarev believes the exemption would not compromise safety because he has a multi-year CDL history in the United States and a current or recent medical examiner's certificate. In addition, he indicates that, if the exemption is granted, he would retain a valid medical certificate, operate only for Jacob Transport Inc., and submit to any further monitoring FMCSA or the licensing State requires. Mr. Kostarev indicates that there is no basis in his record to treat him as an unvetted, foreign-domiciled, new driver. He asserts that without the exemption, he would face severe financial loss because he owns his truck and commercial driving is his livelihood. The exemption application includes a letter of support from Jacob Transport Inc.

A copy of Nikolai Kostarev's application for exemption is available for review in the docket for this notice.

IV. Request for Comments

In accordance with 49 U.S.C. 31315(b), FMCSA requests public comment from all interested persons on Nikolai Kostarev's application for an individual exemption from 49 CFR 383.71(f) and 49 CFR 383.73(f) (including the definition of *evidence of lawful immigration status* as used in those sections) to the extent these regulatory provisions bar a State from issuing or renewing a CDL to a granted asylee who is not in H–2A, H–2B, or E–2 status. All comments received before the close of business on the comment closing date will be considered and will be available for examination in the docket at the location listed under the Addresses section of this notice. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable. In addition to late comments, FMCSA will also continue to file, in the public docket, relevant information that becomes available after the comment closing date. Interested persons should continue to examine the public docket for new material.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2026–23923 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–3268]

Commercial Driver's License: Nick Castello; Application for Exemption

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of application for exemption; request for comments.

SUMMARY: FMCSA requests public comment on Nick Castello's application for an exemption from the eligibility requirements related to immigration status to allow State Driver's Licensing Agencies (SDLAs) to issue non-domiciled commercial learner's permits (CLP) and commercial driver's licenses (CDL) for certain drivers who are in humanitarian or protection-based categories such as Uniting for Ukraine (U4U), Temporary Protected Status (TPS), asylum, and pending asylum. FMCSA is required by statute to publish a notice explaining each exemption request. This notice does not indicate what decision FMCSA will ultimately reach on the request. After reviewing the application, safety analyses, and public comments submitted, FMCSA will grant or deny the exemption.

DATES: Comments must be received on or before December 24, 2026.

ADDRESSES: You may submit comments identified by Docket Number FMCSA–2026–3268 by any of the following methods:

- *Federal eRulemaking Portal: www.regulations.gov.* See the Public Participation and Request for Comments section below for further information.
- *Mail:* Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

• *Fax:* (202) 493–2251. Each submission must include the Agency name and the docket number (FMCSA–2026–3268) for this notice. Note that DOT posts all comments received without change to *www.regulations.gov,* including any personal information included in a comment. Please see the Privacy Act heading below.

Privacy Act: In accordance with 49 U.S.C. 31315(b), DOT solicits comments from the public to better inform its exemption process. DOT posts these comments, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice DOT/ALL–14 FDMS (Federal Docket Management System (FDMS)), which can be reviewed at *https://www.transportation.gov/individuals/privacy/privacy-act-system-records-notices.* The comments are posted without edit and are searchable by the name of the submitter.

FOR FURTHER INFORMATION CONTACT: Ms. Bernadette Walker, FMCSA Driver and Carrier Operations Division; Office of Carrier, Driver and Vehicle Safety Standards; *Bernadette.walker@dot.gov.*

SUPPLEMENTARY INFORMATION:

I. Public Participation and Request for Comments

FMCSA encourages you to participate by submitting comments and related materials.

A. Submitting Comments

If you submit a comment, please include the docket number for this notice (FMCSA–2026–3268), indicate the specific section of this document to which the comment applies, and provide a reason for your suggestions or recommendations. You may submit your comments and material online or by fax, mail, or hand delivery, but please use only one of these means. FMCSA recommends that you include your name and a mailing address, an email address, or a phone number in the body of your document so the Agency can contact you if it has questions regarding your submission.

To submit your comment online, go to *https://www.regulations.gov/docket/FMCSA-2026-3268/document,* click on this notice, click ''Comment,'' and type your comment into the text box on the following screen.

If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing.

FMCSA will consider all comments and material received during the comment period. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable.

B. Confidential Business Information (CBI)

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to the notice contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to the notice, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission that constitutes CBI as ''PROPIN'' to indicate it contains proprietary information. FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the notice. Submissions containing CBI should be sent to Sarah Stella, Chief, Regulatory Development Division, Office of Policy, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001 or via email at *sarah.stella@dot.gov.* At this time, you need not send a duplicate hardcopy of your electronic CBI submissions to FMCSA headquarters. Any comments FMCSA receives not specifically designated as CBI will be placed in the public docket for this notice.

C. Viewing Comments and Documents

To view comments, as well as any documents mentioned in this preamble as being available in the docket, go to *https://www.regulations.gov,* insert FMCSA–2026–3268 in the keyword box, select the document tab and choose the document to review. To view comments, click this notice, then click ''Browse Comments.'' If you do not have access to the internet, you may view the docket by visiting Dockets Operations in the DOT West Building, 1200 New Jersey Avenue SE, W58–213, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

II. Legal Basis

FMCSA has authority under 49 U.S.C. 31136(e) and 31315(b) to grant exemptions from the Federal Motor Carrier Safety Regulations (FMCSRs). FMCSA must publish a notice of each exemption request in the **Federal Register** (49 CFR 381.315(a)). The Agency must provide the public an opportunity to inspect the information relevant to the application, including the applicant's safety analysis. The Agency must provide an opportunity for public comment on the request.

The Agency reviews the application, safety analyses, and public comments submitted and determines whether granting the exemption would likely achieve a level of safety equivalent to, or greater than, the level that would be achieved absent such exemption, pursuant to the standard set forth in 49 U.S.C. 31315(b)(1). The Agency must publish its decision in the **Federal Register** (49 CFR 381.315(b)). If granted, the notice will identify the regulatory provision(s) from which the exempted party will be exempt, the effective period, and all terms and conditions of the exemption (49 CFR 381.315(c)(1)). If the exemption is denied, the notice will explain the reason for the denial (49 CFR 381.315(c)(2)). The exemption may be renewed (49 CFR 381.300(b)).

III. Applicant's Request

Current Regulatory Requirements

On February 13, 2026, FMCSA published a final rule amending the Federal regulations for State Driver's Licensing Agencies (SDLAs) issuing commercial driving credentials to foreign-domiciled individuals, effective March 16, 2026 (91 FR 7044). Under 49 CFR 383.73(f)(3)(ii)(A), as amended, SDLAs must not issue non-domiciled commercial learner's permits or CDLs unless the applicant provides evidence of lawful immigration status, as defined under 49 CFR 383.5. Section 383.5 provides that *evidence of lawful immigration status,* for applicants domiciled in foreign jurisdictions (other than U.S. territories), consists of an unexpired foreign passport and a Form I–94/94A issued by the U.S. Department of Homeland Security with an unexpired foreign passport and a Form I–94/94A with an unexpired Admit Until date indicating a classification of H–2A-Temporary Agricultural Workers, H–2B-Temporary Non-Agricultural Workers, or E–2-Treaty Investors.

Applicant's Request

Nick Castello states that he is a U.S. Marine Corps veteran and disabled veteran business owner, submitting this application as a public safety and workforce continuity initiative. The applicant specifically requests relief from portions of 49 CFR parts 383 and 384, including 383.5, 383.71(f), 383.73(f) and (m), and 383.153(c), to the extent necessary to permit SDLAs to issue non-domiciled CDLs and CLPs to Department of Homeland Security (DHS)-documented, work-authorized

drivers who are otherwise qualified but excluded solely because they are in humanitarian or protection-based categories such as U4U, TPS, asylum, and pending asylum (rather than H–2A, H–2B, or E–2, who are otherwise qualified). He requests relief for up to five years, or any shorter period FMCSA determines appropriate (such as an interim two-year exemption, emergency transition period, pilot, or other time-limited or conditional relief sufficient to prevent immediate job loss while FMCSA, SDLAs, DHS, courts, or Congress address the broader issue). The applicant states that the exemption is needed because the drivers' employment and income are at risk solely because their immigration status categories are not recognized under the current non-domiciled CLP and CDL eligibility requirements. The applicant asserts that he has collected 93 responses from drivers who have experienced recurring problems involving non-domiciled CLP/CDL issuance, renewal, transfer, restoration, correction, replacement, and upgrade transactions as a result of the non-domiciled CDL final rule.

Applicant's Equivalent Level of Safety

Mr. Castello believes the exemption would maintain an equivalent level of safety because it preserves all substantive safety controls and adds clear, exemption-specific conditions. Covered drivers would remain subject to all applicable CDL qualification and safety requirements, including testing, medical qualification, driver training, and disqualification requirements. The applicant also proposes that FMCSA could verify each driver's identity, immigration status, and work authorization through FMCSA- or DHS-approved systems. He requests that drivers covered under the exemption be eligible for non-domiciled CLPs and CDLs that would be limited to the individual's verified period of lawful presence or work authorization, one year, or another FMCSA-approved period. He notes that the exemption would allow the covered drivers to remain inside the regulated, verified, CDL framework, rather than forcing an abrupt loss of work based solely on status category.

A copy of Mr. Castello's application for exemption is available for review in the docket for this notice.

IV. Request for Comments

In accordance with 49 U.S.C. 31315(b), FMCSA requests public comment from all interested persons on Mr. Castello's application for an exemption from certain provisions of the requirement in 49 CFR parts 383 and 384 governing non-domiciled CLPs and CDLs to allow SDLAs to process non-domiciled CLP and CDL transactions for DHS documented, work-authorized drivers and drivers in humanitarian or protection based categories such as U4U, TPS, asylum, and pending asylum. All comments received before the close of business on the comment closing date will be considered and will be available for examination in the docket at the location listed under the Addresses section of this notice. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable. In addition to late comments, FMCSA will also continue to file, in the public docket, relevant information that becomes available after the comment closing date. Interested persons should continue to examine the public docket for new material.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2026–23924 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–3632]

Commercial Driver's License: Amiran Morchiladze; Application for Exemption

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of application for exemption; request for comments.

SUMMARY: FMCSA requests public comment on Amiran Morchiladze's application for an exemption or other temporary relief from the eligibility requirements related to immigration status that are applicable to the issuance of a non-domiciled commercial driver's license (CDL). Mr. Morchiladze requests temporary relief to allow him to renew or restore his non-domiciled CDL while his immigration case is pending. FMCSA is required by statute to publish a notice explaining each exemption request. This notice does not indicate what decision FMCSA will ultimately reach on the request. After reviewing the application, safety analyses, and public comments submitted, FMCSA will grant or deny the exemption.

DATES: Comments must be received on or before December 24, 2026.

ADDRESSES: You may submit comments identified by Docket Number FMCSA–2026–3632 by any of the following methods:

- *Federal eRulemaking Portal: www.regulations.gov.* See the Public Participation and Request for Comments section below for further information.
- *Mail:* Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- *Fax:* (202) 493–2251. Each submission must include the Agency name and the docket number (FMCSA–2026–3632) for this notice. Note that DOT posts all comments received without change to *www.regulations.gov,* including any personal information included in a comment. Please see the Privacy Act heading below.

Privacy Act: In accordance with 49 U.S.C. 31315(b), DOT solicits comments from the public to better inform its exemption process. DOT posts these comments, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice DOT/ALL–14 FDMS (Federal Docket Management System (FDMS)), which can be reviewed at *https://www.transportation.gov/individuals/privacy/privacy-act-system-records-notices.* The comments are posted without edit and are searchable by the name of the submitter.

FOR FURTHER INFORMATION CONTACT: Ms. Bernadette Walker, FMCSA Driver and Carrier Operations Division; Office of Carrier, Driver and Vehicle Safety Standards; *Bernadette.walker@dot.gov.*

SUPPLEMENTARY INFORMATION:

I. Public Participation and Request for Comments

FMCSA encourages you to participate by submitting comments and related materials.

A. Submitting Comments

If you submit a comment, please include the docket number for this notice (FMCSA–2026–3632), indicate the specific section of this document to which the comment applies, and provide a reason for your suggestions or recommendations. You may submit your comments and material online or by fax, mail, or hand delivery, but please use only one of these means. FMCSA recommends that you include your name and a mailing address, an email address, or a phone number in the

body of your document so the Agency can contact you if it has questions regarding your submission.

To submit your comment online, go to *https://www.regulations.gov/docket/FMCSA-2026-3632/document,* click on this notice, click ''Comment,'' and type your comment into the text box on the following screen.

If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing.

FMCSA will consider all comments and material received during the comment period. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable.

B. Confidential Business Information (CBI)

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to the notice contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to the notice, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission that constitutes CBI as ''PROPIN'' to indicate it contains proprietary information. FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the notice. Submissions containing CBI should be sent to Sarah Stella, Chief, Regulatory Development Division, Office of Policy, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001 or via email at *sarah.stella@dot.gov.* At this time, you need not send a duplicate hardcopy of your electronic CBI submissions to FMCSA headquarters. Any comments FMCSA receives not specifically designated as CBI will be placed in the public docket for this notice.

C. Viewing Comments and Documents

To view comments, as well as any documents mentioned in this preamble as being available in the docket, go to *https://www.regulations.gov,* insert FMCSA–2026–3632 in the keyword box, select the document tab and choose the document to review. To view comments, click this notice, then click ''Browse Comments.'' If you do not have access to the internet, you may view the docket by visiting Dockets Operations in the DOT West Building, 1200 New Jersey Avenue SE, W58–213, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

II. Legal Basis

FMCSA has authority under 49 U.S.C. 31136(e) and 31315(b) to grant exemptions from the Federal Motor Carrier Safety Regulations (FMCSRs). FMCSA must publish a notice of each exemption request in the **Federal Register** (49 CFR 381.315(a)). The Agency must provide the public an opportunity to inspect the information relevant to the application, including the applicant's safety analysis. The Agency must provide an opportunity for public comment on the request.

The Agency reviews the application, safety analyses, and public comments submitted and determines whether granting the exemption would likely achieve a level of safety equivalent to, or greater than, the level that would be achieved absent such exemption, pursuant to the standard set forth in 49 U.S.C. 31315(b)(1). The Agency must publish its decision in the **Federal Register** (49 CFR 381.315(b)). If granted, the notice will identify the regulatory provision(s) from which the exempted party will be exempt, the effective period, and all terms and conditions of the exemption (49 CFR 381.315(c)(1)). If the exemption is denied, the notice will explain the reason for the denial (49 CFR 381.315(c)(2)). The exemption may be renewed (49 CFR 381.300(b)).

III. Applicant's Request

Current Regulatory Requirements

On February 13, 2026, FMCSA published a final rule amending the Federal regulations for State Driver's Licensing Agencies (SDLAs) issuing commercial driving credentials to foreign-domiciled individuals, effective March 16, 2026 (91 FR 7044). Under 49 CFR 383.73(f)(3)(ii)(A), as amended, SDLAs must not issue non-domiciled commercial learner's permits or CDLs unless the applicant provides evidence of lawful immigration status, as defined under 49 CFR 383.5. Section 383.5 provides that *evidence of lawful immigration status,* for applicants domiciled in foreign jurisdictions (other than U.S. territories), consists of an unexpired foreign passport and a Form I–94/94A issued by the U.S. Department of Homeland Security with an unexpired Admit Until Date indicating a classification of H–2A–Temporary Agricultural Workers, H–2B–Temporary Non-Agricultural Workers, or E–2–Treaty Investors.

Applicant's Request

Mr. Morchiladze states that he has lived in the United States for nearly 10 years. He states that his CDL expired on August 6, 2026 and that he is currently unable to renew his commercial driving privileges because of the applicable eligibility requirements related to immigration status. Mr. Morchiladze requests an individual exemption or other temporary relief that would allow him to renew or restore his non-domiciled CDL while his immigration case and application for adjustment of status are pending. He states that without relief he may lose his truck, the small business he has been building, and his primary source of income.

Applicant's Equivalent Level of Safety

Mr. Morchiladze asserts that granting the exemption would not reduce safety. He states that he completed CDL training and testing in English, passed all three portions of the CDL skills test on his first attempt, and has commercial driving experience operating box trucks, dry vans, flatbeds, Conestoga trailers, and step-deck equipment.

He further states that he has not received a traffic ticket or moving violation and that roadside and scale inspections have not resulted in violations or out-of-service orders. Mr. Morchiladze states that he is willing to satisfy additional safety requirements, including retaking knowledge or road tests, completing language testing, obtaining updated medical certification, and would permit additional review of his driving and inspection records.

A copy of Mr. Morchiladze's application for exemption is available for review in the docket for this notice.

IV. Request for Comments

In accordance with 49 U.S.C. 31315(b), FMCSA requests public comment from all interested persons on Mr. Morchiladze's application for an exemption or other temporary relief from the eligibility requirements related to immigration status affecting issuance or renewal of a non-domiciled CDL. All comments received before the close of business on the comment closing date will be considered and will be available for examination in the docket at the location listed under the **ADDRESSES** section of this notice. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable. In addition to late comments, FMCSA will also continue to file, in the public docket, relevant

information that becomes available after the comment closing date. Interested persons should continue to examine the public docket for new material.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2026–23919 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–2740]

Commercial Driver's License: Yehonatan Kapach; Application for Exemption

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of application for exemption; request for comments.

SUMMARY: FMCSA requests public comment on Yehonatan Kapach's application for an exemption from the documentation required to issue a standard Commercial Driver's License (CDL) or, in the alternative, a non-domiciled CDL, so as to permit the State of North Carolina Division of Motor Vehicles (DMV) to reinstate the applicant's Class A Commercial Driver's License (CDL) with the Passenger (P) and School Bus (S) endorsements. FMCSA is required by statute to publish a notice explaining each exemption request. This notice does not indicate what decision FMCSA will ultimately reach on the request. After reviewing the application, safety analyses, and public comments submitted, FMCSA will grant or deny the exemption.

DATES: Comments must be received on or before December 24, 2026.

ADDRESSES: You may submit comments identified by Docket Number FMCSA–2026–2740 by any of the following methods:

- *Federal eRulemaking Portal: www.regulations.gov.* See the Public Participation and Request for Comments section below for further information.
- *Mail:* Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- *Fax:* (202) 493–2251. Each submission must include the Agency name and the docket number (FMCSA–2026–2740) for this notice. Note that DOT posts all comments received without change to *www.regulations.gov,* including any personal information included in a comment. Please see the Privacy Act heading below.

Privacy Act: In accordance with 49 U.S.C. 31315(b), DOT solicits comments from the public to better inform its exemption process. DOT posts these comments, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice DOT/ALL–14 FDMS (Federal Docket Management System (FDMS)), which can be reviewed at *https://www.transportation.gov/individuals/privacy/privacy-act-system-records-notices.* The comments are posted without edit and are searchable by the name of the submitter.

FOR FURTHER INFORMATION CONTACT: Mr. Richard Clemente, FMCSA Driver and Carrier Operations Division; Office of Carrier, Driver and Vehicle Safety Standards; *richard.clemente@dot.gov.*

SUPPLEMENTARY INFORMATION:

I. Public Participation and Request for Comments

FMCSA encourages you to participate by submitting comments and related materials.

A. Submitting Comments

If you submit a comment, please include the docket number for this notice (FMCSA–2026–2740), indicate the specific section of this document to which the comment applies, and provide a reason for your suggestions or recommendations. You may submit your comments and material online or by fax, mail, or hand delivery, but please use only one of these means. FMCSA recommends that you include your name and a mailing address, an email address, or a phone number in the body of your document so the Agency can contact you if it has questions regarding your submission.

To submit your comment online, go to *https://www.regulations.gov/docket/FMCSA-2026-2740/document,* click on this notice, click ''Comment,'' and type your comment into the text box on the following screen.

If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing.

FMCSA will consider all comments and material received during the comment period. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable.

B. Confidential Business Information (CBI)

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to the notice contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to the notice, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission that constitutes CBI as ''PROPIN'' to indicate it contains proprietary information. FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the notice. Submissions containing CBI should be sent to Sarah Stella, Chief, Regulatory Development Division, Office of Policy, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001 or via email at *sarah.stella@dot.gov.* At this time, you need not send a duplicate hardcopy of your electronic CBI submissions to FMCSA headquarters. Any comments FMCSA receives not specifically designated as CBI will be placed in the public docket for this notice.

C. Viewing Comments and Documents

To view comments, as well as any documents mentioned in this preamble as being available in the docket, go to *https://www.regulations.gov,* insert FMCSA–2026–2740 in the keyword box, select the document tab and choose the document to review. To view comments, click this notice, then click ''Browse Comments.'' If you do not have access to the internet, you may view the docket by visiting Dockets Operations in the DOT West Building, 1200 New Jersey Avenue SE, W58–213, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

II. Legal Basis

FMCSA has authority under 49 U.S.C. 31136(e) and 31315(b) to grant exemptions from the Federal Motor Carrier Safety Regulations (FMCSRs). FMCSA must publish a notice of each exemption request in the **Federal Register** (49 CFR 381.315(a)). The Agency must provide the public an opportunity to inspect the information relevant to the application, including the applicant's safety analysis. The

Agency must provide an opportunity for public comment on the request.

The Agency reviews the application, safety analyses, and public comments submitted and determines whether granting the exemption would likely achieve a level of safety equivalent to, or greater than, the level that would be achieved absent such exemption, pursuant to the standard set forth in 49 U.S.C. 31315(b)(1). The Agency must publish its decision in the **Federal Register** (49 CFR 381.315(b)). If granted, the notice will identify the regulatory provision(s) from which the exempted party will be exempt, the effective period, and all terms and conditions of the exemption (49 CFR 381.315(c)(1)). If the exemption is denied, the notice will explain the reason for the denial (49 CFR 381.315(c)(2)). The exemption may be renewed (49 CFR 381.300(b)).

III. Applicant's Request

Current Regulatory Requirements

To obtain a standard CDL, a person must provide proof of citizenship or lawful permanent residence as specified in Table 1 to 49 CFR 383.71; otherwise, a person seeking to obtain a CDL would need to apply for a non-domiciled CDL (49 CFR 383.71(b)(9) and (f)). On February 13, 2026, FMCSA published a final rule amending the Federal regulations for State Driver's Licensing Agencies (SDLAs) issuing commercial driving credentials to foreign-domiciled individuals, effective March 16, 2026 (91 FR 7044). Under 49 CFR 383.73(f)(3)(ii)(A), as amended, SDLAs must not issue non-domiciled commercial learner's permits (CLPs) or CDLs unless the applicant provides evidence of lawful immigration status, as defined under 49 CFR 383.5. Section 383.5 provides that *evidence of lawful immigration status,* for applicants domiciled in foreign jurisdictions (other than U.S. territories), consists of an unexpired foreign passport and a Form I–94/94A issued by the U.S. Department of Homeland Security with an unexpired Admit Until Date indicating a classification of H–2A–Temporary Agricultural Workers, H–2B–Temporary Non-Agricultural Workers, or E–2–Treaty Investors. (91 FR 7044, 7055).

Applicant's Request

Mr. Kapach states that he was born in Israel and resides in North Carolina. He adds that he holds an unexpired Employment Authorization Document (EAD), which was issued under category C08 due to his pending asylum application. He previously held a Class A CDL with Passenger (P) and School bus (S) endorsements issued by the State of North Carolina in August 2023. The CDL, which bore the designation ''LIMITED–TERM,'' was due to expire in July 2028. In August 2026, the North Carolina DMV downgraded Mr. Kapach's Class A CDL to a Class C CDL. He states that the DMV did not offer any explanation of the legal basis for doing so in writing; rather, he was told orally that this was based on his lack of lawful permanent resident status.

Mr. Kapach requests a 5-year exemption from 49 CFR 383.71(b)(9) and Table 1 to 49 CFR 383.71 (to the extent they exclude an unexpired Employment Authorization Document issued by U.S. Citizenship and Immigration Services) to allow the State of North Carolina to reinstate his Class A CDL with the P and S endorsements despite that he is not a U.S. citizen or lawful permanent resident. He also requests an exemption from the corresponding verification duties in 49 CFR 383.73(b)(6), (c)(7), (d)(7), and (e)(5) and the requirement in 49 CFR 384.201(a) for a State to administer its licensing program in accordance with the minimum standards in 49 CFR part 383, to the extent that standard includes 49 CFR 383.71(b)(9) and Table 1. In the alternative, Mr. Kapach requests an exemption from 49 CFR 383.73(f)(3)(ii)(A) and paragraph (1)(ii) of the definition of *evidence of lawful immigration status* in 49 CFR 383.5, to the extent that paragraph confines qualifying classifications to H–2A, H–2B, and E–2, to allow the State to issue him a non-domiciled CDL.

Mr. Kapach reasons that the Agency granted relief from the CDL list of acceptable proofs of citizenship or lawful permanent residency in Table 1 in an exemption to the Oregon Department of Transportation (89 FR 78428) (now superseded) that allowed Oregon to issue standard, full-term CDLs to the covered class and in a similar exemption (filed by the Hawaii Department of Transportation) that allows all SDLAs to issue a non-domiciled CDL to citizens of Freely Associated States who reside in the United States (91 FR 27481). Mr. Kapach argues that although the latter exemption did not allow citizens of Freely Associated States to receive standard CDLs, he should be eligible for a standard, rather than non-domiciled, CDL because North Carolina is his State of domicile within the meaning of 49 CFR 383.4—it is where he has his true, fixed, and permanent home and principal residence.

Applicant's Equivalent Level of Safety

Mr. Kapach believes the exemption would not compromise safety, as ''the provision at issue is a documentary status provision, not a performance provision.'' He states that the provision for which he seeks an exemption does not measure ''knowledge, skill, vision, hearing, physical fitness, sobriety, rest, or driving history'' and that exempting him removes nothing that measures safe operation. Mr. Kapach further indicates that he has satisfied every performance requirement the Agency imposes on him and has a safe operating record during the period he held and used the credential—from August 31, 2023 to August 12, 2026—with no record of crashes or citations for any violation of the FMCSRs. Lastly, Mr. Kapach states that the school bus endorsement is among the most demanding credentials in the licensing system, and the State of North Carolina also conducts a State criminal record check for pupil transportation.

He states that the exemption would achieve a greater level of safety than the level achieved absent the exemption and requests terms and conditions that would include automatic termination of the exemption on the date his employment authorization lapses, is revoked, or is not renewed. He states that he will notify FMCSA in writing within 10 days of any change in his immigration or work authorization status, including the resolution of his pending asylum application. He will also obtain a medical examiner's certificate annually (without regard to whether he would be otherwise exempt under 49 CFR 390.3(f)), submit his complete State driving record to FMCSA annually, remain enrolled in, and compliant with, the Drug and Alcohol Clearinghouse, and report any accidents and convictions required by the specified provisions to FMCSA within 30 days. He also states he will not operate as an owner-operator, motor carrier, or lessor, will consent to the credential being marked in any manner FMCSA directs, will consent to its period of validity being limited to one year at a time, and acknowledges the exemption may be revoked without prior notice to him. He believes these conditions place him under closer supervision than a driver holding an unrestricted credential and that this shows the exemption would achieve a ''greater'' level of safety.

A copy of Mr. Kapach's application for exemption is available for review in the docket for this notice.

IV. Request for Comments

In accordance with 49 U.S.C. 31315(b), FMCSA requests public comment from all interested persons on Mr. Kapach's application for an

exemption from the specified regulations that would permit the State of North Carolina DMV to issue and maintain for the applicant a Class A standard CDL (or, in the alternative, a non-domiciled CDL) with the P and S endorsements that he once held. All comments received before the close of business on the comment closing date will be considered and will be available for examination in the docket at the location listed under the Addresses section of this notice. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable. In addition to late comments, FMCSA will also continue to file, in the public docket, relevant information that becomes available after the comment closing date. Interested persons should continue to examine the public docket for new material.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2026–23921 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–3169]

Commercial Driver's License: Luca Donati; Application for Exemption

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of application for exemption; request for comments.

SUMMARY: FMCSA requests public comment on Luca Donati's application for an exemption from the non-domiciled Commercial Driver's License (CDL) eligibility provisions. Mr. Donati requests that the Agency allow a State Driver's Licensing Agency (SDLA) to accept his E–1 visa and Form I–94 as evidence of lawful immigration status and issue or renew his non-domiciled Class A CDL. FMCSA is required by statute to publish a notice explaining each exemption request. This notice does not indicate what decision FMCSA will ultimately reach on the request. After reviewing the application, safety analyses, and public comments submitted, FMCSA will grant or deny the exemption.

DATES: Comments must be received on or before December 24, 2026.

ADDRESSES: You may submit comments identified by Docket Number FMCSA–2026–3169 by any of the following methods:

- *Federal eRulemaking Portal: www.regulations.gov.* See the Public Participation and Request for Comments section below for further information.
- *Mail:* Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* 1200 New Jersey Avenue SE, W58–213, West Building, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- *Fax:* (202) 493–2251. Each submission must include the Agency name and the docket number (FMCSA–2026–3169) for this notice. Note that DOT posts all comments received without change to *www.regulations.gov,* including any personal information included in a comment. Please see the Privacy Act heading below.

Privacy Act: In accordance with 49 U.S.C. 31315(b), DOT solicits comments from the public to better inform its exemption process. DOT posts these comments, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice DOT/ALL–14 FDMS (Federal Docket Management System (FDMS)), which can be reviewed at *https://www.transportation.gov/individuals/privacy/privacy-act-system-records-notices.* The comments are posted without edit and are searchable by the name of the submitter.

FOR FURTHER INFORMATION CONTACT: Mr. Richard Clemente, FMCSA Driver and Carrier Operations Division; Office of Carrier, Driver and Vehicle Safety Standards; *richard.clemente@dot.gov.*

SUPPLEMENTARY INFORMATION:

I. Public Participation and Request for Comments

FMCSA encourages you to participate by submitting comments and related materials.

A. Submitting Comments

If you submit a comment, please include the docket number for this notice (FMCSA–2026–3169), indicate the specific section of this document to which the comment applies, and provide a reason for your suggestions or recommendations. You may submit your comments and material online or by fax, mail, or hand delivery, but please use only one of these means. FMCSA recommends that you include your name and mailing address, an email address, or a phone number in the body of your document so the Agency can contact you if it has questions regarding your submission.

To submit your comment online, go to *https://www.regulations.gov/docket/FMCSA-2026-3169/document,* click on this notice, click ''Comment,'' and type your comment into the text box on the following screen.

If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing.

FMCSA will consider all comments and material received during the comment period. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable.

B. Confidential Business Information (CBI)

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to the notice contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to the notice, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission that constitutes CBI as ''PROPIN'' to indicate it contains proprietary information. FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the notice. Submissions containing CBI should be sent to Sarah Stella, Chief, Regulatory Development Division, Office of Policy, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001 or via email at *sarah.stella@dot.gov.* At this time, you need not send a duplicate hardcopy of your electronic CBI submissions to FMCSA headquarters. Any comments FMCSA receives not specifically designated as CBI will be placed in the public docket for this notice.

C. Viewing Comments and Documents

To view comments, as well as any documents mentioned in this preamble as being available in the docket, go to *https://www.regulations.gov,* insert FMCSA–2026–3169 in the keyword box, select the document tab and choose the document to review. To view comments, click this notice, then click ''Browse Comments.'' If you do not have access to the internet, you may view the docket by visiting Dockets Operations in the DOT West Building, 1200 New Jersey Avenue SE, W58–213,

Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

II. Legal Basis

FMCSA has authority under 49 U.S.C. 31136(e) and 31315(b) to grant exemptions from the Federal Motor Carrier Safety Regulations (FMCSRs). FMCSA must publish a notice of each exemption request in the **Federal Register** (49 CFR 381.315(a)). The Agency must provide the public an opportunity to inspect the information relevant to the application, including the applicant's safety analysis. The Agency must provide an opportunity for public comment on the request.

The Agency reviews the application, safety analyses, and public comments submitted and determines whether granting the exemption would likely achieve a level of safety equivalent to, or greater than, the level that would be achieved absent such exemption, pursuant to the standard set forth in 49 U.S.C. 31315(b)(1). The Agency must publish its decision in the **Federal Register** (49 CFR 381.315(b)). If granted, the notice will identify the regulatory provision(s) from which the exempted party will be exempt, the effective period, and all terms and conditions of the exemption (49 CFR 381.315(c)(1)). If the exemption is denied, the notice will explain the reason for the denial (49 CFR 381.315(c)(2)). The exemption may be renewed (49 CFR 381.300(b)).

III. Applicant's Request

Current Regulatory Requirements

On February 13, 2026, FMCSA published a final rule amending the Federal regulations for SDLAs issuing commercial driving credentials to foreign-domiciled individuals, effective March 16, 2026 (91 FR 7044). Under 49 CFR 383.73(f)(3)(ii)(A), as amended, SDLAs must not issue non-domiciled commercial learner's permits (CLPs) or CDLs unless the applicant provides evidence of lawful immigration status, as defined under 49 CFR 383.5. Section 383.5 provides that *evidence of lawful immigration status,* for applicants domiciled in foreign jurisdictions (other than U.S. territories), consists of an unexpired foreign passport and a Form I–94/94A issued by the U.S. Department of Homeland Security with an unexpired Admit Until Date indicating a classification of H–2A-Temporary Agricultural Workers, H–2B-Temporary Non-Agricultural Workers, or E–2-Treaty Investors.

Applicant's Request

Luca Donati seeks a 5-year exemption from the Federal requirements in 49 CFR 383.71(f) and the definition of ''evidence of lawful immigration status'' in 49 CFR 383.5 insofar as they permit issuance or renewal of a non-domiciled CLP or CDL only to applicants in H–2A, H–2B, or E–2 nonimmigrant statuses. The applicant specifically requests that FMCSA allow an SDLA to issue or renew his non-domiciled Class A CDL based on his valid Form 1–94 and E–1 Visa.

Mr. Donati states that he is a citizen of Italy who is present lawfully in the United States in E–1 nonimmigrant status. He states that his Form I–94 is valid until April 4, 2027, and his E–1 visa is valid through May 16, 2027. He says that the State of New Jersey issued his non-domiciled Class A CDL on August 12, 2024, and provided a copy of his foreign passport that shows an expiration date of May 16, 2027. In February 2026, when Mr. Donati appeared in person to renew his CDL, he indicates that the State of New Jersey downgraded his Class A license to Class D, despite FMCSA's September 2025 interim final rule having been judicially stayed and the February 13, 2026 final rule not taking effect until March 16, 2026. He states that without the relief he is seeking, he is unable to work in the occupation for which he is trained and lawfully authorized, notwithstanding that he remains lawfully present and authorized to work in the United States.

Applicant's Equivalent Level of Safety

Mr. Donati believes the exemption would not compromise safety, as the documentary requirement from which he seeks relief ''is not a measure of driver competence, medical fitness, or safety performance.'' He claims that granting this exemption would not alter any substantive safety requirement that is applicable to him. The applicant would remain fully subject to all testing, medical certification, controlled substance and alcohol testing requirements, hours of service, and disqualification requirements of 49 CFR parts 380 through 399. The applicant would also present an unexpired passport and Form I–94 at each licensing transaction, and consent to the same verification process of his status as is required of H–2A, H–2B, and E–2 applicants under 49 CFR 383.73(m). Mr. Donati further indicates that he would accept an immediate downgrade of the commercial privilege should he cease to hold lawful status consistent with 49 CFR 383.73(f)(5), and states that he would meet every safety-related and verification requirement that applies to the permitted classifications, thereby ensuring an equivalent level of safety.

A copy of Luca Donati's application for exemption is available for review in the docket for this notice.

IV. Request for Comments

In accordance with 49 U.S.C. 31315(b), FMCSA requests public comment from all interested persons on Luca Donati's application for an exemption from the non-domiciled CDL eligibility provisions to the extent those provisions limit eligibility to H–2A, H–2B, and E–2 non-immigrant classifications. All comments received before the close of business on the comment closing date will be considered and will be available for examination in the docket at the location listed under the Addresses section of this notice. Comments received after the comment closing date will be filed in the public docket and will be considered to the extent practicable. In addition to late comments, FMCSA will also continue to file, in the public docket, relevant information that becomes available after the comment closing date. Interested persons should continue to examine the public docket for new material.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2026–23922 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket Number FRA–2026–2839]

Notice of Petition for Waiver of Compliance

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: This document provides the public notice that CSX Transportation Inc. (CSXT) petitioned FRA for relief from certain regulations concerning tests and inspections of extended haul trains.

DATES: FRA must receive comments on the petition by January 25, 2027. FRA will consider comments received after that date to the extent practicable.

ADDRESSES:

Comments: Comments related to this docket may be submitted by going to *https://www.regulations.gov* and following the online instructions for submitting comments.

Instructions: All submissions must include the agency name and docket number. All comments received will be posted without change to *https://www.regulations.gov;* this includes any personal information. Please see the Privacy Act heading in the **SUPPLEMENTARY INFORMATION** section of this document for Privacy Act information related to any submitted comments or materials.

Docket: For access to the docket to read background documents or comments received, go to *https://www.regulations.gov* and follow the online instructions for accessing the docket.

FOR FURTHER INFORMATION CONTACT: Michael Barron, Railroad Safety Specialist, FRA Motive Power & Equipment Division, telephone: 202–493–1367, email: *michael.barron@dot.gov.*

SUPPLEMENTARY INFORMATION: Under part 211 of title 49 Code of Federal Regulations (CFR), this document provides the public notice that by letter dated October 13, 2026, CSXT petitioned FRA for a waiver of compliance from certain provisions of the Federal railroad safety regulations contained at 49 CFR part 232 (Brake System Safety Standards for Freight and Other Non-Passenger Trains and Equipment; End-of-Train Devices). FRA assigned the petition Docket Number FRA–2026–2839.

Specifically, CSXT seeks relief from the requirements of § 232.207, *Class IA brake tests—1,000-mile inspection,* to permit 5 trains to operate over distances greater than 1,000 miles without a Class IA brake test. For these trains, CSX proposes a maximum operating distance of 1,500 miles, ''consistent with the outer mileage limit and safety framework established for extended-haul trains in 49 CFR 232.213.''

In support of its request, CSXT states that the subject trains will receive a Class I brake test (per § 232.205, *Class I brake test-initial terminal inspection*) and a freight car safety inspection (per part 215, Railroad Freight Car Safety Standards) at their initial terminals. Further, CSXT notes that the trains will also depart with 100 percent effective and operative brakes, except as permitted by FRA regulations, and will be subject to compliant en-route inspections following train makeup changes.

A copy of the petition, as well as any written communications concerning the petition, is available for review online at *www.regulations.gov.*

Interested parties are invited to participate in these proceedings by submitting written views, data, or comments. FRA does not anticipate scheduling a public hearing in connection with these proceedings since the facts do not appear to warrant a hearing. If any interested party desires an opportunity for oral comment and a public hearing, they should notify FRA, in writing, before the end of the comment period and specify the basis for their request.

Communications received by January 25, 2027 will be considered by FRA before final action is taken. Comments received after that date will be considered if practicable.

Privacy Act

Anyone can search the electronic form of any written communications and comments received into any of FRA's dockets by the name of the individual submitting the comment (or signing the document, if submitted on behalf of an association, business, labor union, etc.). Under 5 U.S.C. 553(c), DOT solicits comments from the public to inform its processes. DOT posts these comments, without edit, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice (DOT/ALL–14 FDMS), which can be reviewed at *https://www.transportation.gov/privacy.* See also *https://www.regulations.gov/privacy-notice* for the privacy notice of *regulations.gov.*

Issued in Washington, DC.

John Karl Alexy,

Associate Administrator for Railroad Safety, Chief Safety Officer.

[FR Doc. 2026–23897 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket No. FRA–2026–2149]

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice of information collection; request for comment.

SUMMARY: Under the Paperwork Reduction Act of 1995 (PRA) and its implementing regulations, FRA seeks approval of the Information Collection Request (ICR) summarized below. Before submitting this ICR to the Office of Management and Budget (OMB) for approval, FRA is soliciting public comment on specific aspects of the activities identified in the ICR.

DATES: Interested persons are invited to submit comments on or before January 25, 2027.

ADDRESSES: Written comments and recommendations for the proposed ICR should be submitted on *https://www.regulations.gov* to Docket No. FRA–2026–2149. All comments received will be posted without change to the docket, including any personal information provided. Please refer to the assigned OMB control number (2130–0620) in any correspondence submitted. FRA will summarize comments received in response to this notice in a subsequent notice, made available to the public, and include them in its information collection submission to OMB for approval.

FOR FURTHER INFORMATION CONTACT: Ms. Joanne Swafford, Information Collection Clearance Officer, at email: *joanne.swafford@dot.gov* or telephone: (757) 897–9908.

SUPPLEMENTARY INFORMATION: The PRA, 44 U.S.C. 3501–3520, and its implementing regulations, 5 CFR part 1320, require Federal agencies to provide 60 days' notice to the public to allow comment on information collection activities before seeking OMB approval of the activities. *See* 44 U.S.C. 3506, 3507; 5 CFR 1320.8 through 1320.12. Specifically, FRA invites interested parties to comment on the following ICR regarding: (1) whether the information collection activities are necessary for FRA to properly execute its functions, including whether the activities will have practical utility; (2) the accuracy of FRA's estimates of the burden of the information collection activities, including the validity of the methodology and assumptions used to determine the estimates; (3) ways for FRA to enhance the quality, utility, and clarity of the information being collected; and (4) ways for FRA to minimize the burden of information collection activities on the public, including the use of automated collection techniques or other forms of information technology. *See* 44 U.S.C. 3506(c)(2)(A); 5 CFR 1320.8(d)(1).

FRA finds that soliciting public comment may reduce the administrative and paperwork burdens associated with the collection of information that Federal regulations mandate. In summary, comments received will advance three objectives: (1) reduce reporting burdens; (2) organize information collection requirements in a ''user-friendly'' format to improve the use of such information; and (3) accurately assess the resources

expended to retrieve and produce information requested. *See* 44 U.S.C. 3501.

The summary below describes the ICR that FRA will submit for OMB clearance as the PRA requires:

Title: Emergency Escape Breathing Apparatus (EEBA) Standards.

OMB Control Number: 2130–0620.

Abstract: In 2024, FRA issued a final rule,[1] amending subpart C of 49 CFR part 227 requiring any freight railroad to provide a covered employee with an appropriate atmosphere-supplying EEBA when occupying a locomotive cab of a train transporting a poison inhalation hazard (PIH) material that, if released due to a railroad accident/incident, would pose an inhalation hazard to the occupants. In particular, subpart C is intended to protect these employees from the risk of exposure to PIH material while they are located in, or during escape from, the locomotive cab.

Railroads transporting PIH materials on the general railroad system are required to establish EEBA programs covering selection, procurement, provision, inspection, maintenance, replacement, and employee instruction. Railroads must identify participating employees or positions to ensure adequate supply and proper training, and store EEBAs in locomotive cabs for quick access during hazardous inhalation releases.

FRA will use the information collected to ensure freight railroads establish and implement EEBA programs to improve the safety of covered employees, and to confirm compliance with the regulation.

In this 60-day notice, FRA has made multiple adjustments to the previously approved burden hours. FRA's adjustments have decreased the previously approved burden from 1,670 hours to 1,232 hours.

Overall, the reduction in burden hours stems from updated estimates indicating that all railroads have established comprehensive written EEBA plans in compliance with § 227.217. Further, FRA projects that only three new railroads will commence operations during this three-year information collection cycle.

Type of Request: Extension without change (with changes in estimates) of a currently approved information collection.

Affected Public: Businesses (railroads).

Form(s): N/A.

Respondent Universe: 128 railroads.

Frequency of Submission: On occasion.

REPORTING BURDEN

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rates[2]	Total cost equivalent U.S.D. (D = C * wage rates)
227.203 Criteria for selecting EEBAs						
—(c) Railroads to document the adequacy of the EEBA and provide such documentation for inspection to FRA upon request.	1 new railroad	1 written justification	2 hours	2	$94.50	$189.00
227.205 Storage facilities for EEBAs						
—(c) Railroads to keep a copy of the manufacturer's EEBA instructions at their system headquarters for FRA inspection.	128 railroads	44 instruction copies	1 minute	1	94.50	69.30
227.207 Railroad's program for inspection, maintenance, and replacement of EEBAs; requirements for procedures						
—(a) Written program for inspection, maintenance, and replacement of EEBAs.	The estimated paperwork burden for this requirement is covered under § 227.211.					
—(b) EEBA pre-trip and periodic inspection records.	128 railroads	10,000 records	30 seconds	83	94.50	7,875.00
—(d) Records of returns, maintenance, repair, and replacement—Recordkeeping and retention.	128 railroads	180 records	30 seconds	2	94.50	141.75
227.209 Railroad's program of instruction on EEBAs						
—(a) Written program of instruction on EEBAs	The paperwork burden for this requirement is covered under § 227.211.					
—(c)(1) Records of employee initial instruction	128 railroads	2,000 initial training records.	3 minutes	100	74.41	7,441.00
—(c)(2) Records of periodic training	128 railroads	20,000 periodic training records.	3 minutes	1,000	74.41	74,410.00
227.211 Requirement to implement a general EEBA program; criteria for placing employees in the general EEBA program						
—(a), (b) and (d) Requirement to adopt and comply with a comprehensive, written, general program to implement this subpart.	1 new railroad	1 written program	2 hours	2	94.50	189.00
—(c) Records of positions or individuals or both in the railroad's general EEBA.	128 railroads	600 designations	3 minutes	30	94.50	2,835.00
227.213 Employee's responsibilities						
—(a)(3) Notification to railroad of EEBA failures and of use incidents.	128 railroads	1 notification	1 minute	0.02	74.41	1.24

[1] 89 FR 5114 (Jan. 26, 2024).

REPORTING BURDEN—Continued

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rates [2]	Total cost equivalent U.S.D. (D = C * wage rates)
227.215 Recordkeeping in general						
—(b) Electronic recordkeeping system to meet FRA requirements.	128 railroads ...	1 modified system	1 hour	1	94.50	94.50
—(b)(5) Paper copies of electronic records and amendments to those records made available for inspection and copying by representatives of FRA.	128 railroads ...	44 copies	15 minutes	11	94.50	1,039.50
Total [3]	128 railroads ...	32,872 responses	.....	1,232	.....	94,285.29

Total Estimated Annual Responses: 32,872.

Total Estimated Annual Burden: 1,232 hours.

Total Estimated Annual Burden Hour Dollar Cost Equivalent: $94,285.29.

FRA informs all interested parties that it may not conduct or sponsor, and a respondent is not required to respond to, a collection of information that does not display a currently valid OMB control number.

Authority: 44 U.S.C. 3501–3520.

Christopher S. Van Nostrand,

Deputy Chief Counsel.

[FR Doc. 2026–23913 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket Number FRA–2009–0078]

Notice of Petition for Extension of Waiver of Compliance

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: This document provides the public notice that the American Short Line and Regional Railroad Association (ASLRRA) petitioned FRA to extend an existing waiver of certain regulations related to hours of service.

DATES: FRA must receive comments on the petition by January 25, 2027. FRA will consider comments received after that date to the extent practicable.

ADDRESSES:

Comments: Comments related to this docket may be submitted by going to *https://www.regulations.gov* and following the online instructions for submitting comments.

Instructions: All submissions must include the agency name and docket number. All comments received will be posted without change to *https://www.regulations.gov;* this includes any personal information. Please see the Privacy Act heading in the **SUPPLEMENTARY INFORMATION** section of this document for Privacy Act information related to any submitted comments or materials.

Docket: For access to the docket to read background documents or comments received, go to *https://www.regulations.gov* and follow the online instructions for accessing the docket.

FOR FURTHER INFORMATION CONTACT: William Smith, Railroad Safety Specialist, FRA Operating Practices Division, telephone: 682–305–6709, email: *William.Smith@dot.gov.*

SUPPLEMENTARY INFORMATION: Under part 211 of title 49 Code of Federal Regulations (CFR), this document provides the public notice that by letter dated October 8, 2026, ASLRRA petitioned FRA for an extension of a waiver of compliance from certain provisions of the Federal hours of service (HOS) laws contained at 49 U.S.C. 21103(a)(4). The relevant Docket Number is FRA–2009–0078.

Specifically, ASLRRA seeks to extend its existing waiver and states that ''the waiver has been a success by all measures.'' Further, ASLRRA notes that it is ''not aware of a single reportable incident . . . attributable to fatigue during the effective period of the waiver on any participating railroad.'' In addition, the petition notes that the waiver ''has been essential to keeping short line railroads competitive, allowing for flexibility in operations.''

A copy of the petition, as well as any written communications concerning the petition, is available for review online at *www.regulations.gov.*

Interested parties are invited to participate in these proceedings by submitting written views, data, or comments. FRA does not anticipate scheduling a public hearing in connection with these proceedings since the facts do not appear to warrant a hearing. If any interested party desires an opportunity for oral comment and a public hearing, they should notify FRA, in writing, before the end of the comment period and specify the basis for their request.

Communications received by January 25, 2027 will be considered by FRA before final action is taken. Comments received after that date will be considered if practicable.

Privacy Act

Anyone can search the electronic form of any written communications and comments received into any of FRA's dockets by the name of the individual submitting the comment (or signing the document, if submitted on behalf of an association, business, labor union, etc.). Under 5 U.S.C. 553(c), DOT solicits comments from the public to inform its processes. DOT posts these comments, without edit, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice (DOT/ALL–14 FDMS), which can be reviewed at *https://www.transportation.gov/privacy.* See also *https://www.regulations.gov/privacy-notice* for the privacy notice of *regulations.gov.*

Issued in Washington, DC.

John Karl Alexy,

Associate Administrator for Railroad Safety, Chief Safety Officer.

[FR Doc. 2026–23896 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–06–P

[2] The dollar equivalent cost is derived from the 2025 Surface Transportation Board Full Year Wage A&B data series using employee group 200 (Professional & Administrative) hourly wage rate of $54.00 and employee group 600 (Transportation (Train and Engine) hourly wage rate of $42.52. The total burden wage rate (straight time plus 75%) used in the table is $94.50 ($54 × 1.75 = $94.50) and $42.52 ($42.52 × 1.75 = $74.41).

[3] Totals may not add up due to rounding.

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket Number FRA–2006–24812]

Notice of Petition for Extension of Waiver of Compliance

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: This document provides the public notice that BNSF Railway Company (BNSF) petitioned FRA for an extension of relief from certain regulations concerning tests and inspections of extended haul trains.

DATES: FRA must receive comments on the petition by January 25, 2027. FRA will consider comments received after that date to the extent practicable.

ADDRESSES:

Comments: Comments related to this docket may be submitted by going to *https://www.regulations.gov* and following the online instructions for submitting comments.

Instructions: All submissions must include the agency name and docket number. All comments received will be posted without change to *https://www.regulations.gov;* this includes any personal information. Please see the Privacy Act heading in the **SUPPLEMENTARY INFORMATION** section of this document for Privacy Act information related to any submitted comments or materials.

Docket: For access to the docket to read background documents or comments received, go to *https://www.regulations.gov* and follow the online instructions for accessing the docket.

FOR FURTHER INFORMATION CONTACT: Steven Zuiderveen, Railroad Safety Specialist, FRA Motive Power & Equipment Division, telephone: 202–493–6337, email: *steven.zuiderveen@dot.gov.*

SUPPLEMENTARY INFORMATION: Under part 211 of title 49 Code of Federal Regulations (CFR), this document provides the public notice that by letter dated October 19, 2026, BNSF petitioned FRA for a waiver of compliance from certain provisions of the Federal railroad safety regulations contained at 49 CFR part 232 (Brake System Safety Standards for Freight and Other Non-Passenger Trains and Equipment; End-of-Train Devices). FRA assigned the petition Docket Number FRA–2006–24812.

Specifically, BNSF seeks relief from the requirements of § 232.213, *Extended haul trains,* to continue operating certain extended haul trains up to a maximum of 1,702 miles. In support of its request, BNSF states that ''trains operating under the waiver consistently generate fewer detector alerts than trains not operating under the waiver.'' BNSF adds that ''the ratio of equipment-caused train accidents per one million train miles has decreased in each year of the renewal term, and [now] sits at 0.158, substantially lower than any other U.S.-based Class I railroad.''

A copy of the petition, as well as any written communications concerning the petition, is available for review online at *www.regulations.gov.*

Interested parties are invited to participate in these proceedings by submitting written views, data, or comments. FRA does not anticipate scheduling a public hearing in connection with these proceedings since the facts do not appear to warrant a hearing. If any interested party desires an opportunity for oral comment and a public hearing, they should notify FRA, in writing, before the end of the comment period and specify the basis for their request.

Communications received by January 25, 2027 will be considered by FRA before final action is taken. Comments received after that date will be considered if practicable.

Privacy Act

Anyone can search the electronic form of any written communications and comments received into any of FRA's dockets by the name of the individual submitting the comment (or signing the document, if submitted on behalf of an association, business, labor union, etc.). Under 5 U.S.C. 553(c), DOT solicits comments from the public to inform its processes. DOT posts these comments, without edit, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice (DOT/ALL–14 FDMS), which can be reviewed at *https://www.transportation.gov/privacy.* See also *https://www.regulations.gov/privacy-notice* for the privacy notice of *regulations.gov.*

Issued in Washington, DC.

John Karl Alexy,

Associate Administrator for Railroad Safety, Chief Safety Officer.

[FR Doc. 2026–23895 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket No. FRA–2026–2146]

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice of information collection; request for comment.

SUMMARY: Under the Paperwork Reduction Act of 1995 (PRA) and its implementing regulations, FRA seeks approval of the Information Collection Request (ICR) summarized below. Before submitting this ICR to the Office of Management and Budget (OMB) for approval, FRA is soliciting public comment on specific aspects of the activities identified in the ICR.

DATES: Interested persons are invited to submit comments on or before January 25, 2027.

ADDRESSES: Written comments and recommendations for the proposed ICR should be submitted on *https://www.regulations.gov* to Docket No. FRA–2026–2146. All comments received will be posted without change to the docket, including any personal information provided. Please refer to the assigned OMB control number (2130–0553) in any correspondence submitted. FRA will summarize comments received in response to this notice in a subsequent notice, made available to the public, and include them in its information collection submission to OMB for approval.

FOR FURTHER INFORMATION CONTACT: Ms. Joanne Swafford, Information Collection Clearance Officer, at email: *joanne.swafford@dot.gov* or telephone: (757) 897–9908.

SUPPLEMENTARY INFORMATION: The PRA, 44 U.S.C. 3501–3520, and its implementing regulations, 5 CFR part 1320, require Federal agencies to provide 60 days' notice to the public to allow comment on information collection activities before seeking OMB approval of the activities. *See* 44 U.S.C. 3506, 3507; 5 CFR 1320.8 through 1320.12. Specifically, FRA invites interested parties to comment on the following ICR regarding: (1) whether the information collection activities are necessary for FRA to properly execute its functions, including whether the activities will have practical utility; (2) the accuracy of FRA's estimates of the burden of the information collection activities, including the validity of the

methodology and assumptions used to determine the estimates; (3) ways for FRA to enhance the quality, utility, and clarity of the information being collected; and (4) ways for FRA to minimize the burden of information collection activities on the public, including the use of automated collection techniques or other forms of information technology. *See* 44 U.S.C. 3506(c)(2)(A); 5 CFR 1320.8(d)(1).

FRA finds that soliciting public comment may reduce the administrative and paperwork burdens associated with the collection of information that Federal regulations mandate. In summary, comments received will advance three objectives: (1) reduce reporting burdens; (2) organize information collection requirements in a ''user-friendly'' format to improve the use of such information; and (3) accurately assess the resources expended to retrieve and produce information requested. *See* 44 U.S.C. 3501.

The summary below describes the ICR that FRA will submit for OMB clearance as the PRA requires:

Title: Positive Train Control and Other Signal Systems.

OMB Control Number: 2130–0553.

Abstract: Since December 31, 2020, by law, positive train control (PTC) systems have generally governed rail operations on PTC-mandated main lines, which encompass approximately 59,000 route miles. Railroads continue to file and update the governing FRA-approved plans, including PTC Implementation Plans, PTC Development Plans, and PTC Safety Plans. The statutory mandate requires railroads to submit to FRA Quarterly Reports on PTC System Performance on Form FRA F 6180.152, under 49 U.S.C. 20157(m). Such reporting enables FRA to oversee the failure rate and reliability of PTC technology.

In addition, among other reporting requirements, FRA's regulations require that both railroads and PTC vendors and suppliers notify FRA of certain PTC system errors and malfunctions. 49 CFR 236.1023. For example, railroads must maintain a database of all safety-relevant hazards identified in their PTC Safety Plans (PTCSP) and those that had not previously been identified in their PTCSPs. 49 CFR 236.1023(e). If the frequency of a safety-relevant hazard exceeds the thresholds in a railroad's PTCSP, or such hazard has not been previously identified in a railroad's risk analysis, then the railroad must notify FRA of the failure, malfunction, or defective condition that decreased or eliminated the safety functionality of the railroad's PTC system. 49 CFR 236.1023(e)(1). In addition, FRA's regulations require PTC vendors and suppliers to notify FRA of any safety-relevant failure, defective condition, or previously unidentified hazard discovered by the vendor or supplier and the identity of each affected and notified railroad.

In this 60-day notice, FRA has made multiple adjustments to the previously approved burden hours. While some reported burdens have decreased, the overall burden hours increased from the previously approved 51,931 hours to 53,174 hours.

FRA identified burden hours that have previously been reported for public comments. The submission of public comments in response to a **Federal Register** notice falls outside the PRA's definition of information under 5 CFR 1320.3(h)(4). Consequently, FRA is removing the burden previously attributed to public comments under §§ 236.913, 236.1011, and 236.1021.

Further, FRA has determined that requirements under § 236.1001, which permits railroads to prescribe more stringent internal rules, and § 236.1017 regarding independent third-party assessments, also fall outside the PRA's definition of information under 5 CFR 1320.3(h). The previously reported burden hours for these sections have been removed.

In addition, the deadlines for certain Class II and III railroads to submit progress reports to FRA concerning the installation of onboard PTC apparatuses have expired. Accordingly, the burden hours previously associated with § 236.1006(b) have been removed from this submission.

Finally, FRA has updated the burden estimate for § 236.587, which requires the retention of departure test records for at least 92 days. This revised estimate is the primary driver for the net increase of 1,243 annual burden hours. FRA calculated this update using data reported by railroads, ensuring the estimate provides a more precise reflection of the actual administrative burden associated with this regulatory requirement.

Type of Request: Extension without change (with changes in estimates) of a currently approved information collection.

Affected Public: Businesses.

Form(s): FRA F 6180.179 and FRA F 6180.152.

Respondent Universe: 742 Railroads and 10 Vendors.

Frequency of Submission: Quarterly, On Occasion.

Reporting Burden:

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rate [1]	Total cost equivalent U.S.D. (D = C * wage rates)
235.6 Expedited application for approval of certain changes:						
—(b) Expedited application for approval of certain changes described in this section.	42 railroads	10 expedited applications.	5 hours	50	$94.50	$4,725.00
—(b)(2) Copy of expedited application to labor union.	42 railroads	10 copies	30 minutes	5	94.50	472.50
—(b)(5) Railroad letter rescinding its request for expedited application of certain signal system changes.	42 railroads	1 letter	6 hours	6	94.50	567.00
—Revised application for certain signal system changes.	42 railroads	1 application	5 hours	5	94.50	472.50
—Copy of railroad revised application to labor union.	42 railroads	1 copy	30 minutes	0.50	94.50	47.25
236.1 Plans, where kept:						
—Railroad maintained signal plans at all interlockings, automatic signal locations, controlled points, and updates to ensure accuracy.	700 railroads	25 plan changes	15 minutes	6.25	94.50	590.63
236.15 Timetable instructions:						

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rate [1]	Total cost equivalent U.S.D. (D = C * wage rates)
—Designation of automatic block, traffic control, train stop, train control, cab signal, and PTC territory in timetable instructions.	700 railroads	10.00 timetable instructions.	30 minutes	5	94.50	472.50
236.18 Software management control plan:						
—Development and adoption of software management control plan for new railroads prior to commencing operations.	2 railroads	2 plans	160 hours	320	94.50	30,240.00
236.23 Aspects and indications:						
—(e) The names, indications, and aspects of roadway and cab signals shall be defined in the carrier's Operating Rule Book or Special Instructions. Modifications shall be filed with FRA within 30 days after such modifications become effective.	700 railroads	2 modifications	1 hour	2	94.50	189.00
236.587 Departure test:						
—(d) Certification and departure test results.	742 railroads	6,054,538 train departures.	5 seconds	8,409	94.50	794,650.50
236.905 Railroad Safety Program Plan (RSPP):						
—(a) New railroads RSPP for FRA approval.	2 railroads	2 RSPPs	40 hours	80	94.50	7,560.00
236.913 Filing and approval of PSPs:						
—(a) Filing and approval of a joint Product Safety Plan (PSP).	742 railroads	1 joint plan	2,000 hours	2,000	127.05	254,100.00
—(c)(1) Informational filing	742 railroads	0.50 informational filings.	50 hours	25	94.50	2,362.50
—(c)(2) Response to FRA's request for further data after informational filing.	742 railroads	0.25 data calls	5 hours	1.25	94.50	118.13
—(d)(1)(ii) Response to FRA's request for further information within 15 days after receipt of the Notice of Product Development (NOPD).	742 railroads	0.25 data calls	1 hour	0.25	94.50	23.63
—(d)(1)(iii) Technical consultation by FRA with the railroad on the design and planned development of the product.	742 railroads	0.25 technical consultations.	5 hours	1.25	94.50	118.13
—(d)(1)(v) Railroad petition to FRA for final approval of NOPD.	742 railroads	0.25 petitions	1 hour	0.25	94.50	23.63
—(d)(2)(ii) Response to FRA's request for additional info. associated with a petition for approval of PSP or PSP amendment.	742 railroads	1.00 request	50 hours	50	94.50	4,725.00
—(h)(3)(i) Railroad amendment to PSP	742 railroads	2 amendments	20 hours	40	94.50	3,780.00
—(j) Railroad field testing/information filing document.	742 railroads	1 field test	100 hours	100	94.50	9,450.00
236.917 Retention of records:						
—(a)(2) Results of tests and inspections specified in the PSP.	13 railroads with PSP.	13 PSP safety results.	160 hours	2,080	94.50	196,560.00
—(b) Railroad report that frequency of safety-relevant hazards exceeds threshold set forth in PSP.	13 railroads	1 report	40 hours	40	94.50	3,780.00
—(b)(3) Railroad final report to FRA on the results of the analysis and countermeasures taken to reduce the frequency of safety-relevant hazards.	13 railroads	1 report	10 hours	10	94.50	945.00
236.919 Operations and Maintenance Manual:						
—(a) Railroad Operations and Maintenance Manual (OMM).	13 railroads	1 OMM update	40 hours	40	94.50	3,780.00
—(b) Plans for proper maintenance, repair, inspection, and testing of safety-critical products.	13 railroads	1 plan update	40 hours	40	94.50	3,780.00
—(c) Documented hardware, software, and firmware revisions in OMM.	13 railroads	1 revision	40 hours	40	$94.50	$3,780.00
236.921 Training and qualification program, general:						
—(a) Railroad Training and Qualification Program meeting the requirements of §§ 236.923–236.929.	13 railroads	1 program	40 hours	40	94.50	3,780.00
236.923 Task analysis and basic requirements:						
—(b) Training records retained in a designated location and available to FRA upon request.	13 railroads	350 records	10 minutes	58.33	94.50	5,512.19
236.1005 Requirements for PTC systems:						

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rate [1]	Total cost equivalent U.S.D. (D = C * wage rates)
—(b)(4)(i) through (ii) A railroad's submission of estimated traffic projections for the next 5 years, to support a request, in a PTCIP or an RFA, not to implement a PTC system based on reductions in rail traffic.	The estimated paperwork burden for this requirement is included under § 236.1009(a) and § 236.1021.					
—(b)(4)(iii) A railroad's request for a *de minimis* exception, in a PTCIP or an RFA, based on a minimal quantity of PIH materials traffic.	6 Class I railroads	1 exception request.	40 hours	40	94.50	3,780.00
—(b)(5) A railroad's request to remove a line from its PTCIP based on the sale of the line to another railroad and any related request for FRA review from the acquiring railroad.	The burden for this requirement is included under § 236.1009(a) and § 236.1021.					
—(g)(1)(i) A railroad's request to temporarily reroute trains not equipped with a PTC system onto PTC-equipped tracks and vice versa during certain emergencies.	38 railroads	45 routing extension requests.	8 hours	360	94.50	34,020.00
—(g)(1)(ii) A railroad's written or telephonic notice to the applicable FRA Regional Administrator of the conditions necessitating emergency rerouting and other required information under § 236.1005(i).	38 railroads	45 written or telephonic notices.	2 hours	90	94.50	8,505.00
—(g)(2) A railroad's temporary rerouting request due to planned maintenance not exceeding 30 days.	38 railroads	720 requests	8 hours	5,760	94.50	544,320.00
—(h)(1) A response to any request for additional information from the FRA Regional Administrator or Associate Administrator, prior to commencing rerouting due to planned maintenance.	38 railroads	10 requests	2 hours	20	94.50	1,890.00
—(h)(2) A railroad's request to temporarily reroute trains due to planned maintenance exceeding 30 days.	38 railroads	160 requests	8 hours	1,280	94.50	120,960.00
236.1006 Equipping locomotives operating in PTC territory. —(b)(5)(vii) A railroad's request to utilize different yard movement procedures, as part of a freight yard movements exception.	The burden for this requirement is included under § 236.1015 and § 236.1021.					
236.1007 Additional requirements for high-speed service. —(b)(1) For any high-speed service over 90 mph, a railroad's PTCSP must additionally establish that the PTC system was designed and will be operated to meet the fail-safe operation criteria in Appendix C.	The burden for this requirement is included under § 236.1015 and § 236.1021.					
—(c) An HSR–125 document accompanying a host railroad's PTCSP, for operations over 125 mph.	38 railroads	1 HSR–125 document.	3,200 hours	3,200	127.05	406,560.00
—(c)(1) A railroad's request for approval to use foreign service data, prior to submission of a PTCSP.	38 railroads	0.33 request	8,000 hours	2,640	94.50	249,480.00
—(d) A railroad's request in a PTCSP that FRA excuse compliance with one or more of this section's requirements.	38 railroads	1 request	1,000 hours	1,000	127.05	127,050.00
236.1009 Procedural requirements: —(a)(2) A host railroad shall file a PTCIP if it becomes a host railroad of a main line requiring the implementation of a PTC system, including the information under 49 U.S.C. 20157(a)(2) and 49 CFR 236.1011.	226 railroads	1 PTCIP	535 hours	535	127.05	67,971.75
—(a)(3) Any new PTCIPs jointly filed by a host railroad and a tenant railroad.	226 railroads	1 joint PTCIP	267 hours	267	127.05	33,922.35
—(b)(1) A host railroad's submission, individually or jointly with a tenant railroad or PTC system supplier, of an unmodified Type Approval.	226 railroads	1 documents	8 hours	8	94.50	756.00

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rate [1]	Total cost equivalent U.S.D. (D = C * wage rates)
—(b)(2) A host railroad's submission of a PTC Development Plan (PTCDP) with the info. required under 49 CFR 236.1013, requesting a Type Approval for a PTC system that either does not have a Type Approval or has a Type Approval that requires one or more variances.	226 railroads	1 PTCDP	2,000 hours	2,000	94.50	189,000.00
—(d) A host railroad's submission of a PTCSP	The burden for this requirement is included under § 236.1015.					
—(e)(3) Any request for full or partial confidentiality of a PTCIP, Notice of Product Intent (NPI), PTCDP, or PTCSP.	38 railroads	10 confidentiality requests.	8 hours	80	94.50	7,560.00
—(h) Any responses or documents submitted in connection with FRA's use of its authority to monitor, test, and inspect processes, procedures, facilities, documents, records, design and testing materials, artifacts, training materials and programs, and any other info. used in the design, development, manufacture, test, implementation, and operation of the PTC system, including interviews with railroad personnel.	38 railroads	36 interviews and documents.	4 hours	144	94.50	13,608.00
—(j)(1) Any additional info. provided in response to FRA's consultations or inquiries about a PTCDP or PTCSP.	38 railroads	1 set of additional information.	400 hours	400	94.50	37,800.00
236.1011 PTC Implementation Plan content requirements (PTCIP):						
—PTCIP content requirements	The burden for this requirement is included under § 236.1009(a) and (e) and §§ 236.1021.					
236.1013 PTC Development Plan and Notice of Product Intent (NPI) content requirements and Type Approval: —PTCDP and NPI content requirements	The estimated paperwork burden for this requirement is included under § 236.1009(b), (c), and (e) and § 236.1021					
236.1015 PTC Safety Plan content requirements and PTC System Certification:						
—Any new host railroad's PTCSP meeting all content requirements under § 236.1015.	38 railroads	1 PTCSP	8,000 hours	8,000	94.50	756,000.00
—(g) A PTCSP for a PTC system replacing an existing certified PTC system.	38 railroads	0.33 PTCSP	3,200 hours	1,056	94.50	99,792.00
—(h) A quantitative risk assessment, if FRA requires one to be submitted.	38 railroads	0.33 assessment	800 hours	264	94.50	24,948.00
236.1017 Independent third party Verification and Validation:						
—(b) A railroad's written request to confirm whether a specific entity qualifies as an independent third party.	38 railroads	0.33 written request.	8 hours	2.64	94.50	249.48
—Further info. provided to FRA upon request.	38 railroads	0.33 set of additional information.	20 hours	6.60	94.50	623.70
—(d) A request not to provide certain documents otherwise required under Appendix F for an independent, third-party assessment.	38 railroads	0.33 request	20 hours	6.60	94.50	623.70
—(e) A request for FRA to accept information certified by a foreign regulatory entity for purposes of §§ 236.1017 and/or 236.1009(i).	38 railroads	0.33 request	32 hours	10.56	94.50	997.92
236.1019 Main line track exception:						
—(b) A request for a passenger terminal main line track exception (MTEA).	38 railroads	1 MTEA	160 hours	160	94.50	15,120.00
—(c)(1) A request for a limited operations exception (based on restricted speed, temporal separation, or a risk mitigation plan).	38 railroads	1 request and/or plan.	160 hours	160	94.50	15,120.00
—(c)(2) A request for a limited operations exception for a non-Class I, freight railroad's track.	10 railroads	1 request	160 hours	160	94.50	15,120.00
—(c)(3) A request for a limited operations exception for a Class I railroad's track.	6 railroads	1 request	160 hours	160	94.50	15,120.00
—(d) A railroad's collision hazard analysis in support of an MTEA, if FRA requires one to be conducted and submitted.	38 railroads	0.33 collision hazard analysis.	50 hours	16.50	94.50	1,559.25

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rate [1]	Total cost equivalent U.S.D. (D = C * wage rates)
—(e) Any temporal separation procedures utilized under the § 236.1019(c)(1)(ii) exception.	The burden for this requirement is included under § 236.1019(c)(1).					
236.1021 Discontinuances, material modifications, and amendments: —(a) through (d) Request for RFA to a railroad's PTCIP or PTCDP.	38 railroads	10 RFAs	160 hours	1,600	94.50	151,200.00
—(l) Any jointly filed RFA to a PTCDP or PTCSP.	The burden for this requirement is included under § 236.1021(a)–(d) and (m).					
—(m) Any RFA to a railroad's PTCSP	38 railroads	15 RFAs	80 hours	1,200	94.50	113,400.00
236.1023 Errors and malfunctions: —(a) A railroad's PTC Product Vendor List, which must be continually updated.	38 railroads	2 updated lists	8 hours	16	94.50	1,512.00
—(b)(1) The railroad shall specify within its PTCSP all contractual arrangements between a railroad and its hardware and software suppliers or vendors for certain immediate notifications.	The burden for this requirement is included under § 236.1015 and § 236.1021.					
—(b)(2) through (3) A vendor's or supplier's notification, upon receipt of a report of any safety-critical failure of its product, to any railroads using the product.	10 vendors or suppliers.	10 notifications	8 hours	80	94.50	7,560.00
—(c)(1) through (2) A railroad's process and procedures for taking action upon being notified of a safety-critical failure or a safety-critical upgrade, patch, revision, repair, replacement, or modification, and a railroad's configuration/revision control measures, set forth in its PTCSP.	The burden for this requirement is included under § 236.1015 and § 236.1021.					
—(d) A railroad's submission, to the applicable vendor or supplier, of the railroad's procedures for action upon notification of a safety-critical failure, upgrade, patch, or revision to the PTC system and actions to be taken until it is adjusted, repaired, or replaced.	38 railroads	2.50 notifications	16 hours	40	94.50	3,780.00
—(e) A railroad's database of all safety-relevant hazards, which must be maintained after the PTC system is placed in service.	38 railroads	38 database updates.	16 hours	608	94.50	57,456.00
—(e)(1) A railroad's notification to the vendor or supplier and FRA if the frequency of a safety-relevant hazard exceeds the threshold set forth in the PTCDP and PTCSP, and about the failure, malfunction, or defective condition that decreased or eliminated the safety functionality, Form FRA F 6180.179—Errors and Malfunctions Notification.	38 railroads	8 notifications	8 hours	60	94.50	5,670.00
—(e)(2) Continual updates about any and all subsequent failures.	38 railroads	1 update	8 hours	8	94.50	756.00
—(f) Any notifications that must be submitted to FRA under § 236.1023.	The burden for this requirement is included under § 236.1023(e)(1), (g), and (h)(1)(2).					
—(g) A railroads and vendor's or supplier's report, upon FRA request, about an investigation of an accident or service difficulty due to a manufacturing or design defect and their corrective actions.	38 railroads	0.50 reports	40 hours	20	94.50	1,890.00
—(h) A PTC system vendor's or supplier's reports of any safety-relevant failures, defective conditions, previously unidentified hazards, recommended mitigation actions, and any affected railroads, Form FRA F 6180.179—Errors and Malfunctions Notification.	10 vendors	20 reports	8 hours	150	94.50	14,175.00

CFR section	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Wage rate [1]	Total cost equivalent U.S.D. (D = C * wage rates)
—(k) A report of a failure of a PTC system resulting in a more favorable aspect than intended or other condition hazardous to the movement of a train, including the reports required under part 233.	The burden for this requirement is included under § 236.1023 (e)(1), (g), and (h)(1)(2) and § 233.7					
236.1029 PTC system use and failures: —(b)(4) A report of an en route failure, other failure, or cut out to a designated railroad officer of the host railroad.	150 host and tenant railroads.	1,000 reports	30 minutes	500	94.50	47,250.00
49 U.S.C. 20157(m) Reports on PTC Systems: —Form FRA F 6180.152—Quarterly Report of PTC System Performance.	38 railroads	146 reports	32 hours	4,672	94.50	441,504.00
236.1031 Previously approved PTC systems: —(a) through (d) A railroad's Request for Expedited Certification.	FRA anticipates that there will be zero requests for expedited certification during this 3-year ICR.					
236.1033 Communications and security requirements:						
—Prioritized service restoration and mitigation plan for scheduled and unscheduled interruptions of service.	The burden for this requirement is included under § 236.1009 and § 236.1015.					
236.1035 Field testing requirements: —(a)–(b) A railroad's request for authorization to field test an uncertified PTC system and any responses to FRA's testing conditions.	38 railroads	10 requests	40 hours	400	94.50	37,800.00
236.1037 Records retention:						
(a)(1)–(2) Records retention	The burden for this requirement is included under § 236.1009 and § 236.1015.					
—(a)(3)–(4) Records retention	The burden for this requirement is included under § 236.1039 and § 236.1043(b).					
—(b) Results of inspections and tests specified in a railroad's PTCSP and PTCDP.	87 railroads	800 records	1 hour	800	94.50	75,600.00
—(c) A contractor's records related to the testing, maintenance, or operation of a PTC system maintained at a designated office.	20 contractors	1,600 records	10 minutes	266.67	94.50	25,200.32
—(d)(3) A railroad's final report of the results of the analysis and countermeasures taken to reduce the frequency of safety-related hazards below the threshold set forth in the PTCSP.	38 railroads	8 final reports	160 hours	1,280	94.50	120,960.00
236.1039 Operations and Maintenance Manual: —(a)–(c), (e) A railroad's PTC Operations and Maintenance Manual (OMM), which must be maintained and available to FRA upon request.	38 railroads	2 OMM updates	10 hours	20	94.50	1,890.00
—(d) A railroad's identification of a PTC system's safety-critical components, including spare equipment.	38 railroads	1 identified new component.	1 hour	1	94.50	94.50
236.1041 Training and qualification program, general: (a)–(b) A railroad's PTC Training and Qualification Program meeting the requirements of §§ 236.1039 through 236.1045 (*i.e.,* a written plan).	38 railroads	2 programs	10 hours	20	94.50	1,890.00
236.1043 Task analysis and basic requirements: —(b)—Training records retained in a designated location and available to FRA upon request.	150 host and tenant railroads.	150 PTC training records.	1 hour	150	94.50	14,175.00
Total [2]	742 railroads 10 vendors.	6,059,845 responses.		53,174		5,252,825.03

Total Estimated Annual Responses: 6,059,845.

Total Estimated Annual Burden: 53,174 hours.

Total Estimated Annual Burden Hour Dollar Cost Equivalent: $5,252,825.03.

FRA informs all interested parties that it may not conduct or sponsor, and a respondent is not required to respond to, a collection of information that does not display a currently valid OMB control number.

Authority: 44 U.S.C. 3501–3520.

Christopher S. Van Nostrand,

Deputy Chief Counsel.

[FR Doc. 2026–23910 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket No. FRA–2026–2148]

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice of information collection; request for comment.

SUMMARY: Under the Paperwork Reduction Act of 1995 (PRA) and its implementing regulations, FRA seeks approval of the Information Collection Request (ICR) summarized below. Before submitting this ICR to the Office of Management and Budget (OMB) for approval, FRA is soliciting public comment on specific aspects of the activities identified in the ICR.

DATES: Interested persons are invited to submit comments on or before January 25, 2027.

ADDRESSES: Written comments and recommendations for the proposed ICR should be submitted on *https://www.regulations.gov* to Docket No. FRA–2026–2148. All comments received will be posted without change to the docket, including any personal information provided. Please refer to the assigned OMB control number (2130–0565) in any correspondence submitted. FRA will summarize comments received in response to this notice in a subsequent notice, made available to the public, and include them in its information collection submission to OMB for approval.

FOR FURTHER INFORMATION CONTACT: Ms. Joanne Swafford, Information Collection Clearance Officer, at email: *joanne.swafford@dot.gov* or telephone: (757) 897–9908.

SUPPLEMENTARY INFORMATION: The PRA, 44 U.S.C. 3501–3520, and its implementing regulations, 5 CFR part 1320, require Federal agencies to provide 60 days' notice to the public to allow comment on information collection activities before seeking OMB approval of the activities. *See* 44 U.S.C. 3506, 3507; 5 CFR 1320.8 through 1320.12. Specifically, FRA invites interested parties to comment on the following ICR regarding: (1) whether the information collection activities are necessary for FRA to properly execute its functions, including whether the activities will have practical utility; (2) the accuracy of FRA's estimates of the burden of the information collection activities, including the validity of the methodology and assumptions used to determine the estimates; (3) ways for FRA to enhance the quality, utility, and clarity of the information being collected; and (4) ways for FRA to minimize the burden of information collection activities on the public, including the use of automated collection techniques or other forms of information technology. *See* 44 U.S.C. 3506(c)(2)(A); 5 CFR 1320.8(d)(1).

FRA finds that soliciting public comment may reduce the administrative and paperwork burdens associated with the collection of information that Federal regulations mandate. In summary, comments received will advance three objectives: (1) reduce reporting burdens; (2) organize information collection requirements in a ''user-friendly'' format to improve the use of such information; and (3) accurately assess the resources expended to retrieve and produce information requested. *See* 44 U.S.C. 3501.

The summary below describes the ICR that FRA will submit for OMB clearance as the PRA requires:

Title: Safety Appliance Concern Recommendation Report, Safety Appliance Standards Guidance Checklist Forms.

OMB Control Number: 2130–0565.

Abstract: In 2013, FRA granted with conditions an Association of American Railroads (AAR) Petition for Special Approval of an Existing Industry Standard, approving AAR Standard 2044 or S–2044 and its appendices, which prescribed safety appliance arrangements for new types of freight cars.[1] As a result of the inclusion, FRA developed Forms FRA F 6180.161(a) through (r) as guidance checklist forms to facilitate railroad, rail car owner, and rail equipment manufacturer compliance with S–2044 and 49 CFR part 231, Railroad Safety Appliance Standards.

In this 60-day notice, FRA made no changes to the previously approved burden hours or responses.

Type of Request: Extension without change of a currently approved collection.

Affected Public: Businesses (railroads).

Form(s): 18 forms; FRA F6180.161(a) through (r).

Respondent Universe: Car manufacturers/State inspectors.

Frequency of Submission: On occasion.

REPORTING BURDEN

Form number	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Total cost equivalent in U.S.D. (D = C * wage rates[2])
FRA F 6180.161a	Car manufacturers/State Inspectors	20 forms	1 hour	20 hours	$1,921
FRA F 6180.161b	Car manufacturers/State Inspectors	7 forms	1 hour	7 hours	672
FRA F 6180.161c	Car manufacturers/State Inspectors	15 forms	1 hour	15 hours	1,441
FRA F 6180.161d	Car manufacturers/State Inspectors	15 forms	1 hour	15 hours	1,441
FRA F 6180.161e	Car manufacturers/State Inspectors	15 forms	1 hour	15 hours	1,441

[1] The dollar equivalent cost is derived from the 2025 Surface Transportation Board Full Year Wage A&B data series using employee group 200 (Professional & Administrative) hourly wage rate of $54 and employee group 100 (Executives, Officials, & Staff Assistants) hourly wage rate of $72.60. The total burden wage rate (straight time plus 75%) used in the table is $94.50 ($54 × 1.75 = $94.50) and $127.05 ($72.60 × 1.75 = $127.05).

[2] Totals may not add up due to rounding.

[1] *See https://www.regulations.gov/docket/FRA-2013-0081.*

REPORTING BURDEN—Continued

Form number	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Total cost equivalent in U.S.D. (D = C * wage rates[2])
FRA F 6180.161f	Car manufacturers/State Inspectors	10 forms	1 hour	10 hours	960
FRA F 6180.161g	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161h	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161i	Car manufacturers/State Inspectors	20 forms	1 hour	20 hours	1,921
FRA F 6180.161j	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161k	Car manufacturers/State Inspectors	10 forms	1 hour	10 hours	960
FRA F 6180.161l	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161m	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161n	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161o	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161p	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161q	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
FRA F 6180.161r	Car manufacturers/State Inspectors	3 forms	1 hour	3 hours	288
Total		142 responses		142 hours	13,637

Total Estimated Annual Responses: 142.

Total Estimated Annual Burden: 142 hours.

Total Estimated Annual Burden Hour Dollar Cost Equivalent: $13,637.

FRA informs all interested parties that it may not conduct or sponsor, and a respondent is not required to respond to, a collection of information that does not display a currently valid OMB control number.

Authority: 44 U.S.C. 3501–3520.

Christopher S. Van Nostrand,

Deputy Chief Counsel.

[FR Doc. 2026–23912 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket No. FRA–2026–2147]

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice of information collection; request for comment.

SUMMARY: Under the Paperwork Reduction Act of 1995 (PRA) and its implementing regulations, FRA seeks approval of the Information Collection Request (ICR) summarized below. Before submitting this ICR to the Office of Management and Budget (OMB) for approval, FRA is soliciting public comment on specific aspects of the activities identified in the ICR.

DATES: Interested persons are invited to submit comments on or before January 25, 2027.

ADDRESSES: Written comments and recommendations for the proposed ICR should be submitted on *https://www.regulations.gov* to Docket No. FRA–2026–2147. All comments received will be posted without change to the docket, including any personal information provided. Please refer to the assigned OMB control number (2130–0564) in any correspondence submitted. FRA will summarize comments received in response to this notice in a subsequent notice, made available to the public, and include them in its information collection submission to OMB for approval.

FOR FURTHER INFORMATION CONTACT: Ms. Joanne Swafford, Information Collection Clearance Officer, at email: *joanne.swafford@dot.gov* or telephone: (757) 897–9908.

SUPPLEMENTARY INFORMATION: The PRA, 44 U.S.C. 3501–3520, and its implementing regulations, 5 CFR part 1320, require Federal agencies to provide 60 days' notice to the public to allow comment on information collection activities before seeking OMB approval of the activities. *See* 44 U.S.C. 3506, 3507; 5 CFR 1320.8 through 1320.12. Specifically, FRA invites interested parties to comment on the following ICR regarding: (1) whether the information collection activities are necessary for FRA to properly execute its functions, including whether the activities will have practical utility; (2) the accuracy of FRA's estimates of the burden of the information collection activities, including the validity of the methodology and assumptions used to determine the estimates; (3) ways for FRA to enhance the quality, utility, and clarity of the information being collected; and (4) ways for FRA to minimize the burden of information collection activities on the public, including the use of automated collection techniques or other forms of information technology. *See* 44 U.S.C. 3506(c)(2)(A); 5 CFR 1320.8(d)(1).

FRA finds that soliciting public comment may reduce the administrative and paperwork burdens associated with the collection of information that Federal regulations mandate. In summary, comments received will advance three objectives: (1) reduce reporting burdens; (2) organize information collection requirements in a ''user-friendly'' format to improve the use of such information; and (3) accurately assess the resources expended to retrieve and produce information requested. *See* 44 U.S.C. 3501.

The summary below describes the ICR that FRA will submit for OMB clearance as the PRA requires:

Title: Locomotive Crashworthiness.

OMB Control Number: 2130–0564.

Abstract: Under 49 CFR part 229, subpart D, FRA prescribes minimum crashworthiness standards for certain locomotives. These crashworthiness standards are intended to help protect locomotive cab occupants in the event of a train collision or derailment. FRA uses this collection of information to ensure railroads operate locomotives that meet the prescribed minimum performance standards and design load

[2] The dollar equivalent cost is derived from the Department of Labor, Bureau of Labor Statistics (BLS), Occupational Employment Statistics (OES) 11–3012, May 2025 National Industry-Specific Occupational Employment and Wage Estimates NAICS 999200—Local Government, excluding schools and hospitals (OEWS Designation) hourly wage rate of $54.88. The total burdened wage rate (Straight time plus 75%) used in the table is $96.04 ($54.88 × 1.75 = $96.04).

requirements for newly manufactured and re-manufactured locomotives.

In this 60-day notice, FRA has made no changes to the previously approved burden of 407 hours and 554 responses.

Type of Request: Extension without change of a currently approved collection.

Affected Public: Businesses/Public/Interested Parties.

Form(s): N/A.

Respondent Universe: 773 railroads, 4 locomotive manufacturers.

Frequency of Submission: On occasion; one-time.

REPORTING BURDEN

49 CFR part 229	Respondent universe	Total annual responses (A)	Average time per response (B)	Total annual burden hours (C = A * B)	Total cost equivalent U.S.D. (D = C * wage rates [1])
229.207 New locomotive crashworthiness design standards and changes to existing FRA-approved locomotive crashworthiness design standards					
—(b) Petitions for FRA approval	773 railroads 4 locomotive manufacturers.	2 petitions	50 hours	100	$9,450.00
—(c) Petition for FRA approval of substantive changes to FRA-approved locomotive crashworthiness design standard.	773 railroads 4 locomotive manufacturers.	0.33 petition	50 hours	16.50	1,559.25
—(d) Petition for FRA approval of non-substantive changes to existing FRA approved locomotive crashworthiness design standard.	773 railroads 4 locomotive manufacturers.	0.33 petition	50 hours	16.50	1,559.25
229.209 Alternative locomotive crashworthiness designs					
—(b) Petition for FRA approval of alternative locomotive crashworthiness designs.	773 railroads 4 locomotive manufacturers.	0.33 petition	50 hours	16.50	1,559.25
229.211 Processing of petitions					
—(b)(3) FRA conducted hearing for additional information on petition..	773 railroads 4 locomotive manufacturers.	1 hearing	24 hours	24	2,268.00
229.213 Locomotive manufacturing information					
—(a)(3) Locomotive manufacturing information retention by railroads.	773 railroads	500 records	2 minutes	16.67	1,575.32
229.215 Retention and inspection of designs					
—(a) Retention of records—Original designs	4 locomotive manufacturers	24 records	8 hours	192	18,144.00
—(b) Repairs and modifications—Records	773 railroads	6 records	4 hours	24	2,268.00
—(c) Inspection of records	773 railroads	20 records	2 minutes	0.67	63.32
Total [2]	773 railroads 4 locomotive manufacturers.	554 responses		407	38,446.38

[1] Surface Transportation Board (STB), Quarterly Wage Form A&B Data (2025). Compiled from Class I railroad data reported on Wage Form A&B for year 2025. Calculated as: wage ($/hour) = sum of compensation for time worked and paid for straight time rates ($) for Class I railroads ÷ sum of service hours for time worked and paid for straight time rates (hours) for Class I railroads. Available at *https://www.stb.gov/reports-data/economic-data/quarterly-wage-ab-data/.*

[2] Totals may not add up due to rounding.

Total Estimated Annual Responses: 554.

Total Estimated Annual Burden: 407 hours.

Total Estimated Annual Burden Hour Dollar Cost Equivalent: $38,446.38.

FRA informs all interested parties that it may not conduct or sponsor, and a respondent is not required to respond to, a collection of information that does not display a currently valid OMB control number.

Authority: 44 U.S.C. 3501–3520.

Christopher S. Van Nostrand,

Deputy Chief Counsel.

[FR Doc. 2026–23911 Filed 11–23–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Notice of OFAC Sanctions Action

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 that have been placed on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) based on OFAC's determination that one or more applicable legal criteria were satisfied. All property and interests in property subject to U.S. jurisdiction of these persons are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.

DATES: This action was issued on November 19, 2026. 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 Actions

On November 19, 2026, OFAC determined that one or more persons identified below meet one or more of the criteria for the imposition of sanctions set forth in section 1(a)–(c) of

Executive Order 14059 of December 15, 2021, ''Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade,'' 86 FR 71549 (E.O. 14059). OFAC has selected to impose blocking sanctions pursuant to section 2(a)(i) of E.O. 14059 on the persons identified below.

As a result, the property and interests in property subject to U.S. jurisdiction of the following persons are blocked under the relevant sanctions authorities listed below.

Individuals

1. COMMISSO, Rocco Remo, Ontario, Canada; DOB 29 Jun 1946; POB Siderno, Calabria, Italy; nationality Italy; Gender Male (individual) [ILLICIT–DRUGS–EO14059] (Linked To: 'NDRANGHETA).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, 'Ndrangheta, a sanctioned person pursuant to E.O. 14059.

2. COMMISSO, Francesco (a.k.a. ''U Scelto''), Ontario, Canada; Siderno, Calabria, Italy; DOB 03 Oct 1956; POB Siderno, Calabria, Italy; nationality Italy; Gender Male (individual) [ILLICIT–DRUGS–EO14059] (Linked To: 'NDRANGHETA).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, 'Ndrangheta, a sanctioned person pursuant to E.O. 14059.

3. DEMARIA, Vincenzo (a.k.a. DEMARIA, Jimmy), Ontario, Canada; DOB 16 Apr 1954; POB Siderno, Calabria, Italy; nationality Italy; Gender Male (individual) [ILLICIT–DRUGS–EO14059] (Linked To: 'NDRANGHETA).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, 'Ndrangheta, a sanctioned person pursuant to E.O. 14059.

4. FIGLIOMENI, Angelo (a.k.a. ''Don Angelino''), Vaughan, Ontario, Canada; DOB 30 Sep 1962; POB Siderno, Calabria, Italy; nationality Italy; Gender Male (individual) [ILLICIT–DRUGS–EO14059] (Linked To: 'NDRANGHETA).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, 'Ndrangheta, a sanctioned person pursuant to E.O. 14059.

5. FIGLIOMENI, Cosimo (a.k.a. ''Cosimino''; a.k.a. ''Mino''), Ontario, Canada; DOB 06 Feb 1965; POB Siderno, Calabria, Italy; nationality Italy; Gender Male (individual) [ILLICIT–DRUGS–EO14059] (Linked To: 'NDRANGHETA).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, 'Ndrangheta, a sanctioned person pursuant to E.O. 14059.

6. VESCIO SR., Luigi (a.k.a. VESCIO, Lui; a.k.a. ''The Undertaker''), Ontario, Canada; DOB 08 Jul 1971; POB Canada; nationality Canada; Gender Male (individual) [ILLICIT–DRUGS–EO14059] (Linked To: 'NDRANGHETA).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, 'Ndrangheta, a sanctioned person pursuant to E.O. 14059.

7. VESCIO, Laura (a.k.a. VESCIO–SACCO, Laura), Ontario, Canada; DOB 30 Sep 1997; POB Canada; nationality Canada; Gender Female (individual) [ILLICIT–DRUGS–EO14059] (Linked To: VESCIO SR., Luigi).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, Luigi Vescio Sr., a sanctioned person pursuant to E.O. 14059.

8. VESCIO, Rose (a.k.a. VESCIO, Rosa Maria), Ontario, Canada; DOB 24 Jun 1970; nationality Canada; Gender Female (individual) [ILLICIT–DRUGS–EO14059] (Linked To: VESCIO SR., Luigi).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, Luigi Vescio Sr., a sanctioned person pursuant to E.O. 14059.

9. VESCIO JR., Luigi, Ontario, Canada; DOB 14 Dec 1999; POB Canada; nationality Canada; Gender Male (individual) [ILLICIT–DRUGS–EO14059] (Linked To: VESCIO SR., Luigi).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, Luigi Vescio Sr., a sanctioned person pursuant to E.O. 14059.

10. VARELA VILLAR, Alexandre (a.k.a. VARE, Alex; a.k.a. VARELA, Alex), Spain; DOB 19 Nov 1991; POB Pontevedra, Galicia, Spain; nationality Spain; Gender Male; Digital Currency Address—TRX TVwLtgUXyDhmc SoQ9x2z9QSua41f8mDFvU; National ID No. 36176177Y (Spain) (individual) [ILLICIT–DRUGS–EO14059] (Linked To: COMANCHERO OUTLAW MOTORCYCLE GANG).

Sanctioned pursuant to section 1(b)(ii) of E.O. 14059 for being or having been a leader or official of, Comanchero Outlaw Motorcycle Gang, a sanctioned person pursuant to E.O. 14059.

11. COFFEN, Marco Francis (a.k.a. DE BERNARDO, Marco Sullivan), Italy; United Arab Emirates; DOB 06 Sep 1982; POB Australia; nationality Australia; citizen Australia; Gender Male; Passport G41266131 (Mexico) expires 18 Apr 2032; alt. Passport RV0122253 (Vanuatu) expires 04 Feb 2031 (individual) [ILLICIT–DRUGS–EO14059] (Linked To: COMANCHERO OUTLAW MOTORCYCLE GANG).

Sanctioned pursuant to section 1(b)(i) of E.O. 14059 for having provided, or attempted to provide, financial, material, or technological support of, or goods or services in support of, Comancheros Outlaw Motorcycle Gang, a sanctioned person pursuant to E.O. 14059.

12. MEEHAN, Allan John Norman (a.k.a. MEEHAN, Allan), Australia; DOB 19 Mar 1987; POB Auburn, New South Wales, Australia; nationality Australia; Gender Male; Passport PA7606808 (Australia) expires 29 Mar 2028 (individual) [ILLICIT–DRUGS–EO14059] (Linked To: COMANCHERO OUTLAW MOTORCYCLE GANG).

Sanctioned pursuant to section 1(b)(ii) of E.O. 14059 for being or having been a leader or official of, Comanchero Outlaw Motorcycle Gang, a sanctioned person pursuant to E.O. 14059.

13. NAUFAHU, Pasilika (a.k.a. ''Lika''), New Zealand; DOB 22 Jul 1987; POB New Zealand; nationality New Zealand; Gender Male; Passport LK010539 (New Zealand) (individual) [ILLICIT–DRUGS–EO14059] (Linked To: COMANCHERO OUTLAW MOTORCYCLE GANG).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, Comanchero Outlaw Motorcycle Gang, a sanctioned person pursuant to E.O. 14059.

14. NAUFAHU, Vetekina (a.k.a. ''Kina''), New Zealand; DOB 05 Feb 1985; POB New Zealand; nationality New Zealand; Gender Male; Passport N5608183 (Australia) (individual) [ILLICIT–DRUGS–EO14059] (Linked To: COMANCHERO OUTLAW MOTORCYCLE GANG).

Sanctioned pursuant to section 1(b)(iii) of E.O. 14059 for having acted or purported to act for or on behalf of, directly or indirectly, Comanchero Outlaw Motorcycle Gang, a sanctioned person pursuant to E.O. 14059.

Entities

1. 'NDRANGHETA, Italy; Target Type Criminal Organization [SDNTK] [ILLICIT–DRUGS–EO14059].

Sanctioned pursuant to section 1(a)(i) of E.O. 14059 for having engaged in, or attempted to engage in, activities or transactions that have materially contributed to, or pose a significant risk of materially contributing to, the international proliferation of illicit drugs or their means of production.

2. COMANCHERO OUTLAW MOTORCYCLE GANG (a.k.a. COMANCHERO MOTORCYCLE CLUB; a.k.a. ''COMANCHERO MC''), Australia; New Zealand; Spain; Bosnia and Herzegovina; Germany; Organization Established Date 15 Apr 1966; Target Type Criminal Organization [ILLICIT–DRUGS–EO14059].

Sanctioned pursuant to section 1(a)(i) of E.O. 14059 for having engaged in, or attempted to engage in, activities or transactions that have materially contributed to, or pose a significant risk of materially contributing to, the international proliferation of illicit drugs or their means of production.

3. FRATELLI VESCIO FUNERAL HOMES LTD., Woodbridge, Ontario, Canada; Organization Established Date 06 May 2002; Organization Type: Funeral and related activities; License FE1–729 (Canada); Business Number 852592732 (Canada); Registration Number 1519713 (Canada) [ILLICIT–DRUGS–EO14059] (Linked To: VESCIO SR., Luigi).

Designated pursuant to section 1(b)(iii) of E.O. 14059, as amended, for being owned, controlled, or directed by, or having acted or purported to act for or on behalf of, directly or indirectly, Luigi Vescio Sr., a sanctioned person pursuant to E.O. 14059.

4. PHANTOM LIMOUSINE SERVICES INC., Woodbridge, Ontario, Canada; Organization Established Date 27 May 2024; Organization Type: Renting and leasing of motor vehicles; Registration ID 1000901864 (Canada); Business Number 771830627 (Canada) [ILLICIT–DRUGS–EO14059] (Linked To: VESCIO SR., Luigi).

Designated pursuant to section 1(b)(iii) of E.O. 14059, as amended, for being owned, controlled, or directed by, or having acted or purported to act for or on behalf of, directly or indirectly, Luigi Vescio Sr., a sanctioned person pursuant to E.O. 14059.

5. VESCIO FUNERAL HOME MAPLE INC., Maple, Ontario, Canada; Organization Established Date 05 Dec 2018; Organization Type: Funeral and related activities; Registration ID 2669016 (Canada); License FE1–1444 (Canada); Business Number 722473089 (Canada) [ILLICIT–DRUGS–EO14059] (Linked To: VESCIO SR., Luigi).

Designated pursuant to section 1(b)(iii) of E.O. 14059, as amended, for being owned, controlled, or directed by, or having acted or purported to act for or on behalf of, directly or indirectly, Luigi Vescio Sr., a sanctioned person pursuant to E.O. 14059.

6. VESCIO FUNERAL HOMES INC., Toronto, Ontario, Canada; Organization Established Date 21 Oct 2010; Organization Type: Funeral and related activities; Registration ID 2261014 (Canada); License FE1–1065 (Canada); Business Number 846519916 (Canada) [ILLICIT–DRUGS–EO14059] (Linked To: VESCIO SR., Luigi).

Designated pursuant to section 1(b)(iii) of E.O. 14059, as amended, for being owned, controlled, or directed by, or having acted or purported to act for or on behalf of, directly or indirectly, Luigi Vescio Sr., a sanctioned person pursuant to E.O. 14059.

(Authority: E.O. 14059)

Bradley T. Smith,

Director, Office of Foreign Assets Control.

[FR Doc. 2026–23908 Filed 11–23–26; 8:45 am]

BILLING CODE 4810–AL–P

DEPARTMENT OF VETERANS AFFAIRS

VA's National Academic Affiliations Council, Notice of Meeting

The Department of Veterans Affairs (VA) gives notice under the Federal Advisory Committee Act, 5 U.S.C. Ch. 10, that a meeting of VA's National Academic Affiliations Council (NAAC) will meet via conference call on December 3, 2026, from 1:00 p.m. to 3:00 p.m. Eastern Standard Time (EST). The meeting is open to the public. The meeting sessions will begin and end as follows:

Date	Time	Location	Open session
Wednesday, December 3, 2026	1:00 p.m. to 3:00 p.m. EST	Virtual via telephone conference call	Yes.

The purpose of the Council is to advise the Secretary, Department of Veterans Affairs, on matters affecting partnerships between VA and its academic affiliates.

On December 3, 2026, the Council will receive project updates and have discussions on actions affecting the educational mission of VA. The Council will receive oral public comments from 2:25 p.m. to 2:55 p.m. EST. The comment period may end sooner, if there are no comments presented or they are exhausted before the end time

Interested persons may attend and present oral statements to the Council on December 3, 2026, during the public comment period. The designated public dial in is 872 701 0185. At the prompt, enter meeting ID 980 511 804#. Individuals who speak are invited to submit a 1- to 2-page summary of their comments at the time of the meeting for inclusion in the official meeting record. Oral presentations will be limited to five minutes or less, depending on the number of participants. Interested parties may also provide written comments for review by the Council prior to the meeting to Ms. Nellie Mitchell, Designated Federal Officer, or at any time via email to *Nellie.Mitchell@va.gov.* Any member of the public wishing to attend or seeking additional information should contact Ms. Mitchell via email or by phone at 608–358–9902.

Dated: November 20, 2026.

Jelessa M. Burney,

Federal Advisory Committee Management Officer.

[FR Doc. 2026–23872 Filed 11–23–26; 8:45 am]

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Part II

Department of Labor

Employee Benefits Security Administration

29 CFR Part 2550

Loyalty and the Exclusive Purpose Rule in Selecting Plan Investments and Exercising Shareholder Rights; Proposed Rule

DEPARTMENT OF LABOR

Employee Benefits Security Administration

29 CFR Part 2550

RIN 1210–AC37

Loyalty and the Exclusive Purpose Rule in Selecting Plan Investments and Exercising Shareholder Rights

AGENCY: Employee Benefits Security Administration, Department of Labor.

ACTION: Proposed rule.

SUMMARY: In this proposed rule, the Department of Labor (Department) clarifies the fiduciary duty of loyalty under the Employee Retirement Income Security Act of 1974 (ERISA). The proposed rule affirms that ERISA's duty of loyalty requires fiduciaries to act with the exclusive purpose of ensuring retirement security and providing promised benefits to plan participants and their beneficiaries. The amendments clarify the neutral application of ERISA's fiduciary duties of prudence and loyalty to selecting investments and investment courses of action, and to exercising shareholder rights, including proxy voting, the use of written proxy voting policies and guidelines, and shareholder engagement activities. The amendments would enhance the regulation by adding an affirmative expression of the duty of loyalty that is more consistent with the statute, and removing the tiebreaker test and participant preference provisions, which do not comport with the best reading of the statute and are susceptible to abuse, including use by a fiduciary as pretext to employ plan assets to pursue personal preferences or objectives unrelated to financial benefits under the plan. In the Department's view, the best reading of ERISA's exclusive purpose provision is and has always been that a plan fiduciary may not start with an ulterior motive or consider any factors collateral to plan participants' financial interests during any part of the process of making investment-selection decisions. The proposal would strengthen the fiduciary standards of pension and retirement plans covered by ERISA as instructed in President Trump's Executive Order 14366, *Protecting American Investors from Foreign-Owned and Politically Motivated Proxy Advisors.*

DATES: Comments on the proposal must be submitted on or before January 25, 2027.

ADDRESSES: Written comments may be submitted to the address specified below. Please do not submit duplicates.

Comments will be made available to the public.

Warning: 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 posted on the internet exactly as received and can be retrieved by most internet search engines. No deletions, modifications, or redactions will be made to the comments received, as they are public records. Comments may be submitted anonymously.

In commenting, please refer to file code 1210–AC37. The Department cannot accept comments by facsimile (FAX) transmission. Comments must be submitted in one of the following two ways (please choose only one of the ways listed):

1. *Electronically.* You may submit electronic comments on this regulation to *https://www.regulations.gov.* Follow the ''Submit a comment'' instructions.

2. *By mail.* You may mail written comments to the following address ONLY: Office of Regulations and Interpretations, Employee Benefits Security Administration, Room N–5655, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210, *Attention:* 1210–AC37. Please allow sufficient time for mailed comments to be received before the close of the comment period.

Inspection of Public Comments: All comments received before the close of the comment period are available for viewing by the public, including any personally identifiable or confidential business information that is included in a comment. The comments are posted on the following website as soon as possible after they have been received: *https://www.regulations.gov.* Follow the search instructions on that website to view public comments. The Department encourages commenters to include supporting facts, research, and evidence in their comments. When doing so, commenters are encouraged to provide citations to the materials referenced, including active hyperlinks. Likewise, commenters who reference materials that 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 the Department 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: Fred Wong, Office of Regulations and Interpretations, Employee Benefits Security Administration, (202) 693–8500. This is not a toll-free number.

Customer Service Information: Individuals interested in obtaining information from the Department of Labor concerning ERISA and employee benefit plans may call the Employee Benefits Security Administration (EBSA) Toll-Free Hotline, at 1–866–444–EBSA (3272) or visit the Department of Labor's website (*www.dol.gov/ebsa*).

SUPPLEMENTARY INFORMATION:

A. Executive Summary

This proposal is intended to clarify the application of the fiduciary duties of prudence and loyalty under the Employee Retirement Income Security Act of 1974 (ERISA) to the selection of investments and investment courses of action, including selecting qualified default investment alternatives, and to the exercise of shareholder rights, such as proxy voting, the use of written proxy voting policies and guidelines, and corporate engagement.[1] The Department has addressed these standards previously in regulatory and sub-regulatory guidance, including the Department's Investment Duties regulation at 29 CFR 2550.404a–1 (Investment Duties regulation), which has been amended several times in recent years. The Department believes that further amendments are needed to ensure that the regulation is based on the best reading of the ERISA statute and is consistent with the statute's purposes.

The proposal would restore neutrality to the Investment Duties regulation by removing terminology associated with environmental, social and governance (ESG) issues, which has become the subject of substantial public controversy and political attention. By clarifying that ERISA neither favors nor disfavors any investment objective or investment strategy, the proposal would depoliticize ESG issues under ERISA, add long-term stability to the regulation, and bolster confidence of plan fiduciaries in the conduct of their ERISA-regulated activities. The proposal also would enhance the protectiveness

[1] This proposal does not address the potential applicability of the Investment Advisers Act of 1940 (Advisers Act) to ERISA plan fiduciaries, nor does it modify, amend or alter the scope or substance of an investment adviser's Federal fiduciary duty under the Advisers Act.

of the regulation by adding an affirmative expression of the duty of loyalty that is more consistent with ERISA's plain language, and by removing provisions that are susceptible to abuse and may be employed by a fiduciary as pretext to use plan assets in pursuit of personal preferences or objectives unrelated to financial benefits under the plan. In addition, the proposal supplements the notice of proposed rulemaking entitled Fiduciary Duties in Selecting Designated Investment Alternatives (''Investment Selection NPRM''), published on March 31, 2026, which addressed a fiduciary's duty of prudence under ERISA in selecting investment options for a participant-directed individual account plan.[2] The preamble to the Investment Selection NPRM stated that ''nothing in [that proposal] excuses a fiduciary from complying with its obligations to act loyally or avoid prohibited conflicts of interest under sections 404(a)(1)(A) or 406 of ERISA respectively.'' [3] This proposal would clarify ERISA's fiduciary duty of loyalty. Finally, consistent with Executive Order 14366, *Protecting American Investors from Foreign-Owned and Politically Motivated Proxy Advisors,* the proposal would more clearly articulate that ERISA's fiduciary duties apply broadly to the exercise of shareholder rights including both proxy voting and shareholder engagement activities.[4]

B. Background and Purpose of Regulatory Action

1. General

Title I of ERISA establishes minimum standards that govern the operation of private-sector employee benefit plans, including fiduciary responsibilities. Section 404 of ERISA requires that plan fiduciaries act prudently and diversify plan investments so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.[5] Sections 403(c) and 404(a) also require fiduciaries to act solely in the interest of the plan's participants and beneficiaries, and for the exclusive purpose of providing benefits to participants and beneficiaries and defraying reasonable expenses of administering the plan.[6]

2. Sub-regulatory Guidance.

2.1. Collateral Effects and Interests in Investment Decisions

Over the years the Department has issued sub-regulatory guidance, such as interpretive bulletins, advisory opinions, information and other letters, to assist plan fiduciaries in understanding their obligations under ERISA with respect to investment decisions involving interests apart from investment return. The sub-regulatory guidance has articulated broad principles governing a fiduciary's ability to consider effects collateral to investment return in making pension plan investments. The Department's guidance generally concluded that ERISA's duty of loyalty does not categorically prohibit consideration of collateral interests in a fiduciary's evaluation of a particular investment opportunity, but the existence of such collateral interests can be considered in evaluating the investment only if the fiduciary determines that the investment is appropriate for the plan, taking into account the role the particular investment plays in the plan's investment portfolio, and is expected to provide an investment return to the plan commensurate to other available investments having similar risks.[7]

In 1994, the Department published Interpretive Bulletin 94–1 (IB 94–1), which addressed economically targeted investments (ETIs) selected, in part, for collateral interests apart from the investment return to the plan investor.[8] The Department's objective in issuing IB 94–1 was to state that ETIs [9] are not inherently incompatible with ERISA's fiduciary obligations. The preamble to IB 94–1 explained that the requirements of sections 403 and 404 of ERISA do not prevent plan fiduciaries from investing plan assets in ETIs if the investment has an expected rate of return at least commensurate to rates of return of available alternative investments, and if the ETI is otherwise an appropriate investment for the plan in terms of such factors as diversification and the investment policy of the plan. Some commentators have referred to this as the ''all things being equal'' test or the ''tiebreaker'' standard. The Department stated in the preamble to IB 94–1 that when competing investments serve the plan's economic interests to an equivalent degree, plan fiduciaries can use such collateral considerations as the deciding factor for an investment decision.

In 2008, Interpretive Bulletin 2008–01 (IB 2008–01) superseded IB 94–1,[10] and then, in 2015, Interpretive Bulletin 2015–01 (IB 2015–01) superseded IB 2008–01.[11] Although the Interpretive Bulletins differed in tone and framing, each included the ''all things being equal'' test, while also stressing that the focus of plan fiduciaries on the plan's financial returns and on providing promised benefits to participants and beneficiaries may never be subordinated to collateral interests. Each Interpretive Bulletin also cautioned that fiduciaries violate ERISA if they accept reduced risk-adjusted returns in pursuing social, environmental, or other policy goals or any other collateral interests.

The preamble to IB 2015–01 additionally explained that if a fiduciary prudently determines that an investment is appropriate based solely on economic considerations, including those that may derive from ESG factors, the fiduciary may make the investment without regard to any collateral interests the investment may also promote. In Field Assistance Bulletin 2018–01 (FAB 2018–01), the Department indicated that IB 2015–01 had recognized that there could be instances when ESG issues present business risks or opportunities to companies that officers and directors need to manage as part of the company's

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[2] 61 FR 16088 (Mar. 31, 2026).

[3] 61 FR at 16095.

[4] Section 4(b) of Executive Order 14366, *Protecting American Investors from Foreign-Owned and Politically Motivated Proxy Advisors* (Dec. 11, 2025), reprinted in 90 FR 58503 (Dec. 16, 2025) (''The Secretary of Labor shall take all appropriate action to strengthen the fiduciary standards of pension and retirement plans covered under ERISA. Such action shall include assessing whether proxy advisors act solely in the financial interests of plan participants and the extent to which any of their practices undermine the pecuniary value of the assets of ERISA plans'').

[5] 29 U.S.C. 1104.

[6] 29 U.S.C. 1103(c) and 1104(a).

[7] See Advisory Opinions 80–33A, 85–36A and 88–16A; Information Letters to Mr. George Cox, dated Jan. 16, 1981; to Mr. Theodore Groom, dated Jan. 16, 1981; to The Trustees of the Twin City Carpenters and Joiners Pension Plan, dated May 19, 1981; to Mr. William Chadwick, dated July 21, 1982; to Mr. Daniel O'Sullivan, dated Aug. 2, 1982; to Mr. Ralph Katz, dated Mar. 15, 1982; to Mr. William Ecklund, dated Dec. 18, 1985, and Jan. 16, 1986; to Mr. Reed Larson, dated July 14, 1986; to Mr. James Ray, dated July 8, 1988; to the Honorable Jack Kemp, dated Nov. 23, 1990; and to Mr. Stuart Cohen, dated May 14, 1993. The Department also granted a number of prohibited transaction exemptions (PTEs) to both individual plans and pooled investment vehicles involving investments that take into consideration collateral interests. See PTE 76–1, part B; PTE 84–25; PTE 85–58; PTE 87–20; PTE 87–70; PTE 88–96; PTE 89–37; and PTE 93–16.

[8] 59 FR 32606 (June 23, 1994) (appeared in Code of Federal Regulations as 29 CFR 2509.94–1), available at *https://www.govinfo.gov/content/pkg/FR-1994-06-23/html/94-15162.htm.*

[9] IB 94–1 used the terms ETI and economically targeted investments to broadly refer to any investment or investment course of action that is selected, in part, for its expected collateral interests, apart from the investment return to the employee benefit plan investor.

[10] 73 FR 61734 (Oct. 17, 2008), available at *https://www.federalregister.gov/documents/2008/10/17/E8-24551/interpretive-bulletin-relating-to-investing-in-economically-targeted-investments.*

[11] 80 FR 65135 (Oct. 26, 2015), available at *https://www.federalregister.gov/documents/2015/10/26/2015-27146/interpretive-bulletin-relating-to-the-fiduciary-standard-under-erisa-in-considering-economically.*

business plan, and that qualified investment professionals would treat the issues as significant economic considerations under generally accepted investment theories.[12] The FAB further stated that when they are appropriate economic considerations, such ESG issues should be considered by a prudent fiduciary along with other relevant economic factors to evaluate the risk and return profiles of alternative investments. In other words, in these instances, the Department viewed these factors not as ''tiebreakers,'' but ''risk-return'' factors affecting the economic merits of the investment.

FAB 2018–01 cautioned, however, that ''[t]o the extent ESG factors, in fact, involve business risks or opportunities that are properly treated as economic considerations themselves in evaluating alternative investments, the weight given to those factors should also be appropriate to the relative level of risk and return involved compared to other relevant economic factors.'' [13] FAB 2018–01 also emphasized that fiduciaries ''must not too readily treat ESG factors as economically relevant to the particular investment choices at issue when making a decision,'' as ''[i]t does not ineluctably follow from the fact that an investment promotes ESG factors, or that it arguably promotes positive general market trends or industry growth, that the investment is a prudent choice for retirement or other investors.'' Rather, ERISA fiduciaries must always put first the economic interests of the plan in providing retirement benefits, and ''[a] fiduciary's evaluation of the economics of an investment should be focused on financial factors that have a material effect on the return and risk of an investment based on appropriate investment horizons consistent with the plan's articulated funding and investment objectives.'' [14]

FAB 2018–01 also explained that in the case of an investment platform that allows participants and beneficiaries an opportunity to choose from a range of investment alternatives, a prudently selected, well managed, and properly diversified ESG-themed investment alternative could be added to the available investment options on the 401(k) platform without requiring the plan to remove or forgo adding other non-ESG-themed investment options to the platform.[15] As stated in the FAB, however, the selection of an investment fund as a qualified default investment alternative (QDIA) [16] is not analogous to a fiduciary's decision to offer participants an additional investment alternative as part of a prudently constructed lineup of investment alternatives from which participants may choose. The FAB expressed concern that the decision to favor the fiduciary's own policy preferences in selecting an ESG-themed investment option as a QDIA for a 401(k)-type plan without regard to possibly different or competing views of plan participants and beneficiaries would raise questions about the fiduciary's compliance with ERISA's duty of loyalty.[17] In addition the FAB stated that, even if consideration of such factors could be shown to be appropriate in the selection of a QDIA for a particular plan population, the plan's fiduciaries would have to ensure compliance with the previous guidance in IB 2015–01. For example, the selection of an ESG-themed target date fund as a QDIA would not be prudent if the fund would provide a lower expected rate of return than available non-ESG alternative target date funds with commensurate degrees of risk, or if the fund would be riskier than available non-ESG alternative target date funds with commensurate rates of return.

2.2. Proxy Voting

The Department's past sub-regulatory guidance has consistently recognized that the fiduciary act of managing employee benefit plan assets includes the management of voting rights, as well as other shareholder rights connected to shares of stock, and that management of those rights, and shareholder engagement activities, is subject to ERISA's prudence and loyalty requirements.

The Department first issued sub-regulatory guidance on proxy voting and the exercise of shareholder rights in the 1980s. For example, in 1988, the Department issued an opinion letter to Avon Products, Inc. (the Avon Letter), in which the Department took the position that the fiduciary act of managing plan assets that are shares of corporate stock includes the voting of proxies appurtenant to those shares, and that the named fiduciary of a plan has a duty to monitor decisions made and actions taken by investment managers with regard to proxy voting.[18] In 1994, the Department issued its first interpretive bulletin on proxy voting, Interpretive Bulletin 94–2 (IB 94–2).[19] IB 94–2 recognized that fiduciaries may engage in shareholder activities intended to monitor or influence corporate management if the responsible fiduciary concludes that, after taking into account the costs involved, there is a reasonable expectation that such shareholder activities (by the plan alone or together with other shareholders) will enhance the value of the plan's investment in the corporation. The Department also reiterated its view that ERISA does not permit fiduciaries, in voting proxies or engaging in other shareholder activities, such as ''monitoring or communication'' with corporate management (now commonly known as corporate engagement or shareholder engagement, whether such engagement activities are limited to corporate management or extend to other shareholders, advisors, or third persons), to subordinate the economic interests of participants and beneficiaries to unrelated objectives.

In October 2008, the Department replaced IB 94–2 with Interpretive Bulletin 2008–02 (IB 2008–02).[20] The Department's intent was to update the guidance in IB 94–2 and to reflect interpretive positions issued by the Department after 1994 on shareholder engagement and socially directed proxy voting initiatives. IB 2008–02 stated that fiduciaries' responsibility for managing proxies includes both deciding to vote and deciding not to vote.[21] It further stated that the fiduciary duties described at ERISA sections 404(a)(1)(A) and (B) require that in voting proxies the responsible fiduciary shall consider only those factors that relate to the economic value of the plan's investment and shall not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives. In addition, IB 2008–02 stated that votes shall be cast only in accordance with a plan's economic

[12] FAB 2018–01, available at *www.dol.gov/sites/dolgov/files/ebsa/employers-and-advisers/guidance/field-assistance-bulletins/2018–01.pdf.*

[13] Id.

[14] Id.

[15] Id.

[16] 29 CFR 2550.404c-5. 29 CFR 2550.404c-5 establishes conditions under which a participant or beneficiary in a participant-directed individual account plan will be deemed to have exercised control over assets in his or her account when, in the absence of investment directions from the participant or beneficiary, the plan invests all or part of a participant's or beneficiary's account in a QDIA. When a plan complies with the regulation, plan fiduciaries are not liable under Part 4 of ERISA for any loss or by reason of any breach which results from such participant's or beneficiary's exercise of control, but the plan fiduciaries remain responsible for the prudent selection and monitoring of the QDIA.

[17] FAB 2018–01, available at *https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/field-assistance-bulletins/2018-01.*

[18] Letter to Helmuth Fandl, Chairman of the Retirement Board, Avon Products, Inc. 1988 WL 897696 (Feb. 23, 1988).

[19] 59 FR 38860 (July 29, 1994).

[20] 73 FR 61731 (Oct. 17, 2008).

[21] 73 FR 61732.

interests, and further [22] explained that if the responsible fiduciary reasonably determines that the cost of voting (including the cost of research, if necessary, to determine how to vote) is likely to exceed the expected economic benefits of voting, the fiduciary has an obligation to refrain from voting. The Department warned that ''[p]lan fiduciaries risk violating the exclusive purpose rule when they exercise their fiduciary authority in an attempt to further legislative, regulatory or public policy issues through the proxy process.'' [23] The Department reiterated in IB 2008–02 that any use of plan assets by a plan fiduciary to further political or social causes ''that have no connection to enhancing the economic value of the plan's investment'' through proxy voting or shareholder activism is a violation of ERISA's exclusive purpose and prudence requirements.[24]

In 2016, the Department issued Interpretive Bulletin 2016–01 (IB 2016–01), which reinstated the language of IB 94–2 with certain modifications.[25] IB 2016–01 reiterated and confirmed that ''in voting proxies, the responsible fiduciary [must] consider those factors that may affect the value of the plan's investment and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives.'' [26] In its guidance, the Department has also stated that it rejects a construction of ERISA that would render the statute's tight limits on the use of plan assets illusory and that would permit plan fiduciaries to expend trust assets to promote myriad personal public policy preferences at the expense of participants' economic interests, including through shareholder engagement activities, voting proxies, or other investment policies.[27]

3. Regulatory Guidance

The Department's Investment Duties regulation at 29 CFR 2550.404a–1 was originally adopted in 1979 to provide guidance on ERISA's fiduciary duty of prudence under ERISA section 404(a)(1)(B) with respect to investments and investment courses of action.[28]

3.1. 2020 Final Rules

In 2020, the Department published two final rules (2020 final rules) that amended the Investment Duties regulation. The Department's objective was to address perceived confusion about the implications of its non-regulatory guidance with respect to ESG considerations, shareholder rights, and proxy voting.[29] The Department noted, for instance, that confusion with respect to ESG investing issues appeared to persist, potentially generated in part by the different iterations of the sub-regulatory guidance. The Department also expressed concern that current ESG trends suggested that plan fiduciaries may make investment decisions for purposes distinct from the exclusive purpose of providing benefits to participants and beneficiaries and defraying reasonable expenses of administering the plan, in violation of their fiduciary duty of loyalty. The Department further noted that marketers may be inappropriately targeting 401(k)-type plans covered by ERISA for investment products represented to promote perceived interests and goals unrelated to financial performance, and, as a result, participants may be offered funds that accept lower returns or higher investment risks to pursue ESG objectives.

In a final rule published in November 2020, the Department amended the Investment Duties regulation to generally require plan fiduciaries to select investments and investment courses of action based solely on consideration of ''pecuniary factors.'' [30] The final rule also added a specific requirement for fiduciaries to consider reasonably available alternatives to meet their prudence duties under ERISA with respect to an investment or investment course of action. It furthermore added regulatory text setting forth required investment analysis and documentation requirements for those circumstances in which plan fiduciaries may use non-pecuniary factors when choosing between or among investments that the fiduciary is unable to distinguish on the basis of pecuniary factors alone (*i.e.,* there is a ''tie''). It added a provision expressly providing that, in the case of selecting or retaining designated investment alternatives for an individual account plan that allows plan participants and beneficiaries to choose from a broad range of investment alternatives, a fiduciary would not be prohibited from considering or including an investment alternative solely because it promotes, seeks, or supports one or more non-pecuniary goals. However, the provision prohibited plans from adding or retaining any investment as a QDIA, or as a component of such a QDIA, if the investment includes, considers, or indicates the use of one or more non-pecuniary objectives in its investment objectives or goals or its principal investment strategies.

In December 2020, the Department published a final rule that further amended the Investment Duties regulation by adding provisions that address the duties of ERISA fiduciaries with respect to the exercise of shareholder rights (including shareholder engagement and proxy voting), adoption of proxy voting policies and guidelines, and the selection and monitoring of proxy advisory firms. [31] The preamble to the final rule indicated a concern that there was a misunderstanding that fiduciaries must vote all proxies.[32] Accordingly, the final rule included specific language indicating that fiduciaries are not required to vote every proxy. It also included a ''safe harbor'' provision pursuant to which plan fiduciaries could adopt proxy voting policies and parameters prudently designed to serve the plan's economic interest that provide optional means for satisfying their fiduciary duties of loyalty under ERISA.

3.2. 2022 Final Rule

Following publication of the 2020 final rules, the Department heard from a variety of stakeholders who voiced questions and concerns about the 2020 final rules. In October 2021, the Department published a proposed rule to amend the Investment Duties regulation in response to some of those concerns.[33] In December 2022, the Department published a final rule amending the Investment Duties regulation (2022 final rule).[34] The 2022 final rule kept in place the longstanding principles that the duties of prudence and loyalty require ERISA plan fiduciaries to focus on relevant risk-return factors and not subordinate the interests of participants and beneficiaries to objectives unrelated to the provision of benefits under the plan such as by sacrificing investment returns or taking on additional investment risks. It also retained the core principle that when a plan's assets include shares of stock, the fiduciary duty to manage plan assets includes the management of shareholder rights

[22] Id.

[23] Id.

[24] Id.

[25] 81 FR 95879 (Dec. 29, 2016). The Department addressed questions related to IB 2016–01 in FAB 2018–01, discussed above.

[26] 81 FR 95882.

[27] See 81 FR 95881.

[28] 44 FR 37225 (June 26, 1979).

[29] See 85 FR 39113 (June 30, 2020) (proposed rule); 85 FR 55219 (Sept. 4, 2020) (proposed rule).

[30] 85 FR 72846 (Nov. 13, 2020).

[31] 85 FR 81658 (Dec. 16, 2020).

[32] See 85 FR 81660.

[33] 86 FR 57272 (Oct. 14, 2021).

[34] 87 FR 73822 (Dec. 1, 2022).

related to those shares, such as the right to vote proxies.

The 2022 final rule, however, also effectively rescinded or modified certain amendments that were adopted by the 2020 final rules. Among other things, the 2022 final rule:

- Removed the ''pecuniary/non-pecuniary'' terminology and added language providing that a fiduciary's determination with respect to an investment or investment course of action must be based on factors that the fiduciary reasonably determines are relevant to a risk and return analysis, and also added that such factors may include the economic effects of climate change and other environmental, social, or governance factors on the particular investment or investment course of action.
- Removed the stricter rules for QDIAs, so that the same standards apply to QDIAs as to investments generally.
- Amended the ''tiebreaker'' test with a restated standard that required the fiduciary to conclude prudently that competing investments, or competing investment courses of action, equally serve the financial interests of the plan over the appropriate time horizon and provided that the fiduciary is not prohibited from selecting the investment, or investment course of action, based on collateral interests other than investment returns, and removed the special documentation requirements.
- Added a provision stating that fiduciaries do not violate their duty of loyalty solely because they take participants' preferences into account when constructing a menu of prudent investment options for participant-directed individual account plans.
- Eliminated the statement that the fiduciary duty to manage shareholder rights appurtenant to shares of stock does not require the voting of every proxy or the exercise of every shareholder right.
- Eliminated specific requirements on maintaining records on proxy voting activities and monitoring obligations when using investment managers or proxy advisory firms.

3.3. Litigation Challenging the 2022 Final Rule

Multiple States and private parties sued the Department in Federal court, challenging the 2022 final rule as arbitrary and capricious under the Administrative Procedure Act (APA), and contrary to ERISA and the major questions doctrine.[35] Specifically, the plaintiffs alleged that the 2022 final rule's tiebreaker provision breached ERISA's ''exclusive purpose'' duty.[36] [37]

The U.S. District Court for the Northern District of Texas entered summary judgment for the Department, finding that the rule was neither contrary to ERISA nor to the major questions doctrine, and that it was not arbitrary or capricious. In so holding, the court deferred to the Department's interpretation of section 404 as reasonable, under the then-binding *Chevron* deference standard.[38]

Plaintiffs appealed to the U.S. Court of Appeals for the Fifth Circuit. While the appeal was pending, the U.S. Supreme Court issued its decision in *Loper Bright Enterprises* v. *Raimondo,* 603 U.S. 369 (2024), which overturned *Chevron's* deference standard. In response, the Fifth Circuit vacated the district court's judgment (which had relied on *Chevron*) and remanded the case, directing the district court to reconsider the plaintiffs' challenge in light of *Loper Bright.*[39]

On remand, the court held that *Loper Bright* did not impact its previous reasoning that the 2022 final rule is not arbitrary or capricious or violative of the major questions doctrine. As to the 2022 final rule's tiebreaker standard, the district court, applying *Loper Bright* and exercising its independent judgment, concluded the tiebreaker provision is not contrary to section 404's exclusive purpose duty. The court reasoned, the ''2022 Rule does not permit a fiduciary to act for other interests than the beneficiaries' or for other purposes than the beneficiaries' financial benefit.'' [40] The court again granted summary judgment for the Department and upheld the 2022 final rule.

4. Executive Order 14366

On December 11, 2025, President Trump issued Executive Order 14366, *Protecting American Investors from Foreign-Owned and Politically Motivated Proxy Advisors.*[41] E.O. 14366 indicates that two firms control more than 90 percent of the proxy advisor market. The two firms advise their clients about how to vote the enormous numbers of shares their clients hold and manage on behalf of millions of Americans in mutual funds and exchange traded funds. They wield enormous influence over corporate governance matters, including shareholder proposals, board composition, and executive compensation, as well as over the capital markets and the value of Americans' investments more generally, including 401(k)s, IRAs, and other retirement investment vehicles. According to E.O. 14366, these proxy advisors regularly use their substantial power to advance and prioritize politically-motivated agendas even though investor returns should be the only priority. Their practices also raise significant concerns about conflicts of interest and about the quality of their recommendations, among other issues. The United States must therefore increase oversight of these proxy advisors and take action to restore public confidence in the proxy advisor industry, including by promoting accountability, transparency, and competition.[42]

E.O. 14366 instructed the Secretary of Labor, consistent with the Administrative Procedure Act, take steps to revise all regulations and guidance regarding the fiduciary status of individuals who manage, or, like proxy advisors, advise those who manage, the rights appurtenant to shares held by plans covered under ERISA, including proxy votes and corporate engagement, consistent with the policy of the order. It also directed the Secretary of Labor to strengthen ERISA fiduciary rules and increase fiduciaries' transparency regarding their use of proxy advisors, ensuring proxy advisors and plan managers act solely in the financial interest of American workers and retirees.[43]

C. Review of Current Regulation and Reasons for Change

The Department believes that, independent of the judgment in the litigation, select portions of the 2022 final rule may be construed as promoting investments with ESG-related investment strategies over other investments, contrary to the best reading of the ERISA statute. In singling out investments with ESG-related investment strategies as particularly appropriate for plans, the Department believes the 2022 final rule contravenes

[35] *Utah* v. *Micone,* 766 F. Supp. 3d 669 (N.D. Tex. 2025); see also Complaint, *Luehrs* v. *Walsh,* No. 23–cv–234 (E.D. Wis. Feb. 21, 2023).

[36] Section 404(a)(1)(A) requires that an ERISA fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and ''for the exclusive purpose of (i) providing benefits to participants and their beneficiaries; and (ii) defraying reasonable expenses of administering the plan.'' 29 U.S.C. 1104(a)(1)(A).

[37] *See* Amended Complaint at para. 138, *Utah* v. *Micone,* No. 2:23–CV–016–Z, ECF No. 47 (N.D. Tex. Jan. 26, 2023).

[38] *Utah* v. *Walsh,* No. 2:23–CV–016–Z, 2023 WL 6205926, at * 4–5 (N.D. Tex. Sept. 21, 2023). See also *Chevron, U.S.A., Inc.* v. *Nat. Res. Def. Council, Inc.,* 467 U.S. 837 (1984).

[39] *Utah* v. *Su,* 109 F.4th 313, 322 (5th Cir. 2024).

[40] *Utah* v. *Micone,* 766 F. Supp. 3d 669, 686 (N.D. Tex. 2025).

[41] 90 FR 58503 (Dec. 16, 2025).

[42] E.O. 14366, section 1.

[43] E.O. 14366, section 4.

ERISA's historical neutrality standard which neither favors nor disfavors specific investment categories or classes. Favoring investments with ESG-related investment strategies in this way impermissibly suggests that nonfinancial factors (*i.e.,* mixed motivations) may be introduced into investment decisions in violation of both the plain meaning of ERISA and the U.S. Supreme Court's interpretation of ERISA, which firmly establish that fiduciaries can consider only the benefits investments provide to plan participants and beneficiaries and plan participants' financial interests when making such decisions.

The Department has also reconsidered the viability of the so-called tiebreaker rule. The best reading of ERISA's duty of loyalty is and has always been that fiduciaries cannot consider issues and interests collateral to plan participants' financial interests and benefits during any part of the process they use to select investments. On its face, the tiebreaker rule permits just that. It therefore does not comport with the best reading of ERISA, and the Department believes that it should be rescinded.

Furthermore, the Department is concerned that the tiebreaker rule has facilitated fiduciaries' ability to conceal disloyal or otherwise suspect investment decisions. To the limited extent that any two proposed investments would possibly present identical risk-adjusted return profiles (*i.e.,* ''ties''), which would be the first step before the application of any purported ''tiebreaker rule'' for fiduciaries to consider collateral interests, investment selection must not operate such that nefarious actors can more easily disguise illegal loyalty breaches. Accordingly, some parties may have manufactured ties that did not exist as a pretext to make investment decisions that are otherwise impermissible under ERISA. Removing the tiebreaker rule will remove the incentive and opportunity for bad actors to engage in such pretextual behavior. The discussion of ESG in the 2022 final rule, when combined with the tiebreaker provision, also may have been interpreted by some persons as suggesting that nonfinancial factors can be introduced into fiduciary investment decisions. Such a construction would, in the Department's view, be in clear conflict with the plain language of the exclusive purpose requirement in ERISA.

Similarly, the Department is also concerned that language stating that a ''fiduciary may not subordinate the interests of the participants and beneficiaries'' does not capture the plain language or intent of ERISA, which establishes a more rigorous investment standard. A key point underlying the district court's decision, and its analogy to a driver choosing the more scenic of two roads to its destination (discussed further below), is that the duty of loyalty under ERISA requires a fiduciary to start with a proper purpose—the fastest route in that analogy—and as the driver may not conduct the route selection with an eye on their scenic qualities, neither may the ERISA fiduciary keep in mind ulterior motives when making investment decisions. Just like a driver may not choose the fastest of the scenic routes, a fiduciary cannot choose the most financially rewarding of a limited pool of investments assembled because of their social impact. That is an improper purpose. And as ERISA's text makes clear, a fiduciary must begin with and maintain an exclusive focus on participant's financial benefits under the plan throughout the investment selection process. ERISA requires fiduciaries to consider only plan participants' financial interest, not simply that they avoid placing any other interest above it.[44] Thus, the Department is considering replacing the anti-subordination language with ERISA's more affirmative exclusive purpose construction.

A further concern is that the participant preferences portion of the rule also has sown confusion for plan fiduciaries. The language creates a kind of trap for the unwary to the extent it is taken to suggest that the consideration of participant preferences in the selection of a plan investment menu is an acceptable proxy for a rigorous consideration and determination on the economic merits. In selecting plan investment options, plan fiduciaries must act in participants' best interests even if plan participants might make different choices left to their own devices. The Department is concerned that this provision could be exploited by promotors, consultants, investment providers, and others who may market investments with ESG-related investment strategies to suggest to their plan sponsor clients that such funds with poor financial performance and/or high fees may be selected if enough plan participants want them. While this would be a misinterpretation of the existing regulatory standard, the Department is concerned that this misinterpretation may be widespread, which would be understandable given how the standard is currently articulated. The individual or collective preferences of participants can have no bearing on the fiduciary duties of plan sponsors under ERISA, and cannot determine whether an investment is objectively preferable to another.

D. Discussion of the Proposed Rule

1. Paragraph (b)(4) of the Proposal

The proposal would amend paragraph (b)(4) of the 2022 rule by removing ''[r]isk and return factors may include the economic effects of climate change and other environmental, social, or governance factors on the particular investment or investment course of action.'' This language was added to the 2022 rule primarily because the Department wanted to clarify that, in some instances, depending upon the individual facts and circumstances, climate change and other environmental, social, or governance factors may be relevant in a risk-return analysis of an investment.[45] The intent of paragraph (b)(4) of the 2022 rule was to address stakeholders' assertions that the 2020 rule effectively chilled the market with respect to consideration of any climate change and other environmental, social or governance factors irrespective of whether the consideration of climate change and other environmental, social, or governance factors may have been particularly relevant in a risk-return analysis of an investment or investment course of action.[46] The proposal would remove this language because it may be misconstrued as suggesting that these factors (climate change and other environmental, social, or governance factors) are likely to be risk and return factors in any number of significant cases. While such factors can be relevant in some contexts, for example, where they present investment risks, the Department does not want to give the impression that they are in all or even most investment-selection decisions. Put differently, the Department is concerned that the 2022 clarification—with its explicit mention of these undefined and politically-loaded terms—has or will have had the effect of promoting, endorsing, or even encouraging investment behavior based on social or nonfinancial factors, distinctly independent from the economic merits of the investment at issue. The Department's intent is to restore neutrality and remove any perceived governmental approval of or

[44] 29 U.S.C. 1104(a)(1)(A)(i) (''a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and their beneficiaries.'') (cleaned up).

[45] 87 FR 73822, 73830–31 (Dec. 01, 2022).

[46] 87 FR 73822 (Dec. 01, 2022).

preference for these factors absent economic merit.

The Department is hopeful that, by restoring neutrality through the removal of unnecessary references to ESG, the proposal will depoliticize this topic under ERISA. In this regard, the Department takes notice that ESG considerations have become the subject of substantial public controversy and legislative attention. Congress passed a joint resolution under the Congressional Review Act to disapprove the 2022 rule, which the President vetoed.[47] Several States have also enacted measures addressing ESG-related investing, ESG-related proxy voting, public pension decisions, or financial relationships with firms deemed to engage in boycotts of certain industries. Although State laws do not control the interpretation of ERISA, these developments underscore the degree to which the regulatory language itself has become contested and may distract from the neutral, unbiased fiduciary principles established by Congress in ERISA.

Likewise, the Department believes that neutral regulatory language would improve administrability. ERISA fiduciaries, service providers, and courts are familiar with the concepts of prudence, loyalty, diversification, and financial materiality. A regulation organized around those concepts may be easier to apply than one that is read through the lens of broader public debates about ESG. In the Department's view, regulatory clarity is especially important in the retirement plan context, where fiduciaries must make decisions on behalf of participants and beneficiaries whose interests are protected by ERISA's exclusive-purpose framework.

The Department further believes that removing ESG-associated language would better highlight ERISA's exclusive-purpose rule. The statutory question is whether fiduciaries are acting to provide benefits to participants and beneficiaries and to defray reasonable expenses of administering the plan. The Department is concerned that continued reference to ESG may, in some circumstances, be interpreted as signaling that collateral social or policy goals are independently relevant under ERISA. The Department does not believe that is the proper reading of the statute. Under the proposal, the regulation would more clearly state that the fiduciary's inquiry must remain tied to the economic interests of the plan participants.

In light of foregoing, the Department believes it is appropriate to propose amendments that remove ESG-associated language from paragraph (b)(4) of the current rule, while preserving fiduciaries' ability to consider all financially relevant information. By removing ESG-associated references, the proposal would clarify that ERISA neither favors nor disfavors any investment label or ideology. Rather, the regulation would focus on the fiduciary process required by statute that looks exclusively to plan participants' financial interests.

The Department stresses, however, that the proposed amendment would not create a categorical prohibition on considering any type of information. Proposed paragraph (b)(4) includes identical language from paragraph (b)(4) of the current regulation providing that a fiduciary's determination with respect to an investment or investment course of action must be based on factors that the fiduciary reasonably determines are relevant to a risk and return analysis, and that whether any particular consideration is a risk-return factor depends on the individual facts and circumstances. Thus, under the proposal, a fiduciary may consider any factor that the fiduciary reasonably determines is relevant to the risk-and-return analysis. The proposal is intended to remove potential distractions, not to prevent fiduciaries from analyzing financially relevant facts. This neutral framework would give a fiduciary flexibility and discretion in engaging in an objective and thorough investment analysis as it encounters new risks and opportunities, and as investments and the investment marketplace change over time. It would not, based on mere labels, impose limits that automatically force a fiduciary to question soundly-reasoned investment approaches taken by other market participants, or to analyze investments differently than how other investors would. Instead, as with all other decisions under ERISA, it would give fiduciaries the flexibility to consider the relevant information under the circumstances to act in plan participants' financial interest. If adopted, plan fiduciaries would be required to comply with this rule for both new and existing investments by using the ongoing investment monitoring that ERISA requires to ensure that both comply with the final rule. To be clear, the proposed rule does not necessarily require fiduciaries to divest or terminate any existing investment, investment course of action, or designated investment alternative. This proposed rule will apply only prospectively. Fiduciaries should do what they must always do under ERISA: continually evaluate their investments for their consistency with plan participants' and beneficiaries' financial interests and the Department's best interpretation of ERISA's duty of loyalty, as set forth in this rule.

At the same time, however, this proposed rule's prospective application does not immunize fiduciaries' actions and investment selections prior to the rule's effectiveness from enforcement actions and potential liability under ERISA provisions, duties, or mandates. Consistent with the relevant statutes of limitation, regulated entities must not construe this rule to reduce the Department's ability to investigate and prosecute fiduciaries for actions that were illegal while the prior rules were in effect. To that end, the Department recognizes the reliance interests that fiduciaries might have had related to how they may have made investment decisions based on any flawed interpretation of the best reading of ERISA's duty of loyalty subsequent to the 2022 final rule. The Department seeks comments regarding these reliance interests associated with the 2022 rule and the interaction of the regulatory text with prior investment decisions.

Relatedly, the Department seeks comments on what has caused the large outflow from ESG funds in recent years, and more specifically, whether this trend is reflected in ERISA plan investments.

2. Paragraph (c)(1) of the Proposal

The proposal would amend paragraph (c)(1) of the 2022 rule by removing the phrase ''may not subordinate'' and replacing it with ''shall discharge his duties with respect to the plan with the exclusive purpose of maximizing.'' Thus, in its entirety, paragraph (c)(1) of the proposal would read as follows: ''A fiduciary shall discharge his duties with respect to the plan with the exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan, and may not sacrifice investment return or take on additional investment risk to promote benefits or goals unrelated to financial interests of the participants and beneficiaries in their retirement income or financial benefits under the plan.''

The intent of these proposed changes is to enhance the protectiveness of the regulation by better aligning it with the text of ERISA. In particular, section 404(a)(1)(A) of ERISA, in relevant part, provides that ''a fiduciary shall

[47] H.J. Res. 30, 118th Cong. (2023); President Joseph R. Biden, Jr., Veto Message to the House of Representatives on H.J. Res. 30, 2023 Daily Comp. Pres. Doc. No. 202300218 (Mar. 20, 2023).

discharge his duties with respect to the plan solely in the interests of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and their beneficiaries.'' [48] While the more limited anti-subordination language has been the Department's sub-regulatory position for more than 30 years and regulatory position for 6 years, the statutory text of section 404(a)(1)(A) plainly demands a more rigorous, financially-motivated standard when selecting investments than simply ''not subordinating'' participants' financial interests to nonfinancial objectives.[49] And although the anti-subordination language has been used as support for the Department's tiebreaker test, as explained below, this proposal would eliminate the tiebreaker test. The new language also reflects the best reading of the statute.

The current regulation's loyalty provision, at paragraph (c)(1), contains two prohibitions: first, against subordination of participants' interests to other objectives; second, against sacrificing return or taking on additional risk to promote goals unrelated to participants and beneficiaries. Because the provision is limited to setting forth prohibitions, it merely identifies conduct that would violate ERISA's loyalty requirement. This prohibition-based formulation may be misconceived as permitting consideration of collateral objectives so long as participants' financial interests are not ultimately subordinated.

The proposed amendment, by contrast, sets forth a more affirmative expression of the duty of loyalty under ERISA. This more affirmative expression of ERISA's duty of loyalty is framed not as an abstract duty to ''maximize'' returns without regard to other fiduciary constraints, but as a duty to maximize participants' and beneficiaries' financial interests on a risk-adjusted basis, consistent with the plan documents and ERISA's prudence, diversification and expense limitations.

The Supreme Court has explained that ERISA's fiduciary standards have their origins in the common law of trusts,[50] and the Second Circuit has stated that these standards require fiduciaries to act with an ''eye single to the interests of the participants and beneficiaries.'' [51] As the Supreme Court explained when interpreting the National Labor Relations Act's similar duty of loyalty, ''[a] fiduciary cannot contend that, although he had conflicting interests, he served his masters equally well or that his primary loyalty was not weakened by the pull of his secondary one.'' [52] They have also held that fiduciaries may not permit ''union, employer or self interests'' to influence plan administration.[53] The Supreme Court has likewise emphasized that ERISA incorporates the duty of prudence, again with its origin in trust law, including an ongoing obligation to monitor investments and remove imprudent ones,[54] and, where materially better financial terms are available to participants, courts have held that fiduciaries must act to secure those advantages.[55]

These authorities support the proposition that ERISA requires fiduciaries to pursue only the course of action that best advances participants' and beneficiaries' financial interests—maximizing expected benefits net of reasonable expenses, and subject to prudent risk management, diversification, and plan terms—rather than merely not subordinating their interests to other objectives.[56] The text in paragraph (c) of the proposal reflects these principles.

The proposal's reference to ''maximizing interests of the participants and beneficiaries . . . *under the plan*'' (emphasis added) is to make clear that the ''maximizing interests'' obligation is to be understood in relation to, and with a focus on the benefits under the plan, rather than an obligation solely to pursue the highest investment return in all cases. For instance, the Department does not intend the ''maximizing'' language to be interpreted as compelling a fiduciary to make investment decisions focused on maximizing return on plan investments while ignoring prudence, risk, diversification, liquidity, funding obligations, or any other factors required or relevant with regard to providing promised benefits under the plan. Similarly, the Department also does not intend this language to prohibit a defined benefit plan fiduciary from using a liability-driven investment strategy to reduce the risk of underfunding to the plan.[57] Nor is this ''maximizing'' obligation violated merely because a counterparty benefits from a transaction with a plan.[58]

3. Removal of the Tiebreaker Provision—Paragraph (c)(2)

In adopting the 2020 final rule, the Department expressed doubt that ties ever occur, but nonetheless included a tie breaker provision. In proposing the rule, the Department set forth the proposition that true ties may theoretically occur, acknowledged that it currently lacked sufficient evidence to say that they do not, and solicited comments on the matter.[59] The 2020 tiebreaker provision provided that if a fiduciary was unable to distinguish investment alternatives on the basis of pecuniary factors, the fiduciary could then, in effect, break the tie by relying on non-pecuniary factors.[60] Importantly,

[48] 29 U.S.C. 1104(a)(1)(A) (internal punctuation omitted).

[49] See, *e.g., Fifth Third Bancorp* v. *Dudenhoeffer,* 573 U.S. 409, 420–21 (2014) (discussing the connection between the duty of loyalty and financial objectives.)

[50] *Cent. States, Se. & Sw. Areas Pension Fund* v. *Cent. Transp., Inc.,* 472 U.S. 559, 570–71 (1985).

[51] *Donovan* v. *Bierwirth,* 680 F.2d 263, 271 (2d Cir. 1982) (holding fiduciaries may not subordinate participant interests to those of the corporation in responding to a takeover bid).

[52] *NLRB* v. *Amax Coal Co.,* 453 U.S. 322, 330 (1981).

[53] *Leigh* v. *Engle,* 727 F.2d 113, 124–25 (7th Cir. 1984) (holding fiduciaries breached duties where divided loyalties affected plan investment decisions).

[54] *Tibble* v. *Edison Int'l,* 575 U.S. 523, 528–30 (2015) (holding fiduciaries have a ''continuing duty to monitor trust investments and remove imprudent ones''); *Fifth Third Bancorp* v. *Dudenhoeffer,* 573 U.S. 409, 418–19 (2014) (stating that ERISA's duty of prudence stems from ''the common law of trusts'').

[55] See *Tibble* v. *Edison Int'l,* 843 F.3d 1187, 1197–98 (9th Cir. 2016) (holding fiduciaries breached ERISA by retaining higher-cost retail-class funds when otherwise identical lower-cost institutional shares were available); *Hughes* v. *Nw. Univ.,* 595 U.S. 170, 176–77 (2022) (reaffirming that fiduciaries must continually monitor plan investments and remove imprudent options).

[56] See also *Bd. of Trs. of the CWA/ITU Negotiated Pension Plan* v. *Weinstein,* 107 F.3d 139, 146 (2d Cir. 1997) (stating that ''[t]he duty of loyalty requires trustees to administer the trust solely in the interest of the participants and beneficiaries''); *Deak* v. *Masters, Mates & Pilots Pension Plan,* 821 F.2d 572, 580–82 (11th Cir. 1987) (invalidating fiduciary action that served institutional interests rather than the exclusive interests of participants).

[57] *See* Advisory Opinion 2006–08A (Oct. 3, 2006).

[58] *See Donovan* v. *Walton,* 609 F. Supp 1221, 1245 (S.D. Fla. 1985) (''Even without these benefits to the Fund, ERISA section 404(a)(1)(A) simply does not prohibit a party other than a plan's participants and beneficiaries from benefiting in some measure from a prudent transaction with the plan. Furthermore, by adopting the 'exclusive purpose' standard, Congress did not intend to make illegal the fact of life that most often a transaction benefits both parties involved.''). *See also Johnson* v. *Radian Group, Inc.,* 2009 WL 2137241 (E.D. Pa. July 16, 2009) (''[T]he mere fact that a fiduciary has an adverse interest, or that a fiduciary's action incidentally benefits an employer, does not show that a fiduciary has breached the duty of loyalty . . . Rather, ERISA plan fiduciaries violate the duty of loyalty when they actually act in the interests of the plan sponsor or of themselves rather than for the sole benefit of the participants and beneficiaries of the Plan.'') (citations omitted). *Cf. Rev. Rul. 69–494,* 1969–2 CB 88 (pre-ERISA requirement under the Internal Revenue Code that the primary purpose of benefiting employees or their beneficiaries must be maintained with respect to the trust funds of an exempt employees' trust but does not prevent others from also deriving some benefit from a transaction with the trust).

[59] 85 FR 39117 (June 30, 2020).

[60] 85 FR 72884 (Nov. 13, 2020).

to safeguard against improperly finding a tie in order to rely on non-pecuniary factors, the 2020 tiebreaker provision included a requirement that fiduciaries adequately document occurrences of ties.[61]

The final rule adopted in 2022 amended the tiebreaker provision by modifying the standard for finding a tie. The 2022 final rule also removed the documentation requirement from the tiebreaker provision.

The Department is proposing to rescind the tiebreaker provision and remove it from the regulation. The best reading of ERISA's exclusive purpose rule requires and has always required that fiduciaries act solely to provide plan participants with benefits, and to look only to their financial interests during the process of making investment-selection decisions.[62] The tiebreaker rule seems to obviate this principle by letting fiduciaries consider collateral interests when selecting investments, while also facilitating unlawful conduct. At best, assuming a fiduciary started with a proper purpose, the provision merely serves as a mechanism that facilitates choosing between investments that would each equally benefit a plan in terms of anticipated returns on a risk-adjusted basis, and therefore does not appear to provide a plan with any overall financial benefit. This is because the selection of either investment would place the plan in the same economic position.

On the other hand, at its worst, the provision is susceptible to abuse and may be easily employed by a fiduciary as pretext as it uses plan assets to pursue objectives unrelated to the plan and its participants and beneficiaries. In practice, a fiduciary inclined toward a particular collateral objective may have an incentive to characterize competing investments as economically equivalent in order to invoke the tiebreaker provision. Once a tie is found, the regulation expressly permits reliance on collateral benefits, thereby creating a pathway through which nonfinancial considerations may influence an investment decision. This concern is heightened because the current provision singles out collateral interests for special treatment. If two investments equally serve the financial interests of the plan, a fiduciary may choose between them for a variety of reasons. The regulation, however, specifically identifies collateral interests as a permissible basis for selection, which may encourage reliance on considerations unrelated to providing benefits under the plan.

The Department acknowledges that a district court has held that the tiebreaker rule is consistent with the best reading of ERISA's duty of loyalty.[63] In relevant part, the court stated that when the fiduciary identifies competing investment courses of action that all ''equally serve the financial interests of the plan,'' then any choice between those actions is in the sole interest of the beneficiary and for the exclusive purpose of maximizing his financial benefits. According to the court, under these circumstances, all options the fiduciary faces accomplish, and do not evade, the fiduciary's duty of loyalty. The district court's opinion included a driving analogy to illustrate its reasoning:

Just as a driver, duty-bound to choose the fastest route to his destination, may choose the most scenic of two routes that each bring him to his destination at the same time, so too can a fiduciary choose a preferable investment option between two that will equally satisfy his duty of loyalty. When the driver takes the most scenic of the two fastest, he does not act for a different purpose than taking the fastest route—he did choose the fastest route. The fact it is also scenic does not mean he employed another purpose at all. If he had chosen the two most scenic routes—and then selected the fastest of the two—he would have acted with an impermissible purpose. He could choose the most scenic of fast routes but could not choose the fastest of scenic routes. The order elucidates his exclusive purpose.[64]

Under the district court's interpretation, ERISA's exclusive purpose rule focuses on results and anti-subordination: so long as a fiduciary never selects a financially inferior investment and never lets collateral interests overtake plan participants' financial interests in making the investment choice, the fiduciary does not violate its duty of loyalty.

The Department believes the district court's analysis is not consistent with the best reading of ERISA's duty of loyalty. The district court ignored that ERISA's duty of loyalty focuses on process and not outcome. It demands that fiduciaries act with an ''eye single'' towards plan participants' and beneficiaries' financial interests when making fiduciary decisions[65] for the ''exclusive purpose of providing benefits'' to them.[66] Simply put, exclusive means exclusive,[67] and single means single.[68] A fiduciary cannot conduct a process to select investments with a ''single-minded purpose'' toward plan participants' and beneficiaries' financial interests if it considers other interests as it does so, even if only in the limited circumstances the tiebreaker rule permits, and without subordination to financial interests.[69] Not subordinating those financial interests to collateral interests or avoiding putting them on equal footing also does not suffice; using the district court's analogy, ERISA demands not only that the driver choose the fastest route to his destination, but also extricate all other factors from the process by which he chooses that route. ERISA's duty of loyalty and its exclusive purpose rule give plan participants and beneficiaries more procedural protection than the district court allowed, and the Department therefore disagrees with its holding that the tiebreaker rule is consistent with the best reading of ERISA. The Department is interested in comments regarding whether the tiebreaker rule is consistent with ERISA's duty of loyalty.

The Department acknowledges that it previously expressed confidence in the protectiveness of the 2022 tiebreaker provision based on other requirements under ERISA and the regulation,[70] but it is re-evaluating that conclusion in light of a recent court decision involving ERISA's loyalty requirement that highlights the potential for business relationships and nonfinancial conflicts involving persons acting in the investment marketplace that may influence a fiduciary's decisions,[71] as well as other proposed changes to paragraph (c) of the regulation, discussed earlier.

The Department also continues to have doubts as to the existence of ties, and the need for a tiebreaker provision. In explaining the usefulness of the tiebreaker provision in the 2022 rule, the Department stated that ''[a]lthough some fiduciaries, by the nature of their arrangements with plans, may apply investment strategies that never require

[61] 85 FR 72884.

[62] 29 U.S.C. 1104(a)(1)(A)(i); *Fifth Third Bancorp* v. *Dudenhoeffer,* 573 U.S. 409, 420–21 (2014).

[63] *See Micone,* 766 F. Supp. 3d at 679–80.

[64] Id. at 680.

[65] *Pegram* v. *Herdrich,* 530 U.S. 211, 235 (2000) (quoting *Donovan,* 680 F.2d at 271).

[66] 29 U.S.C. 1104(a)(1)(A)(i).

[67] *See* Black's Law Dictionary (defining exclusive as ''whole, undivided'').

[68] *See* Oxford English Dictionary (defining single as ''[o]ne only; one and no more'').

[69] *Cent. States, Se. & Sw. Areas Pension Fund,* 472 U.S. at 570–71.

[70] 87 FR 73836.

[71] *See, e.g., Spence* v. *American Airlines,* 775 F. Supp. 3d 963 (N.D. Tex. 2025) (finding a breach of ERISA's duty of loyalty but not ERISA's duty of prudence).

them to choose between alternatives that equally serve the plan's needs, other fiduciaries, such as those making investments outside liquid financial markets, may find the tiebreaker test useful for circumstances in which there are equally strong cases for competing investments under a risk-return analysis.'' [72] The Department is interested in comments on fiduciaries' experience in evaluating different types of investments, and on whether the Department's assessment of the types of plan engagements with investment fiduciaries and plan investment opportunities described above is reasonable and reflective of the current environment. Additionally, the Department is interested in comments on whether there have been any changes in the investment marketplace or advances in investment analysis since its earlier non-regulatory guidance on fiduciary consideration of collateral effects and interests (*e.g.,* IB 94–1) that would obviate the need for a plan fiduciary, acting in accordance with its duty of prudence under ERISA, to choose among competing investments.

Irrespective of whether it would be reasonable for a fiduciary to conclude that multiple investments are tied, a tiebreaker provision may not be needed. A tiebreaker provision is only necessary if the fiduciary seeks to break a tie based on a collateral interest other than investment return.[73] A fiduciary could resolve an ostensible tie by making a non-arbitrary choice between investments' financial and other features that directly benefit plan participants, and indeed that is exactly what would have to be done in that situation by a fiduciary that did not have a focus on collateral interests such as ESG. Doing so comports with ERISA's text, which requires fiduciaries act exclusively to ''provide benefits to participants and their beneficiaries.'' [74] Just as any one potential investment may have a certain risk-return profile, so too will it have a variety of other distinguishing benefits for plan participants. These are not merely collateral interests, but instead are additional financial-adjacent benefit or value to participants that may properly serve as a basis for a decision. For instance, a fiduciary could use factors such as the customer service offered to participants by a fund or the fiduciary's assessment of the fund's operations to break an ostensible tie. Moreover, even if it were otherwise permissible to make an investment-related decision based on a collateral interest, fiduciaries would have to remain cognizant of their obligations to ensure they are not engaging in a transaction prohibited by ERISA section 406. For instance, if the collateral interest involves a party in interest to the plan (*e.g.,* an employer whose employees are covered by the plan or a union whose members are covered by the plan), a prohibited transaction may occur.[75]

Because of the Department's serious doubts that it comports with the best reading of ERISA, potential risk to participants' retirement security from its abuse, and the possibility that the provision does not provide any benefit to plans, the Department does not believe the tiebreaker rule should be included in the regulation. The Department is of the preliminary view that the regulation should not contain a provision that encourages reliance on collateral factors instead of financial benefits in fiduciary investment selection, and thus potentially incentivizes fiduciaries to characterize investments as economically equivalent as a pretext for advancing collateral objectives over financial interests. The Department is interested in comments evaluating the tiebreaker provision's legality and consistency with ERISA, as well as comments on whether eliminating the tiebreaker provision will change plan costs or types of investments. The Department requests comment on whether the removal of the tiebreaker provision could lead to greater compliance certainty and related decreases in costs or burdens on plan fiduciaries in evaluating investments or investment courses of action, or could lead to greater uncertainty and related increases in costs or burdens. The Department is also interested in comments on whether eliminating the tiebreaker test will reduce the instances of non-exempt prohibited transactions.

The Department notes that, as discussed above, it is proposing changes to paragraph (c)(1) of the regulation, which addresses ERISA's duty of loyalty, to make clear that a fiduciary must discharge his duties with respect to the plan for the exclusive purpose of maximizing the interests of plan participants and beneficiaries in their retirement income or financial benefits under the plan. If the change to paragraph (c)(1) is finalized as proposed, the Department believes that complying with its requirement to maximize the interests of participants and beneficiaries might reduce the likelihood of reaching any ties in evaluating competing investments.

ERISA's plain language does not allow for collateral considerations or mixed motivations. The duty of loyalty mandates that fiduciaries act ''solely'' and ''for the exclusive purpose of'' providing ''benefits to participants and their beneficiaries.'' ''Exclusive'' means that fiduciaries must act for the ''whole, undivided'' purpose of securing proper benefits for participants and beneficiaries.[76] And ''solely'' is defined as ''to the exclusion of all else.'' [77]

4. Removal of the Participant Preference Provision—Paragraph (c)(3)

The 2022 final rule added a provision stating that fiduciaries do not violate their duty of loyalty solely because they take participants' preferences into account when constructing a menu of prudent investment options for participant-directed individual account plans.[78] In adopting the provision, the Department expressed the view that accommodating participants' preferences could lead to greater participation and higher contribution rates, leading to greater retirement security.[79] However, the Department cautioned that plan fiduciaries may not add imprudent investment options just because participants may request or prefer them.[80]

The Department is proposing to remove this provision to clarify that participant preference, in and of itself, is a not legitimate basis for a fiduciary to select a plan investment option. Despite the caution to plan fiduciaries in the preamble to the 2022 final rule that participant preference would not justify imprudent investment options, the Department is concerned that the provision as articulated in the regulatory text may nevertheless be a trap for the unwary. A fiduciary's duties of prudence and loyalty under ERISA do not change based on participant preferences.

In this regard, the Department is concerned that this provision of the 2022 final rule creates a misperception that it is acceptable to sacrifice investment performance to obtain greater participation in the plan and higher contribution rates. The

[72] 87 FR 73836.

[73] 87 FR at 73837.

[74] 29 U.S.C. 1104(a)(1)(A)(i).

[75] See, *e.g.,* Advisory Opinion 85–36A (Oct. 23, 1985) (certain investment arrangements may involve a use of plan assets for the benefit of a party in interest in violation of ERISA section 406(a)(1)(D)); Information Letter to Ralph P. Katz (Mar. 15, 1982) (purchase by a plan of an insurance policy pursuant to an arrangement under which it is expected that the insurance company will make a loan to a party in interest is a prohibited transaction).

[76] Black's Law Dictionary.

[77] Merriam-Webster Dictionary.

[78] 29 CFR 2550.404a–1(c)(3).

[79] 87 FR at 73842.

[80] Id.

participant preference provision may convey that a fiduciary may select an underperforming or high fee fund merely because some employees want an ESG or other social-themed fund. However, this runs counter to the fundamental principle that, even in a participant-directed plan, plan fiduciaries ''must conduct their own independent evaluation to determine which investments may be prudently included in the plan's menu of investment options.'' [81] Greater participation and higher contribution rates are both laudable objectives but a fiduciary may not, consistent with ERISA's duty of loyalty, sacrifice performance to pursue either objective.

The misperception created by the participant preference provision may also be exploited by promotors, consultants, investment providers, and others who may market investments with ESG-related investment strategies to fiduciaries based solely on participant preference. Plan fiduciaries may feel the need, at the very least, to expend plan resources unnecessarily on investigating and evaluating participant preferences and such potential investments that the fiduciary otherwise may determine to be imprudent. On balance, the Department believes the participant preference provision has the potential to undermine compliance with ERISA's high fiduciary standards. In close-call scenarios, for example, this provision presents a significant risk of being misused by decision-makers. Such misuse not only jeopardizes the best interests of plan participants and beneficiaries but also erodes the essential standard of care that fiduciaries are obligated to uphold.

Removing the participant preference provision is consistent with removing the tiebreaker provision as well. As discussed above, the Department is concerned that the tiebreaker provision is susceptible to abuse and may be used easily by a fiduciary as a pretext to use plan assets in pursuit of objectives unrelated to the plan and its participants and beneficiaries. The participant preference provision appears equally susceptible to such abuse. The Department believes eliminating both these provisions will bring the regulation in line with the best reading of ERISA's exclusive purpose requirement. To be clear, removal of the provision is not intended to signal that fiduciaries are prohibited from listening to participant preferences. However, if acting on participant preferences, fiduciaries must do so in accordance with their duties of prudence and loyalty under ERISA. The Department requests comment on whether this should be reflected in the regulation. More generally, the Department is interested in comments on whether there are any situations in which participant preferences with respect to plan investment options could be useful to fiduciaries in meeting their ERISA responsibilities of prudence and loyalty, and that would be facilitated by paragraph (c)(3).

5. Proxy Voting and Exercise of Shareholder Rights

5.1. Modifying Paragraphs (d)(2)(i), and (d)(2)(ii)(C) and (E) With Respect to Exercising Shareholder Rights

The Department is proposing to amend paragraph (d)(2) to include an explicit reference to shareholder engagement to make clear that, like proxy voting, decisions relating to shareholder engagement are subject to ERISA's fiduciary responsibility provisions and the Investment Duties regulation that would be amended by this proposed rule. Each Interpretive Bulletin that addressed ERISA fiduciary responsibilities with respect to exercise of shareholder rights, discussed above, also included provisions related to shareholder engagement.[82] The Department intended the 2020 and 2022 amendments to the Investment Duties regulation to cover fiduciary responsibilities with respect to shareholder engagement.[83] The Department, therefore, is proposing to add specific reference to ''shareholder engagement'' to the regulatory text in paragraphs (d)(2)(i) and (d)(2)(ii)(E) reflecting this. The Department is also proposing to add to paragraph (d)(2)(i) a reference to any other related investment courses of action because there may be some confusion as to whether the exercise of shareholder rights constitutes an ''investment course of action'' as defined in the regulation. In addition, the Department is proposing to add a broad reference to ''other rights accompanying share ownership'' in paragraph (d)(2)(ii)(E) to avoid the misperception that the list of activities included in that paragraph is limiting rather than illustrative.

As proposed, paragraph (d)(2)(i) would state that when deciding whether to exercise shareholder rights and when exercising such rights, including the voting of proxies, *shareholder engagement* and any other related investment courses of action, fiduciaries must carry out their duties prudently and solely in the interests of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the plan. In relevant part, proposed paragraph (d)(2)(ii)(E) would provide that when deciding whether to exercise shareholder rights and when exercising shareholder rights, plan fiduciaries must exercise prudence and diligence in the selection and monitoring of persons, if any, selected to exercise shareholder rights or otherwise advise on or assist with exercises of shareholder rights, such as providing research and analysis, recommendations regarding proxy votes, *shareholder engagement,* administrative services with voting proxies, recordkeeping and reporting services, *and all other rights accompanying share ownership.* Although these proposed changes are intended to reflect sub-regulatory guidance relating to engagement activities, described above, we solicit comment on whether proposed use of the term ''shareholder engagement'' in paragraphs (d)(2)(i) and (d)(2)(ii)(E) would be confusing or misaligned with the common understanding of a shareholder right, and whether a more appropriate term could be used.

The Department also is proposing to amend paragraph (d)(2)(ii)(C), which currently provides in relevant part that when deciding whether to exercise shareholder rights and when exercising shareholder rights, the fiduciary must not subordinate the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan to any other objective. Paragraph (d)(2)(ii)(C) reflects paragraph (c)(1) of the current regulation which, as discussed earlier, the Department is proposing to amend to better reflect the statutory language of ERISA's loyalty provision. Accordingly, the Department

[81] *Hughes* v. *Northwestern University,* 595 U.S. 170, 176 (2022) (citing *Tibble* v. *Edison Int'l,* 575 U.S. 523, 529–30 (2015)); *see also* 29 CFR 2550.404c–1(d)(2)(iv) (limited liability afforded under ERISA section 404(c) does not relieve a fiduciary from its duty to prudently select designated investment alternatives offered under the plan).

[82] See 81 FR at 95884 (IB 2016–01); 73 FR at 61734 (IB 2008–02); 59 FR at 38864 (IB 94–2). The preamble to IB 94–2 explained: ''The Department believes that, where proxy voting decisions may have an effect on the value of the plan's underlying investment, plan fiduciaries should make proxy voting decisions with a view to enhancing the value of the shares of stock, taking into account the period over which the plan expects to hold such shares. Similarly, in certain situations it may be appropriate for a fiduciary to engage in activities intended to monitor or influence corporate management if the fiduciary expects that such activities are likely to enhance the value of the plan's investment.'' 59 FR at 38862.

[83] See, *e.g.,* 87 FR at 73845 (the 2022 removal of certain language in the 2020 final rule was not meant to indicate that fiduciaries must always vote proxies or engage in shareholder activism).

is proposing amendments to paragraph (d)(2)(ii)(C) that would conform with proposed amendments to paragraph (c)(1). As proposed, paragraph (d)(2)(ii)(C) would require that, with respect to exercise of shareholder rights, fiduciaries must discharge their duties with respect to the plan with the exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan.

At the same time, the Department proposes to restore the statement that the fiduciary duty to manage shareholder rights appurtenant to shares of stock does not require the voting of every proxy or the exercise of every shareholder right. As it was when it promulgated the 2020 rule, the Department is concerned that the Avon Letter and subsequent sub-regulatory guidance from the Department has resulted in a misplaced belief among some stakeholders that fiduciaries must always and in every case vote proxies, subject to limited exceptions, to fulfill their obligations under ERISA. For instance, IB 94–2 included language indicating that in deciding whether to vote shares of foreign stock, a fiduciary could consider any additional costs that would be incurred.[84] The Department believes that making this clear will reduce unnecessary confusion on the issue and further promote clarity in the law like the rest of the proposed regulation. Additionally, in the 2020 notice of proposed rulemaking, the Department considered adding language to the regulation indicating that it would be permissible for a fiduciary to adopt a policy of voting proxies in accordance with the voting recommendations of management of an issuer on proposals or particular types of proposals that the fiduciary has prudently determined are unlikely to have a significant impact on the value of the plan's investment, subject to any conditions determined by the fiduciary as requiring additional analysis because the matter being voted upon may present heightened management conflicts of interest or is likely to have a significant economic impact on the value of the plan's investment.[85] After considering public comment, as well as the Department's separate decision to remove in the 2020 final rule a proposed requirement not to vote in certain situations, the Department decided to not include that language in the 2020 final rule.[86] We are seeking comment on whether there have been any changes to the legal and regulatory landscape since 2020 that should cause the Department to reconsider whether fiduciaries can fulfill their obligations under ERISA under the circumstances described in the 2020 notice of proposed rulemaking.

[84] 59 FR at 38863.

[85] 85 FR at 55242 (proposed 2550.404a–1(e)(3)(iii)(A)).

[86] 85 FR at 81673.

E. Request for Public Comments

The Department invites comments from interested persons on all facets of the proposed amendments to 29 CFR 2550.404a–1. Comments should be submitted in accordance with the instructions at the beginning of this document.

F. Regulatory Impact Analysis

The Department of Labor has examined the effect of the proposal as required by Executive Order 13563,[87] Executive Order 12866,[88] the Regulatory Flexibility Act,[89] section 202 of the Unfunded Mandates Reform Act,[90] Executive Order 13132,[91] and Executive Order 14192.[92]

1. Executive Orders

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, 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 costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

Under Executive Order 12866, ''significant'' regulatory actions are subject to review by the Office of Management and Budget (OMB). Section 3(f) of the Executive Order defines a ''significant regulatory action'' as any regulatory action that is likely to result in a rule that may:

(1) Have an annual effect on the economy of $100 million or more; or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or Tribal governments or communities;

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive order.

OMB has determined that this proposed rulemaking is significant within the meaning of section 3(f)(1) of the Executive Order. The Department has provided an assessment of the potential costs, benefits, transfers, and alternatives and OMB has reviewed this proposed rule.

Executive Order 14192, titled ''Unleashing Prosperity Through Deregulation,'' was issued on January 31, 2025. Section 3(a) of Executive Order 14192 requires an agency, unless prohibited by law, to identify at least ten existing regulations to be repealed when the agency issues a new regulation. In furtherance of this requirement, section 3(c) of Executive Order 14192 requires that the new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with prior regulations. A significant regulatory action (as defined in section 3(f) of Executive Order 12866) that would impose total costs greater than zero is considered an Executive Order 14192 regulatory action.

2. Need for Regulation

The proposed rule is intended to address a number of general concerns. First, that prior rulemaking regarding the incorporation of nonfinancial factors into a plan's investment policy strayed from the Department's neutrality stance regarding investment categories or classes. Second, that some investment managers managing plan assets are engaging in shareholder activities that are not in the economic interests of plans, participants, and beneficiaries. Third, that managers may be using the prior rulemaking's tiebreaker and participant preference provisions to engage in conduct otherwise not permitted by ERISA's exclusive purpose obligations. Further, by clarifying that ERISA neither favors nor disfavors any investment objective or strategy, the proposal would depoliticize ESG issues under ERISA and bolster confidence of plan fiduciaries in the conduct of their ERISA-regulated activities.

By clarifying the role of nonfinancial factors in the selection of investment options, plan fiduciaries would be less likely to choose investments that do not maximize the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan. This should prevent

[87] 76 FR 3821 (Jan. 21, 2011).

[88] 58 FR 51735 (Oct. 4, 1993).

[89] Public Law 96–354, 94 Stat. 1164 (Sept. 19, 1980).

[90] Public Law 104–4, 109 Stat. 48 (Mar. 22, 1995).

[91] 64 FR 43255 (Aug. 9, 1999).

[92] 90 FR 9065 (Jan. 31, 2025).

plan fiduciaries from choosing funds with lower risk-adjusted returns or higher fees simply because their social or nonfinancial factors aligned with the plan fiduciary's or participants' preferences.

Additionally, by clarifying that fiduciaries must act with the exclusive purpose of providing benefits to participants and beneficiaries when deciding whether to engage in shareholder activities and when carrying out those activities (*i.e.,* proxy voting, shareholder engagement, and other related investment actions), the Department believes the proposed rule would preclude resources from being devoted to proxy voting or shareholder activities that do not benefit plans or participants. As a result, the proposed rule's clarifications regarding a fiduciary's duty when selecting investment options and exercising shareholder rights should increase expected financial outcomes for plans and participants.

2.1. Nonfinancial Factors in Selection of Investments

Section 404(a)(1)(A) of ERISA, in relevant part, requires that ''a fiduciary shall discharge his duties with respect to the plan solely in the interests of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and their beneficiaries.'' [93] The Department of Labor states that a fiduciary's primary responsibility is ''to run the plan solely in the interest of participants and beneficiaries and for the exclusive purpose of providing benefits and paying plan expenses.'' [94] This proposal would clarify how that statement applies with respect to nonfinancial factors and plan fiduciaries selecting investments. Such clarification is needed because the 2022 rule creates the potential for fiduciaries to abuse the use of nonfinancial factors in investment selection. The issue is of growing importance since data suggests that the use of nonfinancial factors in the selection of investment options in ERISA plans has been expanding in recent years. The share of defined contribution (''DC'') plans with at least one investment with ESG-related investment strategies increased markedly between 2019 and 2024.[95]

It is essential that plan fiduciaries understand that it is permissible to consider only factors that affect an investment's risk and return when making investment selections. The 2022 rulemaking allows for fiduciaries to use nonfinancial factors, such as ESG considerations, in cases where they claim that competing investments equally serve the financial interests of the plan. The existence of authentic ties has been questioned by some parties, arguing that there are always distinctions between investments in terms of their risk and return characteristics and a litany of other factors.[96] Moreover, plan fiduciaries, in the process of conducting their responsibilities, encounter similar circumstances when comparing available investments to each other, and still make a selection. This implies they can handle situations with similar investments, both those ESG-related and otherwise, in the same manner; a tiebreaker provision is not required.

The Department is concerned that the tiebreaker provision creates an opportunity for misuse. Plan fiduciaries who want to use ESG or other nonfinancial factors when selecting investments may manufacture inauthentic ties in order to justify investment selections that would otherwise be impermissible under ERISA. If plan fiduciaries are manufacturing ties as a pretext in order to pursue ESG investing, then the proposed rule, by removing the tiebreaker provision and affirming that plan fiduciaries must act with the exclusive purpose of maximizing the financial interests of participants and beneficiaries, would lead to plan fiduciaries discontinuing their use of nonfinancial factors in their investment selections.

The 2022 rulemaking also stated that when constructing an investment menu, a fiduciary would not violate its duty of loyalty solely because it considers participants' preferences, including demand for nonfinancial factors, in a manner consistent with its duty of prudence. The Department is concerned that plan fiduciaries may be similarly using the participant preference provision as a pretext to engage in behavior otherwise impermissible under ERISA. They also may be misunderstanding the provision to mean that ERISA's fiduciary duties change because of participant preferences.

Overall, there are several aspects of the proposal that are intended to eliminate nonfinancial selection criteria in ERISA plans, which will ensure that plans instead focus on an investment's risk and return profile. This will in turn lead to better investment performance for ERISA plans and participants in the long run, as described in more detail below in the Benefits section.

2.2. Shareholder Rights

Paragraph (d)(2)(ii) of § 2550.404a–1 requires that ''[w]hen deciding whether to exercise shareholder rights and when exercising shareholder rights, plan fiduciaries must [. . . a]ct solely in accordance with the economic interest of the plan and its participants and beneficiaries [and] [c]onsider any costs involved.'' [97] Most plans delegate the management of plan assets to investment managers,[98] and the Department has consistently maintained that the fiduciary duty to manage plan assets includes the management of shareholder rights of such assets. While many service providers regularly engage in behavior that renders them ERISA fiduciaries (*e.g.,* proxy advisory firms in certain circumstances and investment managers directly managing funds), others, such as investment managers of mutual funds, are not. Plan fiduciaries are required to act with prudence and diligence when selecting and monitoring service providers regardless of the fiduciary status of the service provider, including persons selected to exercise, advise on, or assist with shareholder rights. Prudence would require fiduciaries to monitor any decisions made and actions taken by investment managers (and other fiduciary service providers) with regard to the exercise of shareholder rights.

The Department is concerned that some investment managers managing plan assets continue to exercise plan shareholder rights, utilize plan assets, or devote resources in furtherance of activities that are not focused on the economic interests of participants and beneficiaries. The proposed rule clarifies that fiduciaries, which may include proxy advisory firms in certain circumstances, must act solely to maximize participants' and beneficiaries' financial benefit when deciding to exercise, or exercising, shareholder rights. They must also be prudent and diligent in choosing and

[93] 29 U.S.C. 1104(a)(1)(A) (internal punctuation omitted).

[94] The Dep't of Labor, *Fiduciary Responsibilities, https://www.dol.gov/general/topic/retirement/fiduciaryresp.*

[95] Plan Sponsor Council of America, *Annual Survey of Profit Sharing and 401(k) Plans,* 2020–2025. Vanguard, *How America Saves,* 2020–2025.

[96] Max M. Schanzenbach & Robert H. Sitkoff, *Reconciling Fiduciary Duty and Social Conscience: The Law and Economics of ESG Investing by a Trustee,* Stanford Law Review, 72 (Feb. 2020), *https://review.law.stanford.edu/wp-content/uploads/sites/3/2020/02/Schanzenbach-Sitkoff-72-Stan.-L.-Rev.-381.pdf.*

[97] *Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights,* 87 FR 73,822 (Dec. 1, 2022).

[98] See the Affected Entities section for a discussion.

monitoring those who manage or advise on share ownership rights. The discussions below expand on how trends in proxy voting, shareholder engagement, and the use of proxy advisory firms motivate the need for the proposed amendments to paragraph (d)(2)(ii).

2.2.1. Trends in Proxy Voting

An investor who owns common stock has certain formal shareholder rights, including the right to participate in annual and special shareholder meetings and vote on major corporate matters. Shareholders vote on such matters either in person at the annual shareholder meeting or by proxy. The proposals may be put forward by either the corporation (management proposals) or shareholders (shareholder proposals). The legal requirements are discussed in greater detail in the Baseline section, below.

The Department is concerned that in recent years, in response to activist investors, some corporations have prioritized integrating ESG policies into management issues, such as the qualifications of corporate boards, without due consideration of the relevance of specific ESG risks or their implications for the long-term financial performance of the corporation. For instance, Whelan (2024) conducted a survey of Fortune 100 companies which found that in 2023, 43 percent of board members had one or more relevant ESG credential, up from only 29 percent in 2018. The same survey found that the composition of boards changed significantly during this time frame.[99]

ESG has also grown to be more prevalent in executive compensation. In 2024, 77.4 percent of companies in the S&P 500 Index and 46.5 percent of companies in the Russell 3000 Index incorporated ESG metrics in their executive compensation, compared to 66.7 percent of companies in the S&P 500 Index and 39.9 percent of companies in the Russell 3000 Index in 2021. Of the S&P 500 companies using ESG metrics in director compensation in 2024, 90 percent used human capital management metrics (including Diversity, Equity, and Inclusion (DEI)), 59 percent used social metrics, and 53 percent used environmental metrics.[100] In 2025, ISS surveyed 159 investors and investor-affiliated organizations on whether incorporating nonfinancial ESG-related metrics into executive compensation is ''an appropriate way to incentivize executives.'' 52 percent of respondents noted that compensation programs should use ESG metrics only ''if the metrics selected are specific and measurable, and their associated targets are communicated to the market transparently'' while four percent of respondents indicated that compensation programs should ''only use traditional financial performance measures, for transparency and to maintain alignment with shareholders' financial interests.'' [101]

The changes in board composition and compensation were also encouraged by policies adopted by proxy advisory firms and investment managers. For instance, in the early 2020s, proxy advisory firms and several investment managers adopted proxy voting policies that encouraged climate disclosure, board diversity, and ESG oversight. These policies often included recommendations to vote against directors when companies failed to meet standards, such as minimum gender diversity standards, enhanced climate risk reporting, and ESG oversight at the board level.[102] As the public discourse around ESG has changed, proxy advisory firms and some institutional investors have changed their proxy voting policies to soften their stance on issues such as board diversity.[103] Some shareholder proposals in 2026 even included language asking companies ''to assess DEI programs in terms of net present value and/or whether they provide a positive return on investment'' or ''evaluate the risks to shareholder value, reputation, and legal compliance associated with incorporating ESG and DEI metrics into executive compensation plans.'' [104]

The rapid incorporation of ESG criteria into board qualifications and compensation metrics appears to have been driven by proxy advisory firms and investment managers promoting board diversity in response to reports suggesting a correlation between higher levels of diversity and financial outcomes. Many of these studies, however, utilized data from several countries with varying definitions of diversity.[105] Moreover, multiple meta studies found no statistically significant link between board diversity and corporate financial performance.[106]

More recently, the 2026 Economic Report of the President considered how DEI practices have affected productivity in the United States. The analysis used American Community Survey data on management composition, combined with industry-State-year measures of productivity, to assess whether increases in the ''unexplained'' share of minority managers,[107] used as a proxy for DEI practices, were associated with changes in log output per hour. The study found no statistical relationship up to the mid-2010s but indicated that by 2023, industries that were proxied as heavily pursuing DEI initiatives, on average, experienced significantly lower levels of productivity after controlling for industry, year, and state fixed effects.[108]

The majority of proposals on proxy ballots are management proposals. For corporations in the S&P 1500 Index, there were 10,663 director elections, 1,278 say on pay proposals, and 433 shareholder proposals submitted for the 2025 proxy season as of June 30, 2025.[109] However, in recent years, there

[99] Tensie Whelan, *Boards Better Prepared in 2024 for Tackling Financial Material Sustainability Issues but Major Weaknesses Persist* (N.Y.U. Stern Ctr. for Sustainable Bus., Feb. 2024).

[100] The Conference Board, *ESG Performance Metrics in Executive Compensation Strategies: 2024 Edition* (Dec. 2024), *https://www.conference-board.org/publications/ESG-performance-metrics-in-executive-compensation-strategies-2024-edition.*

[101] ISS Governance, *2021 Global Benchmark Policy Survey: Summary of Results* (Oct. 2021), *https://www.issgovernance.com/file/publications/2021-global-policy-survey-summary-of-results.pdf.*

[102] Marc S. Gerber & Raquel Fox, *Investors Press for Progress on ESG Matters,* Harv. L. Sch. F. on Corp. Governance (Feb. 2022), *https://corpgov.law.harvard.edu/2022/02/09/investors-press-for-progress-on-esg-matters/#:~:text=Beginning%20in%202023%2C%20it%20will,2020%2D21%20proxy%20voting%20year.d.*

[103] Beth Sasfai, Michael Mencher & Vince Flynn, *Board Diversity: Policy Updates and Considerations for Proxy Season,* Harv. L. Sch. F. on Corp. Governance (Mar. 6, 2025), *https://corpgov.law.harvard.edu/2025/03/06/board-diversity-policy-updates-and-considerations-for-proxy-season/.*

[104] Jennifer Zepralka, Ali Perry, and Liz Walsh, *ESG and Anti-ESG Proposals in 2026,* Harv. L. Sch. F. on Corp. Governance (Jun. 14, 2026), *https://corpgov.law.harvard.edu/2026/06/14/esg-and-anti-esg-shareholder-proposals-in-2026/.*

[105] See Vivian Hunt et al., *Diversity Wins: How Inclusion Matters,* McKinsey & Company (2020), *https://www.mckinsey.com/~/media/mckinsey/featured%20insights/diversity%20and%20inclusion/diversity%20wins%20how%* 20inclusion%20matters/diversity-wins-how- inclusion-matters-vf.pdf; Rocio Lorenzo et al., *The Mix that Matters: Innovation through Diversity,* BCG (2017), *https://www.bcg.com/publications/2017/people-organization-leadership-* talent-innovation-through-diversity-mix-that- matters; Deloitte, *Waiter, Is that Inclusion in My Soup? A New Recipe to Improve Business Performance,* (2013), *https://www2.deloitte.com/content/dam/Deloitte/au/Documents/human-capital/deloitte-au-hc-diversity-* inclusion-soup-051.

[106] 87 FR 73,822, 73,976 (Dec. 1, 2022).

[107] The ''unexplained'' share was defined as the portion of Black, Hispanic and Native American manager representation not accounted for by industry-by-State, industry-by-year, and State-by-year fixed effects.

[108] *Economic Report of the President Transmitted to the Congress* (2026), *https://www.govinfo.gov/content/pkg/ERP-2026/pdf/ERP-2026.pdf.*

[109] Ernst & Young, *EY Center for Board Matters: Corporate Governance by the Numbers* (June 2025), *https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/campaigns/board-matters/documents/ey-june-2025-cgbtn.pdf.*

had been a noticeable increase in the number of shareholder proposals. As shown in Table 1 below, the number of shareholder proposals submitted to companies in the Russell 3000 Index peaked in 2024. The number of shareholder proposals increased by 34 percent between 2020 and 2024 and 16 percent between 2022 and 2024. In 2024, nearly 45 percent of shareholder proposals filed were on environmental or social issues.[110]

Table 1.—*Shareholder Proposals Filed on the Russell 3000 Index by Topic*

Year	Corporate Governance	Executive Compensation	Environmental	Social	Human Capital Management	Other	Total Filed
2020							697
2021							715
2022							801
2023	221	68	133	270	107	37	836
2024	259	76	149	265	130	53	932
2025	261	68	110	205	84	53	781

Note: The data reflects shareholder proposal submissions for stocks in the Russell 3000 Index between January and June of each year.

Source: The Conference Board, 2025 Proxy Season Review: From Escalation to Recalibration, (August 2025).

In February 2025, SEC staff issued Staff Legal Bulletin No. 14M (CF) (SLB 14M). The SLB 14M clarifies, among other things, the SEC staff's view that omission of a proposal under the significant policy exception to the ordinary business exclusion of Exchange Act Rule 14a–8(i)(7) depends on the particular policy issue raised by the proposal and its significance in relation to the company.[111] Between 2024 and 2025, the number of shareholder proposals fell by 19 percent.[112]

Additionally, 2025 data also show an increase in omissions, with 23 percent of shareholder proposals omitted by companies in 2025, compared to 15 percent in 2024.[113] Table 2 below shows the proportion of shareholder proposals filed that passed, failed, were withdrawn by the proponent, or omitted by the corporation.

Table 2.—*Status of Shareholder Proposals Filed*

Year	Voted, Failed	Voted, Passed	Withdrawn	Omitted
2020	54%	9%	21%	17%
2021	48%	11%	23%	18%
2022	58%	9%	24%	9%
2023	65%	5%	20%	9%
2024	59%	5%	21%	15%
2025	52%	7%	18%	23%

Note: The data reflects shareholder proposal submissions for stocks in the Russell 3000 Index between January and June of each year.

Source: The Conference Board, 2025 Proxy Season Review: From Escalation to Recalibration, (August 2025).

Preliminary 2026 data published by ISS suggest that the decline in shareholder proposals and higher levels of omissions have continued. They report that between 2025 and 2026, the number of shareholder proposals submitted declined by 13 percent and the number of shareholder proposals pertaining to environmental, social, sustainability governance, or ''anti-ESG'' topics declined by 33 percent. In 2025 and 2026, 58 percent and 64 percent of shareholder proposals were voted on (*i.e.,* not withdrawn or omitted), compared to 63 percent in 2024.[114] The

[110] The Conference Board, *2025 Proxy Season Review: From Escalation to Recalibration,* (August 2025).

[111] SEC, *Shareholder Proposals: Staff Legal Bulletin No. 14M (CF)* (Feb. 2025), *https://www.sec.gov/about/shareholder-proposals-staff-legal-bulletin-no-14m-cf.*

[112] The Conference Board, *2025 Proxy Season Review: From Escalation to Recalibration,* (August 2025).

[113] The Conference Board, *2025 Proxy Season Review: From Escalation to Recalibration,* (August 2025).

[114] ISS Corporate, *Governance Proposals Dominate the 2026 Proxy Season* (July 2026).

continued trends in 2026 may be partially attributable to a statement from the SEC staff in November 2025 that they would only respond to or express views on no-action requests to exclude shareholder proposals pursuant to Exchange Act Rule 14a–8(i)(1).[115]

The regulatory landscape has continued to evolve as in August 2026, the SEC staff issued another statement that they would no longer respond to or express views on no-action requests to exclude shareholder proposals pursuant to Exchange Act Rule 14a–8(i)(1)[116] and on September 16, 2026, the SEC proposed a rule that, if finalized, would rescind the SEC's requirement that companies include qualifying shareholder proposals in their proxy materials.[117]

While shareholder proposals serve as signals of shareholder sentiment, shareholder proposals are generally advisory, except in limited cases where state law allows shareholders to amend company bylaws. Matsusaka and Shu (2024), in an analysis of mutual fund voting behavior, found the cost of researching the proposal may cost shareholders more than any potential benefit from the vote itself.[118]

Consistent with these concerns, questions about whether certain environmental and social proposals provide net economic benefits to shareholders may help explain decreasing shareholder support for such proposals in the U.S. For example, between 2023 and 2025 only two percent of the environmental and social shareholder proposals that were voted on passed.[119] Further, as noted in BlackRock's 2024 Investment Stewardship Annual Report, in 2024, 75.1 percent of environmental and social-related proposals that went to a final vote received strong opposition[120] from shareholders in proxy vote contests. The report stated that ''investors found many of these proposals to be overly prescriptive, lacking economic merit, or asking companies to address material risks they are already managing.''[121]

In light of these trends, the Department is concerned that, when acting as ERISA fiduciaries, investment managers may be devoting significant resources to researching proxy proposals that are not economically relevant. Such actions do not promote the economic interests of participants and beneficiaries and subsequently violate their fiduciary obligations under ERISA.

2.2.2. Trends in Shareholder Engagement

While proxy voting is a highly visible method of exercising shareholder rights, investment managers may also engage with corporations in less public ways. For example, they might send letters or emails to corporations, call corporate management, or meet with corporate executives.[122] Gantchev and Gianetti (2021), opined that while investment managers do not typically propose many shareholder proposals, they are ''presumably better able to negotiate with management without submitting proposals.''[123]

In their analysis of the three largest index fund managers, Bebchuk and Hirst (2022) observed that large institutions have an outsized influence on a corporation's management. They found that in 2021, the three largest index fund managers, or ''Big Three,'' held median stakes in S&P 500 companies ranging between 4.5 percent and 9.7 percent, collectively holding a median stake of 21.9 percent of S&P 500 companies. Further, the authors noted that, ''the voting power of the Big Three is actually substantially greater than the number of shares that they hold [. . .] because the Big Three consistently vote the shares they hold, whereas a substantial proportion of other investors do not vote their shares.'' Collectively, the Big Three accounted for a median of 27.6 percent of votes cast at annual meetings of S&P 500 companies.[124]

The significant voting influence documented by Bebchuk and Hirst (2022) helps explain why corporate governance experts such as Sonsini and Schnell (2025) stress the necessity of engaging with large investment managers. In describing best practices for shareholder engagement, Sonsini and Schnell (2025) wrote:

[T]he rise of index investing has resulted in a concentration of voting power in the hands of a relatively small number of institutional investors. Companies ignore index investors at their peril, and regular efforts should be made to engage with the governance teams at these investors.[125]

While the Department is unaware of a comprehensive source on shareholder engagement activity, some investment managers publish reports that discuss their stewardship activities. For instance, in 2024, BlackRock, Inc. engaged 2,394 companies, directly engaging a company's board or management 3,384 times. Of these engagements, 33 percent included discussions related to climate and natural capital and 35 percent contained discussions on company impacts on people.[126] The number of engagements has increased drastically in recent years. BlackRock engaged company boards just 1,480 times in 2016 and 1,273 times in 2017.[127] In comparison, between 2020 and 2024, BlackRock engaged company boards on average over 3,500 times.[128] Further, within this timeframe there was a change in tone, with a growing focus on more environmental and social issues.

For further context, between June 2024 and June 2025, Fidelity Investments reported having approximately 18,000 meetings with

[115] Div. of Corp. Fin., U.S. Sec. & Exch. Comm'n, *Statement Regarding the Division of Corporation Finance's Role in the Exchange Act Rule 14a–8 Process for the Current Proxy Season* (Nov. 2025), *https://www.sec.gov/newsroom/speeches-statements/statement-regarding-division-corporation-finances-role-exchange-act-rule-14a-8-process-current-proxy-season.*

[116] Div. of Corp. Fin., U.S. Sec. & Exch. Comm'n, *Updated Statement Regarding the Division of Corporation Finance's Role in the Exchange Act Rule 14a–8 Process* (Aug. 2026), *https://www.sec.gov/newsroom/speeches-statements/corpfin-statement-rule-14a-8-process-081426.*

[117] *Rescission of Rule 14a–8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a–4,* 91 FR 59,904 (Sep. 21, 2026).

[118] John Matsusaka & Chong Shu, *Robo-Voting: Does Delegated Proxy Voting Pose a Challenge for Shareholder Democracy,* 47 Seattle U. L. Rev. (2024).

[119] The Conference Board, *2025 Proxy Season Review: From Escalation to Recalibration,* (August 2025).

[120] BlackRock considers a proposal to have strong opposition if it receives at least 75 percent market opposition.

[121] BlackRock, *Investment Stewardship Annual Report: Jan.1–Dec.31, 2024* (2024), archived at *https://web.archive.org/web/20250929235951/https://www.blackrock.com/corporate/literature/publication/annual-stewardship-report-2024.pdf.*

[122] Davidson Heath, Daniele Macciocchi & Matthew C. Ringgenberg, *The Economics of Investor Engagement,* Eur. Corp. Governance Inst., Finance Working Paper No.1075/2025 (Dec.2025).

[123] Nickolay Gantchev & Mariassunta Giannetti, *The Costs and Benefits of Shareholder Democracy,* 34 Rev. Fin. Stud. 5629, 5636 (2021).

[124] Lucian A. Bebchuk & Scott Hirst, *Big Three Power and Why It Matters,* 1547 102 B.U. L. Rev. (2022).

[125] Larry Sonsini & Doug Schnell, *Navigating Shareholder Engagement and Shareholder Activism: Essentials and Best Practices,* Harv. L. Sch. F. Corp. Governance (Nov.2025), *https://corpgov.law.harvard.edu/2025/11/18/navigating-shareholder-engagement-and-shareholder-activism-essentials-and-best-practices/.*

[126] BlackRock, Inc., *BlackRock Investment Stewardship: 2024 Annual Report* (2024).

[127] BlackRock, Inc., *BlackRock Investment Stewardship: 2018 Annual Report* (2018).

[128] BlackRock, Inc., *BlackRock Investment Stewardship: 2024 Annual Report* (2024); BlackRock, Inc., *BlackRock Investment Stewardship: 2023 Annual Report* (2023); BlackRock, Inc., *BlackRock Investment Stewardship: 2022 Annual Report* (2022); BlackRock, Inc., *BlackRock Investment Stewardship: 2021 Annual Report* (2021); BlackRock, Inc., *BlackRock Investment Stewardship: 2020 Annual Report* (2020).

approximately 6,300 corporations. While Fidelity does not provide a clear breakdown of engagement by type or by topic, they note that roughly 400 of the meetings were stewardship-focused engagements where ''members of the Fidelity team engaged in two-way dialogues and the primary focus was on topics related to financially material sustainability factors or proxy items.'' [129] Russell Investments had 320 direct engagements in 2024, of which 41 percent were focused on environmental issues and 16 percent were focused on social issues.[130] While this provides insight into the shareholder engagement of some investment managers, most investment managers do not report information on engagements. The Department has little information on the activities undertaken by smaller investment managers.

Shareholder engagement is resource intensive for both investment managers and corporations; however, stakeholders have mixed opinions on the effectiveness of engagement. Each year, PricewaterhouseCoopers (PwC) conducts a series of surveys of institutional investors and corporate directors, which provide insight into the prevalence and effectiveness of shareholder engagement. For example, PwC's 2025 Global Investor Survey found that 46 percent of institutional investors regularly engage with companies they invest in or cover and another 43 percent engage when there's a specific issue or interest. When asked about whether they expect their stewardship activities to have an impact on investment performance, few institutional investors (16 percent) noted that there is no relationship between their stewardship and investment teams, whereas 72 percent expected stewardship to impact investment performance over the next three to four years.[131]

However, the 2024 Stewardship Investor survey found that only 38 percent of asset stewardship professionals reported satisfaction with management's ability to articulate how sustainability initiatives relate to long-term growth. Roughly 23 percent expressed dissatisfaction with the quality of board-level engagement discussions for all types of engagement.[132] Further, in PwC's Annual Corporate Directors Survey, 57 percent of directors noted that a member of the board (other than the CEO) had direct engagement with investors during the last 12 months, of which 31 percent noted that they did not take any specific steps as a result of the engagement.[133] Taken together, these surveys suggest that while shareholder engagement is widespread and resource intensive, its effectiveness may be limited, as many interactions do not result in concrete corporate actions, and investors remain dissatisfied with the quality of strategic and sustainability-related discussions.

When investment managers engage with company management in a manner that is not consistent with promoting the economic interests of plan participants and beneficiaries, both investment managers and publicly traded corporations with whom they engage may allocate resources to shareholder activities that are not likely to enhance the company's profitability or shareholder value. Such engagement may divert resources from activities more likely to improve investment returns or corporate performance and may impose costs without corresponding financial benefits to shareholders.

2.2.3. The Role of Proxy Advisory Firms

Growth in the number of shareholder proposals has encouraged reliance on proxy advisory firms. Proxy advisory firms offer voting recommendations as well as research on how proposals on the proxy ballot may affect the company, its risk profile, and its financial future. As discussed by Shu (2024) and Matsusaka and Shu (2024), proxy advisory firms offer economies of scale, allowing shareholders to receive information on proxy proposals at a lower cost.[134]

The Department's 2022 regulation encouraged the reliance on ''efficient structures,'' such as proxy advisory firms, to prudently manage expenses associated with proxy voting.[135] However, the Department received comments expressing concern over the role and influence of proxy advisory firms in response to both its 2020 and 2022 rules. Today, their influence continues to be a matter of concern, as demonstrated by the House Committee on Financial Service's hearing on the matter held in April 2025.[136] The Department is concerned that past regulatory guidance has encouraged plans and their fiduciaries to over-rely on proxy advisory services.

The Department requests comments on how often plans or 3(38) investment fiduciaries engage with proxy advisory firms, including how often and for what type of services. The Department would also appreciate comments on the costs associated with these engagements.

2.3. Conclusion

The proposed rule clarifies for fiduciaries and service providers how to consider nonfinancial factors in investment decision making and when exercising shareholder rights. As discussed throughout this analysis, uncertainty around this issue may have contributed to investment choices and shareholder activities that were not undertaken to advance the economic interests of plan participants and beneficiaries. This proposed rule would clarify fiduciaries' duty of loyalty by reaffirming that investment decisions must be based on risk and return factors and that shareholder rights for plan assets should be exercised only when doing so is in the economic interest of participants and beneficiaries.

3. Baseline

The baseline for this Regulatory Impact Analysis (RIA) is current law, comprised by 29 CFR 2550.404a–1 and relevant regulatory actions taken by the SEC and statements made by SEC staff. Each is discussed in greater detail below.

3.1. Investment Duties Under ERISA

29 CFR 2550.404a–1 requires plan fiduciaries to discharge their investment duties in accordance with the prudence

[129] Fidelity Investments, *Sustainable Investing and Stewardship Update: 2024–2025, https://institutional.fidelity.com/app/literature/view?itemCode=9921658&renditionType=PDF.*

[130] Russell Investments, *Investment Stewardship Report 2024* (2024), *https://russellinvestments.com/content/dam/ri/files/us/en/common/corporate/investment-stewardship-report.pdf.*

[131] PricewaterhouseCoopers, *Global Investor Survey 2025: Investors Look for Resilience and Innovation in 2026* (Dec. 2025), *https://www.pwc.com/gx/en/issues/c-suite-insights/global-investor-survey.html* (surveying 1,074 institutional investors, including investment firms, banks, private equity and venture capital groups, hedge funds, pension funds, sovereign wealth funds, and other financial institutions across more than 26 countries and territories).

[132] PricewaterhouseCoopers, *2024 Stewardship Investor Survey: Maximizing Engagement: What Investors Want* (Sept. 2024), *https://www.pwc.com/us/en/services/governance-insights-center/library/inaugural-stewardship-investor-survey.html.*

[133] PricewaterhouseCoopers, *2025 Annual Corporate Directors Survey: Driving a Culture of Accountability in the Boardroom,* (Oct. 2025), *https://www.pwc.com/us/en/services/governance-insights-center/library/assets/pwc-2025-annual-corporate-directors-survey.pdf* (surveying 638 corporate directors).

[134] Chong Shu, *The Proxy Advisory Industry: Influencing and Being Influenced,* 154 J. Fin. Econ. 103810 (Apr. 2024); John Matsusaka & Chong Shu, *Robo-Voting: Does Delegated Proxy Voting Pose a Challenge for Shareholder Democracy,* 47 Seattle U. L. Rev. 605 (2024).

[135] *Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights,* 87 FR 73822 (Dec. 1, 2022).

[136] U.S. House Comm. on Fin. Servs., *Hearing Entitled: Exposing the Proxy Advisory Cartel—How ISS & Glass Lewis Influence Markets* (Apr.2025), *https://www.congress.gov/event/119th-congress/house-event/LC74986/text.*

and loyalty standards.[137] This proposed rule largely focuses on the loyalty provisions, which prohibit fiduciaries from subordinating participants' and beneficiaries' financial interests to nonfinancial objectives or sacrificing returns to promote unrelated goals. The Department finalized amendments to the 29 CFR 2550.404a–1 in December 2022, which serves as the baseline for this proposed rule.

Under the 2022 rule, a tiebreaker standard under paragraph (c)(2) allowed fiduciaries to consider collateral interests when competing investments ''equally serve the financial interests of the plan.'' This proposed rule would remove the tiebreaker provision. It would also replace a prohibition against subordination with a requirement that fiduciaries act with the ''exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan.'' This proposed rule further removes paragraph (c)(3), which addresses consideration of participants' nonfinancial preferences when selecting plan investments and deletes the statement from paragraph (b)(4) that ''risk and return factors may include the economic effects of climate change and other environmental, social, or governance factors on the particular investment or investment course of action.'' Finally, the proposed rule amends paragraph (d), adding explicit references to ''shareholder engagement,'' ''all other rights accompanying share ownership,'' and ''any other related investment courses of action.''

Since 2016, an increasing share of plans have included ESG-related investments in their lineups, leading to an increase in the share of participants that have access to these investments. The Department expects that, absent this proposed rulemaking, plans would continue to utilize ESG-related investments at their current rate and some plan fiduciaries would continue to fail to consider critically the effect of shareholder activities on the economic interests of plan beneficiaries and participants. Under the proposed rule, the Department expects that plans would offer fewer ESG-related investments, restricting them to those funds that are selected based solely on considerations of risk and return. Likewise, the Department expects that entities to which plans delegate shareholder rights would spend fewer resources as they instead limit their activities to those that are in the economic interests of employee benefit plans.

3.2. Relevant Requirements Under the Federal Securities Laws

Below is a summary of regulatory actions taken by the SEC and statements made by SEC staff that the Department has considered in its baseline.

3.2.1. Proxy Voting

Certain entities are legally mandated to allow shareholders or beneficial owners to vote on certain topics. For example, the Investment Company Act of 1940 requires that directors or trustees of registered investment companies be elected by shareholders or beneficial owners.[138] Additionally, the SEC's Rule 14a–21 requires companies to get advisory shareholder input on executive compensation (''say on pay''),[139] the frequency of votes for approval of executive compensation, and on golden parachute compensation.[140] [141] In addition to votes required under Federal securities laws, corporations may submit other matters to shareholders voluntarily or as required under applicable state law, such as amendments to the articles of incorporation, auditor appointment ratification, authorization to issue new types of securities, and mergers and acquisitions. While the election of the board of directors is generally considered binding, the other proposals from the company are generally considered advisory (*i.e.,* not binding).

In addition, the SEC's Regulation 14A governs the solicitation of proxies for securities registered under Section 12 of the Securities Exchange Act of 1934.[142] Rule 14a–8 states that a company must include a proposal submitted by an eligible shareholder [143] in its proxy statement if the shareholder follows certain procedures, though the SEC rule allows companies to exclude shareholder proposals under certain circumstances. For instance, Rule 14a–8(i)(5) states that a company may exclude a proposal if it ''relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and it is not otherwise significantly related to the company's business.'' [144] If a company intends to exclude a proposal from its proxy materials for any reason, the company must file its reasons for excluding the shareholder proposal with the SEC and provide the proponent a copy of the company's submission to the SEC.

Rule 14a–8(i)(7) stipulates that a company may exclude a shareholder proposal that relates to a company's ordinary business operations. In November of 2021, SEC staff issued Staff Legal Bulletin No. 14L (CF) (SLB 14L), which noted that when determining whether a proposal falls under the ordinary business exception, SEC staff would ''consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary businesses of the company,'' regardless of whether there was a ''nexus between a policy issue and the company.'' [145]

In February 2025, SEC staff issued SLB 14M, which rescinded SLB 14L. SLB 14M also addressed the Rule 14a–8(i)(7) ordinary business exclusion stating ''the staff will take a company-specific approach in evaluating significance, rather than focusing solely on whether a proposal raises a policy issue with broad societal impact or whether particular issues or categories of issues are universally ''significant.'' The Division's analysis will focus on whether the proposal deals with a matter relating to an individual company's ordinary business operations.'' [146]

In addition, in November 2025 SEC staff issued a statement that due to resource constraints, the staff would ''not respond to no-action requests for, and express no views on, companies' intended reliance on any basis for exclusion of shareholder proposals under Rule 14a–8, other than no-action requests to exclude a proposal under

[137] *Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights,* 87 FR 73822 (Dec. 1, 2022).

[138] 15 U.S.C. 80a–16(a) (2024).

[139] Companies must have an advisory vote on the compensation of the most highly compensated executives once every three years.

[140] Golden parachutes are compensation arrangements in which senior executives receive large severance payments in the case of an event such as a merger or acquisition.

[141] 17 CFR 240.14a–21 (2024).

[142] 17 CFR 240.14a–1–240.14b–2 (2024).

[143] A shareholder is eligible to submit a proposal if they have continuously held: (1) at least $2,000 in market value of the company's securities entitled to vote on the proposal for at least three years; (2) at least $15,000 in market value of the company's securities entitled to vote on the proposal for at least two years; or (3) at least $25,000 in market value of the company's securities entitled to vote on the proposal for at least one year. 17 CFR 240.14a–8 (2024) (titled ''Shareholder Proposals'').

[144] 17 CFR 240.14a–8 (2024).

[145] SEC, *Shareholder Proposals: Staff Legal Bulletin No. 14L (CF)* (Nov. 2021), *https://www.sec.gov/rules-regulations/staff-guidance/staff-legal-bulletins/shareholder-proposals-staff-legal-bulletin-no-14l-cf.*

[146] SEC, *Shareholder Proposals: Staff Legal Bulletin No. 14M (CF)* (Feb. 2025), *https://www.sec.gov/about/shareholder-proposals-staff-legal-bulletin-no-14m-cf.*

Rule 14a–8(i)(1).'' [147] The SEC was sued over this statement; the case was voluntarily dismissed.[148]

This regulatory space is continuing to involve. In August 2026, the SEC staff issued a second statement that they would no longer respond to or express views on no-action requests to exclude shareholder proposals pursuant to Exchange Act Rule 14a–8(i)(1).[149] In addition, on September 16, 2026, the SEC published a proposed rule titled Rescission of Rule 14a–8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a–4.[150] If finalized, this rule would rescind the federal requirement that companies include qualifying shareholder proposals in their proxy materials.

3.2.2. Proxy Voting Responsibilities

In 2003, the SEC adopted a new rule under the Investment Advisers Act of 1940 (''Advisers Act'') to require an investment adviser that exercises voting authority over client proxies to adopt policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interests of its clients, among other requirements.[151] This rule was motivated in part by concerns regarding potential material conflicts of interest that may affect the manner in which an adviser votes clients' proxies—including business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships.

Under the final rule, an investment adviser that exercises voting authority over client proxies must adopt policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interests of clients, disclose to clients information about those policies and procedures, and disclose to clients how they may obtain information on how the adviser has voted their proxies. The rule applies to both advisers that have implicit as well as explicit voting authority, including when the advisory contract is silent but the adviser's voting authority is implied by an overall delegation of discretionary authority. The rule does not apply, however, to advisers that provide clients with advice about voting proxies but do not have authority to vote the proxies.

3.2.3. Proxy Voting Advisors

In July of 2020, the SEC adopted the final rules ''Exemptions from the Proxy Rules for Proxy Voting Advice'' concerning proxy voting advice provided by proxy advisory firms, or proxy voting advice businesses (''PVABs'').[152] The 2020 rule amended Rule 14a–1(l) to codify the SEC's longstanding view that proxy voting advice generally constitutes a ''solicitation'' under Section 14(a) of the Securities Exchange Act of 1934. It also:

(1) Adopted Rule 14a–2(b)(9) to add new conditions to two exemptions, that PVABs generally rely on, from proxy rules' information and filing requirements, including new conflicts of interest disclosure requirements and requirements to adopt and publicly disclose certain written policies and procedures; and

(2) Adopted Note (e) to Rule 14a–9, which prohibits false or misleading statements in connection with proxy solicitations, to include examples of omissions in connection with proxy voting advice that may be considered misleading under Rule 14a–9.

The 2020 amendments to Rules 14a–1(l) and 14a–9 became effective in November 2020, while PVABs were not required to comply with the new conditions in Rule 14a–2(b)(9) until December 2021. However, the SEC reassessed these actions with its 2022 rulemaking.[153] While the SEC maintained that proxy voting advice generally constitutes a ''solicitation,'' it made amendments to Rules 14a–2(b)(9) [154] and 14a–9 [155] to:

avoid burdens on PVABs that may impede and impair the timeliness and independence of their proxy voting advice and avoid misperceptions regarding the application of Rule 14a–9 liability to proxy voting advice, while also preserving investors' confidence in the integrity of such advice.[156]

In July of 2025, the U.S. Court of Appeals for the D.C. Circuit affirmed a ruling that the 2020 rulemaking was invalid, stating that:

[T]he best reading of section 14(a), grounded in the ordinary meaning of ''solicit'' in its statutory context, is that the term refers to a request for proxy authority or a directed plea to exercise such authority in a particular manner. Proxy-voting advice rendered by a third party for a fee falls outside that definition. It is simply a recommendation. The SEC's effort to expand ''solicitation'' to include such advice cannot be reconciled with the statutory text and its adoption of that definition in the 2020 Rule was contrary to law.[157]

This judgment effectively ended the SEC's existing efforts to regulate proxy voting advisors under section 14(a).

4. Summary of Impacts

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[147] Div. of Corp. Fin., U.S. Sec. & Exch. Comm'n, *Statement Regarding the Division of Corporation Finance's Role in the Exchange Act Rule 14a–8 Process for the Current Proxy Season* (Feb. 12, 2025), *https://www.sec.gov/newsroom/speeches-statements/statement-regarding-division-corporation-finances-role-exchange-act-rule-14a-8-process-current-proxy-season.*

[148] *See* Complaint, *Interfaith Ctr. on Corp. Responsibility* v. *SEC,* No. 1:26-cv-00957 (D.D.C. filed 2026).

[149] Div. of Corp. Fin., U.S. Sec. & Exch. Comm'n, *Updated Statement Regarding the Division of Corporation Finance's Role in the Exchange Act Rule 14a–8 Process* (Aug. 2026), *https://www.sec.gov/newsroom/speeches-statements/corpfin-statement-rule-14a-8-process-081426.*

[150] *Rescission of Rule 14a–8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a–4,* 91 FR 59,904 (Sep. 21, 2026).

[151] *Proxy Voting by Investment Advisers,* 68 FR 6,585, 6,593 (Feb. 7, 2003).

[152] *Exemptions from the Proxy Rules for Proxy Voting Advice,* 85 FR 55,082 (Sept. 3, 2020).

[153] *Proxy Voting Advice,* 87 FR 43,168 (July 19, 2022).

[154] The SEC amended Rule 14a–2(b)(9) to remove paragraphs (ii) through (vi), which required PVABs to adopt and publicly disclose written policies and procedures to rely on exemptions in Rules 14a–2(b)(1) and (b)(3). In its preamble, the SEC stated that they reassessed the rule in response to concerns over how these provisions would impact the independence of PVABs, the timeliness of proxy voting advice, and PVAB compliance costs. The SEC did not, however, rescind the conflicts of interest disclosure requirement in Rule 14a–2(b)(9)(i).

[155] The SEC also amended Rule 14a–9 to remove Note (e). The SEC remarked that the note, rather than providing clarification as intended, had increased litigation risk.

[156] *Proxy Voting Advice,* 87 FR 43,168 (July 19, 2022) (citations omitted).

[157] Inst. S'holder Servs., Inc. v. SEC, 142 F.4th 757, 768 (D.C. Cir. 2025).

Table 3.—*Accounting Statement*

Benefits:

	Estimate (Primary)	Year Dollar	Discount Rate	Period Covered
Annualized Monetized ($ Millions / Year)	$25.78	2026	7 percent	2026-2035
	$26.73	2026	3 percent	2026-2035

Quantified:
The estimated 10-year present value of benefits, discounted at 7 percent, is $181.09 million. The proposed rule would ensure that fiduciaries select investments based only on risk and return considerations. This would shift some plan assets from being invested in ESG-related funds in the baseline to being invested in other funds under the proposal. In terms of increased investment returns, the Department estimates that this would lead to benefits of approximately $15.20 million in the first year and about $274.78 million in undiscounted additional returns over ten years.

Non-Quantified:
By clarifying that plan fiduciaries must ensure that entities selected to exercise, advise on, or assist with shareholder rights exercise shareholder rights only when doing so is in the economic interest of participants and beneficiaries, the Department expects that the proposed rule would reduce resources devoted to proxy votes and shareholder engagements that lack economic justification. This would result in cost savings, which are discussed and quantified below.

Costs:

	Estimate (Primary)	Year Dollar	Discount Rate	Period Covered
Annualized Monetized Costs ($ Millions / Year)	-$1,067.73	2026	7 percent	2026-2035
	-$1,074.68	2026	3 percent	2026-2035

The estimated 10-year present value of net costs, discounted at 7 percent, is -$7,499.31 million.

Quantified Costs:
The estimated 10-year present value of costs, discounted at 7 percent, is $337.55 million. The Department expects that entities would incur the following costs due to the proposed rule:

- Costs to plans and service providers related to reviewing the rulemaking and developing compliance plans total $124.27 million in the first year.
- Costs to plans related to reviewing and revising investment policy statements and making changes to investments or menus, totaling $164.65 million in the first year.
- Costs to plans related to reviewing and updating policies related to shareholder rights, totaling $66.73 million in the first year.
- Cost to managers of funds with plan assets related to reviewing and revising fund investment policies, totaling $2.76 million in the first year.
- Cost to fund managers related to reviewing and revising policies related to the exercise of shareholder rights, totaling $2.76 million in the first year.

Quantified Cost Savings:
The estimated 10-year present value of cost savings, discounted at 7 percent, is $7,836.86 million. The Department expects that entities would experience the following cost savings due to the proposed rule:

- Eliminating the use of nonfinancial ESG factors when selecting and monitoring investments would reduce the need for ESG-related research, resulting in lower fees. This would generate cost savings for plans and participants, estimated to be $2.85 million annually.
- Cost savings related to a reduction in resources devoted to proxy voting, estimated to be $618.33 million annually.
- Cost savings related to a reduction in resources devoted to both plan asset and non-plan asset shareholder engagement, estimated to be $254.01 million annually for investment managers and $240.60 million for publicly traded corporations.

Transfers:

Non-Quantified:
The Department expects that the proposed rule will lead to the following transfers:

- As plans move assets from ESG-related funds selected using nonfinancial factors toward other funds, financial institutions sponsoring ESG-related products and ESG ratings agencies would lose revenue while providers of other investments would gain revenue.
- There would be a transfer from sectors of the economy favored by ESG investors to other sectors.

Perpetual Time Horizon Costs:

Annualized Cost (in 2024 dollars) (Executive Order 14192 accounting): -$1,057.46 million

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5. Requests for Comment

In addition to the requests throughout the document for specific assumptions or other items, the Department would appreciate comments on its characterization of the benefits, costs, and cost savings that may result from the proposed amendments. In particular, the Department would appreciate comments on the following items:

(1) The extent to which plans currently use nonfinancial factors in selecting investments, and how the proposed rule would change plan investments.

(2) The extent to which plans rely on the tiebreaker provision, and the implications of removing it.

(3) How plans using the tiebreaker provision determine that they have a tie, and whether in some instances the evidentiary basis for a tie is weak.

(4) The nature of any changes in litigation risk that plans would experience as a result of removing the tiebreaker provision, and information that would be useful for quantifying these effects.

(5) How the proposed rule would affect plan fees and why.

(6) Evidence on how removing the participant preferences provision would affect participation in and contributions to ERISA defined contribution plans.

(7) How the proposed rule's provisions related to proxy voting and shareholder engagement would affect the resources that investment managers and publicly traded corporations expend, both associated with ERISA-

covered pension plans and more broadly.

(8) Whether the proposed rule would affect the number of shareholder proposals filed.

(9) Evidence, especially data, on how many and what type of shareholder engagements investment managers typically pursue in a year, as well as what types of shareholder engagements would be most affected by the proposed rule.

(10) How resources directed from shareholder activities without an economic basis might affect shareholder or firm value, and how this might translate to benefits for plan participants and beneficiaries.

(11) How often plan fiduciaries or investment managers engage a proxy advisory firm, including how often they are used, what type of services they are used for, and the costs associated with these engagements.

(12) How proxy advisory firms will respond and adjust their business plans in response to the proposed rule.

(13) Whether the reductions in resources that investment managers and publicly traded corporations are expected to devote to proxy voting and shareholder engagement, discussed in Section 8.3, should be characterized as benefits of the proposed rule rather than as cost savings, consistent with the treatment of similar effects in some parts of the Department's 2020 rulemaking on proxy voting and shareholder rights.

(14) The effect, if any, that the SEC's proposed rescission of Rule 14a–8 (Rescission of Rule 14a–8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a–4) would have on the volume of shareholder proposals submitted to, and voted on by, ERISA plan fiduciaries or their investment managers, and how any resulting change in proposal volume should be accounted for in estimating the cost savings associated with this proposed rule. The Department is particularly interested in data or analysis regarding the treatment of shareholder proposals under the corporate law of Delaware and other states with a significant concentration of publicly traded company incorporations, and the extent to which state law would independently require or permit the inclusion of shareholder proposals in proxy materials absent Rule 14a–8.

6. Affected Entities

To estimate the number of affected entities the Department identified the types of entities that would be impacted by the proposed rule. This universe includes ERISA-covered plans, plan administrators, investment managers managing plan assets, and proxy advisory firms. The Department then sought to understand how each element of the proposed rule affects this population and established assumptions to estimate the number of affected entities. Table 4 displays the estimates of how many entities would be affected by the proposal. The following sections detail the development of the estimates of the affected entities.

Table 4.—*Affected Entities*

Entity	Affected Entities
Retirement Plans	837,000
Plan Participants	6,146,000
Service Providers [a]	6,950

[a] Includes plan administrators, investment managers, and proxy advisory firms.

6.1. Estimate of Population Affected

ERISA-covered plans and participants would be affected by the proposed rule. The Department estimates that this includes 837,000 pension plans since all pension plans are assumed to review the proposed rule to ensure compliance.[158]

The Department excluded welfare plans from its estimates because very few welfare plans hold investments that would lead to them being meaningfully impacted.[159] The Department based this decision on an analysis of Schedule H filings of large welfare plans, which found that only 1.5 percent of these plans held a meaningful level of assets that may carry shareholder rights. The Department believes that small welfare plans, which both constitute the vast majority of welfare plans and are either not required to file with the same level of detail as their large counterparts or not required to file at all, will have an even lower rate of assets that would trigger shareholder rights.[160] The Department requests comments on these assumptions.

The Department recognizes that most plans engage outside service providers to aid in the administration of the plan. When engaged, these service providers provide support for many actions, including those associated with the plan's response to this proposed rulemaking. Based on survey data from a series of Plan Sponsor Council of America (PSCA) surveys spanning their 2021–2025 reports, the Department estimated that approximately 85 percent of plans engage an investment manager or investment advisory firm to assist with plan assets.[161] The Department

[158] U.S. Dep't of Labor, Employee Benefits Sec. Admin., *Private Pension Plan Bulletin: Abstract of 2023 Form 5500 Annual Reports* tbl.A1 (Jan. 2026), *https://www.dol.gov/agencies/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan.*

[159] EBSA tabulations of welfare plans using the 2023 Form 5500 filings with the US Department of Labor. The Department examined the sum of all asset classes from the Schedule H of the Form 5500 filings for all welfare filings where the plan reported at least 100 participants. To exclude balances that are merely transactional, the Department further restricted this group to plans that reported at least $10,000 in combined total of these assets.

[160] Generally, private-sector employer health and welfare plans are only required to file a Form 5500 if they have 100 or more participants. Regardless of size, plans must file a Form 5500 if they hold assets in trust or are identified as a Multiple Employer Welfare Arrangement (MEWA) or certain Entities Claiming Exception (ECE). Most small (typically fewer than 100 participants), ERISA-covered welfare plans do not hold assets in trust and, therefore, are not required to file a Form 5500. As such, the number of welfare plans that file with the Department is believed to be less than 5 percent of the total ERISA welfare plan universe.

[161] Plan Sponsor Council of America, *64th Annual Survey of Profit Sharing and 401(k) Plans* (2021); id., *65th Annual Survey of Profit Sharing and 401(k) Plans* (2022); id., *66th Annual Survey of Profit Sharing and 401(k) Plans* (2023); id., *67th*

Continued

estimates the number of relevant service providers for this analysis to be approximately 6,950 entities.[162] This includes about 1,000 entities responsible for investment decision-making for pooled investment vehicles held by 401(k) plans.[163]

6.1.1. Plans, Participants, and Assets Affected by Investment Modifications

The proposal would require plans whose investment policy statements allow them to incorporate nonfinancial factors to revise their policies and update plan documents. The Department considered statistics from several surveys related to retirement market interest in ESG investing principles, which are outlined below, and established an assumption that 30 percent of plans would review and revise their investment policy statement.

Callan's 2025 Defined Contribution Trends Survey found that 18 percent of plan sponsors surveyed were currently offering at least one ESG fund. Another 7 percent indicated that they would consider adding one in the future, suggesting a total of 25 percent of plan sponsors surveyed either had or were considering adding ESG to their portfolio.[164] In their 2024 ESG Survey, Callan found that 31 percent of the corporate respondents indicated incorporating ESG factors into investment decisions for their plans. This survey found that 92 percent of these respondents incorporated ESG into the investment decision making process by updating their investment policy statement, supporting the Department's assumption that plans using ESG will need to review and update their investment policy statement.[165]

Next, we consider the proportion of retirement plans that will likely need to revise their menu or investments, which the Department estimates at approximately 15 percent of retirement plans. The Department developed this estimate using several surveys and administrative data sources, which are detailed below.

In the DC plan space, a survey conducted by the PSCA found that about 6 percent of the 401(k) plans surveyed had at least one investment with ESG-related investment strategies on their lineup in 2024.[166] Using administrative data from 2023 Form 5500 filings by DC plans with at least 100 participants, the Department found that approximately 12 percent of plans had at least one ESG-related fund on their menu.[167] Vanguard's administrative data shows that 17 percent of DC plans are ''offering socially responsible funds.'' [168] Similarly, about 18 percent of the plan sponsors responding to Callan's DC Trends survey said their plans have at least one investment with ESG-related investment strategies in their lineup.[169] The population surveyed by Callan tend to be very large and includes government and tax-exempt entities, which may account for its findings being relatively high.

The Department is aware of only one source indicating the prevalence of ESG investing among defined benefit (DB) plans. A 2023 survey conducted by Mercer reports that 28 percent of DB plan sponsors use ESG data to assist with investment manager selection.[170] Given the limited data available for DB plans, and the fact that DB plans are only about six percent of ERISA retirement plans, the Department did not develop separate assumptions for different retirement plans. Rather, the Department assumes that 15 percent of all retirement plans would modify their investments or their menu under the proposed rulemaking.

It is possible that this assumption underestimates the share of plans impacted because it only represents ESG investing and does not reflect investing using other types of nonfinancial factors, which would also be affected by the proposal. However, the assumption may be overstated to the degree that some plans report having ESG-related investments and would keep those investments under the proposed rule because their selection can be justified based solely on financial performance factors.

The Department estimates that 6,146,000 participants would be affected by the investment modifications resulting from the proposal. It obtained this estimate by reviewing the impact on specific types of plans. DC plans have 95,939,000 participants with account balances.[171] About 94 percent of those participants are in plans that are partially or fully participant-directed.[172] As described above, the Department estimates that 15 percent of plans would change the investments on their menu. The Department assumes that 7 percent of the participants in those plans are actually invested in the ESG-related fund options on their plan's lineup, based on Vanguard administrative data showing that when DC plan participants are offered ESG fund options, about 7 percent invest in them.[173] Therefore, the Department estimates in participant-directed DC plans there are 952,000 participants who would be affected by the proposal.[174] For non-participant directed DC plans and DB plans, the calculation is similar, except that the Department considers all participants to be affected if the plan modifies its investments. The Department estimates that non-participant-directed DC plans have 792,000 participants who would be

Annual Survey of Profit Sharing and 401(k) Plans (2024); & id., *68th Annual Survey of Profit Sharing and 401(k) Plans* (2025).

[162] The Department examined Form 5500 Schedule C filings by large retirement plans and counted the unique service providers they reported with codes 14, 27, and 28 (which are plan administrators, investment advisors to plans, and investment managers, respectively). The Department adjusted for filing patterns and data trends in the Form 5500. The estimate also includes proxy advisory firms; the impacts on them are discussed in Section 6.3.

[163] See Section 6.2 for additional information.

[164] Callan LLC, *2025 Defined Contribution Trends Survey* 6, 22 (2025) (Respondents included corporate, public, and tax-exempt plan sponsors).

[165] Callan LLC, *2024 ESG Survey* 3 (2024) (Corporate respondents sponsored DB, DC, and other plans).

[166] Plan Sponsor Council of Am., *68th Annual Survey of Profit-Sharing and 401(k) Plans: The Source for 401(k) Plan Benchmarking Data* tbl.81 (2025).

[167] The Department used Morningstar Direct data to identify mutual funds and collective investment trusts that included a mandate to hold securities from issuers with various kinds of ESG characteristics. The Department tabulated how many plans with audited filings in the BrightScope dataset held these investments.

[168] Vanguard, *How America Saves 2025* fig. 75 (2025).

[169] Callan LLC, *2025 Defined Contribution Trends Survey* (2025).

[170] Mercer, *Findings from Mercer's Shaping the Future Survey of DB Plan Sponsors* (2023), *https://www.mercer.com/assets/ca/en_ca/shared-assets/local/attachments/pdf-2023-the-time-is-now-infographic.pdf.*

[171] U.S. Dep't of Labor, EBSA, *Private Pension Plan Bulletin: Abstract of 2023 Form 5500 Annual Reports* tbl.A2 (Jan. 2026), *https://www.dol.gov/agencies/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan* (The Department focuses on participants with an account balance as the DC participants that would be affected by investment changes because for individual account plans, total participant and active participant figures include employees who are eligible for a plan even if no contributions have ever been made into an account on their behalf.).

[172] U.S. Dep't of Labor, Employee Benefit Sec. Admin., *Private Pension Plan Bulletin Abstract of 2023 Form 5500 Annual Reports* tbl.D5 (Jan 2026), *https://www.dol.gov/agencies/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan.* The Department assumes that the share of DC participants with account balances who are in participant-directed plans is the same as the share of DC active participants who are in participant-directed plans. There are 88,239,000 active participants in fully participant-directed DC plans, 2,824,000 active participants in partially participant-directed DC plans, and 96,369,000 active participants in all DC plans. ((88,239,000 + 2,824,000)/96,369,000 = 0.9449408).

[173] Vanguard, *How America Saves 2026* tbl.72 (2026) (This figure is the share of DC participants who take up ''socially responsible'' funds conditional on being offered them).

[174] (95,939,000 × 0.9449408 × 0.15 × 0.07 = 951,895)

affected.[175] Similarly, DB plans have 4,402,000 participants who would be affected.[176] In total across all plans, the Department estimates that the proposed rule would affect approximately 6,146,000 participants.[177] This estimate includes double-counting in situations where an individual participates in multiple plans that have investments that would be affected by the proposed rule.

The share of 401(k) plan assets allocated to ESG-related investments appears to be very low. While 15 percent of plans may have at least one ESG-related offering on their menu, generally within those plans, only a small share of assets is allocated to ESG-related funds. Furthermore, many of the retail investors who are interested in pursuing ESG investing are young and have small account balances.[178] The Department tabulates that about 0.2 percent of 401(k) plan assets were held in ESG-related funds in 2023.[179]

The Department is uncertain what share of the assets currently in ESG-related funds under the baseline would remain in those funds, because their selection was based entirely on considerations of risk and return, and what share would need to be allocated to other funds instead under the proposed rule. For purposes of estimating certain benefits in Section 7.2 and certain cost savings in Section 8.2, the Department assumes that half the assets, or 0.1 percent, would be allocated differently under the proposed rule in comparison to the baseline. The Department requests comments on these assumptions.

6.1.2. Assumptions for Plans Affected by Changes to Shareholder Rights Policies

To consider how the proposed amendments to paragraph (d) would affect plans, it is helpful to group plans into three general categories:

(1) Plans that invest in securities with voting rights directly or have pass-through shareholder rights from ERISA-covered intermediaries such as master trusts, common trusts, pooled separate accounts, and 103–12 investment entities that pass-through voting rights to the plan. These plans either directly exercise or otherwise manage shareholder rights.

(2) Plans that delegate shareholder rights to a 3(38) investment fiduciary. These plans would work with the investment fiduciary to establish policies on how shareholder rights are exercised.

(3) Plans that invest in or select pooled investment vehicles that in turn invest in securities with shareholder rights. When selecting any such investment, these plans would need to comply with the requirements of paragraph (c), ensuring that the investment decision does not sacrifice investment return or take on additional risk to promote benefits or goals unrelated to financial interests of the participants and beneficiaries.

While the Department lacks comprehensive data on how many plans directly exercise shareholder rights, the Department expects that few plans do due to time and resource constraints. Throughout this analysis, the Department has assumed that most plans delegate the management of shareholder rights for plan assets to investment managers, either 3(38) investment fiduciaries hired by the plan or investment managers managing funds selected by plan fiduciaries, rather than engaging directly with a proxy advisory firm.

To validate this assumption the Department examined 2023 Form 5500 Schedule C filings, which include information on plan service providers for large plans, and found few instances that plans made payments directly to proxy advisory firms.[180] Further, according to databases compiled by Principles for Responsible Investment and by Proxy Monitor, very few plans are filing shareholder proposals.[181] In both of these analyses, multiemployer plans were more likely to hire a proxy advisory firm or submit shareholder proposals than single-employer plans. These findings are supportive of the assumption that plans often rely on investment professionals, rather than directly engaging proxy advisory firms or filing shareholder proposals themselves, to handle shareholder rights.

Some plans would need to review and modify their policies related to shareholder rights, including those pertaining to proxy voting policies and shareholder engagement. This would include agreements with any entity to which shareholder rights have been delegated. The Department assumes the percent of plans that need to review and modify such policies to be very similar to plans needing to reconsider their investment policy statement, which is assumed to be 30 percent of plans.[182] There may be some plans that review their policies that decide that no change is needed; however, the Department lacks data to determine an appropriate assumption. The Department welcomes comments on this topic.

6.2. Investment Managers and Corporations

The proposed rule would also affect entities responsible for investment decision-making for pooled investment vehicles held by 401(k) plans, such as investment vehicles registered under the Investment Company Act of 1940, collective investment trusts (CITs), pooled separate accounts, and other pooled investment vehicles. For purposes of this analysis, these entities are referred to as ''investment managers.'' The term refers to the entity performing the relevant investment decision-making function, including the selection of investments and, where applicable, the exercise of shareholder rights. The Department identified approximately 900 different entities performing these functions for pooled investment vehicles held by large 401(k) plans.[183] Since this may not capture all such investment managers providing services for ERISA-covered pension plans, the Department assumes that 1,000 investment managers would be affected. The Department requests comments on this assumption.

To the extent that the proposed rule affects investment managers' proxy voting or shareholder engagement, publicly traded corporations would also be affected. For example, corporations may experience changes in voting participation, vote outcomes, and levels of shareholder engagement. One analysis found that between 2019 and 2024, 82 percent of environmental and social proposals were submitted to S&P

[175] $(95{,}939{,}000 \times (1 - 0.9449408) \times 0.15 = 792{,}349)$

[176] U.S. Dep't of Labor, Employee Benefit Sec. Admin., *Private Pension Plan Bulletin Abstract of 2023 Form 5500 Annual Reports* tbl.D5 (Jan 2026), *https://www.dol.gov/agencies/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan* ($(29{,}347{,}000 \times 0.15 = 4{,}402{,}050)$ DB plans have 29,347,000 total participants).

[177] $(951{,}895 + 792{,}349 + 4{,}402{,}050 = 6{,}146{,}294)$

[178] Cerulli Assocs., *U.S. Responsible Investing 2024: Assessing Supply and Demand,* The Cerulli Report 157 (2024).

[179] The Department used Morningstar Direct to identify ESG mutual funds and collective investment trusts. The Department tabulated how many plans with audited filings in the BrightScope dataset held these investments.

[180] EBSA tabulations of 2023 Form 5500 Schedule C filings with the U.S. Department of Labor.

[181] Principles for Responsible Inv., *Resolution Database, https://collaborate.unpri.org/shareholder-resolution;* Proxy Monitor, *Historical Archive, https://www.proxymonitor.org/historical-archive.*

[182] Many of the data sources discussed for the development of the investment policy assumption are relied on in the development of this assumption. The belief is that a plan would most likely update all of its relevant policies to be consistent.

[183] Department tabulations using BrightScope data for audited 401(k) plans.

500 companies.[184] As such, the Department expects that large companies would be more affected than smaller corporations.

6.3. Proxy Advisory Firms

The proposed rule would also affect proxy advisory firms that provide proxy voting services to the plans or any persons selected to exercise, advise on, or assist with shareholder rights. Proxy advisory firms provide services to institutional investors, including research on the proposals presented on a proxy ballot, custom policy implementation, recommendations on how to vote, vote execution, and regulatory disclosure services.[185] The proposed rule clarifies that plan fiduciaries, which may include proxy advisory firms in certain circumstances, must act solely to maximize participants' and beneficiaries' financial benefit when deciding to or exercising shareholder rights.

In the U.S., there are five primary proxy advisory firms, although the market is dominated by two firms: Institutional Shareholder Services Inc. (ISS) and Glass Lewis & Co (Glass Lewis).[186] A 2025 report released by the Congressional Research Service remarked that these two firms are estimated to account for between 90 and 97 percent of the market share.[187] However, Shu (2024) notes that these estimates often double count investment managers that subscribe to multiple proxy advisory firms, which is not uncommon. Shu estimates that in 2021, ISS held 48 percent of the market and Glass Lewis held 42 percent.[188]

ISS is an SEC registered investment adviser, and as such is required to file a Form ADV. In the SEC's 2022 ''Proxy Voting Advice'' final rule economic analysis, the SEC found that 173 pension and profit-sharing plans utilized ISS's services, approximately eight percent of ISS's total clients.[189] The SEC did not specify how many of those plans were public pensions or public profit-sharing plans, which would not be affected by this proposed rule.

As discussed above, in an analysis of Form 2023 Form 5500 Schedule C filings, the Department observed that it is rare for plans to make payments directly to proxy advisory firms.[190] A Cerulli Associates survey of institutional investors, on the other hand, found that 27 percent relied on a proxy advisory firm.[191] While the survey respondents included pension plans, it is unclear how many were private sector pensions. Another 31 percent of institutional investors handled proxy voting internally, and 35 percent relied on investment managers.[192] Indeed, much of the impact of the proposed rulemaking on proxy advisory firms would be through the services they provide to investment managers.

The Department would appreciate comments on how proxy advisory firms would likely be affected by the proposed rule, particularly on what types of services plans or investment managers most often rely on proxy advisory firms and how that would be affected by the proposed rule.

7. Benefits

The proposed rule would reinforce the Department's neutrality stance regarding specific investment categories or classes and ensure that fiduciaries discharge their duties with the exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan. This would clarify for fiduciaries that they cannot use nonfinancial factors in the selection of investments and would affirm that the decisions of fiduciaries regarding shareholder rights should consider the costs and benefits to the participants and beneficiaries. In doing so, the Department anticipates that plan fiduciaries who may have considered nonfinancial factors when making investment or menu selections under the 2022 rulemaking, may revisit these decisions and divest from those investments that cannot be justified on a purely financial basis. By doing so, the proposed rule should improve expected financial outcomes for plans and participants.

The discussion below identifies the major benefits the proposed rule is expected to generate. The Department welcomes comments on the identified benefits, the Department's characterizations of those benefits, and any additional benefits the Department should consider. The Department would also appreciate comments providing additional research, data, and anecdotal discussion of likely responses to the proposal.

7.1. Findings From the Literature on Investment Performance

Recent literature has analyzed the performance of ESG-related funds compared to other funds using various investments, time periods, and methodologies in their comparisons. The body of research has generated a mixture of findings. Taking the totality of the research into consideration, the Department sees suggestive evidence that ESG-related investments underperform other investments, in which case participants and plans would experience financial benefits from avoiding ESG-related investing.

Hornuf and Yuksel (2024) performed a meta-analysis of the literature on ESG-related investment performance.[193] They assert that on average across the studies, ESG-related investments neither outperform nor underperform other investments. However, they state that the higher quality studies, meaning studies in top tier peer reviewed finance journals, are less likely than other studies to find that ESG-related funds outperform other funds.

Similarly, two detailed financial studies found that ESG-related investments are likely to underperform in the long run and were able to provide possible explanations for why some other studies' methodologies and data might have led to other findings. Pastor, Stambaugh, and Taylor (2022), focusing on the U.S. stock market, assigned ''greenness measures'' to U.S. stocks between November 2012 and December

[184] Kosmas Papadopoulos, Jun Frank & Pinak Parikh, *U.S. Shareholder Proposals: A Decade in Motion,* ISS-Corporate (Nov. 2024), *https://www.iss-corporate.com/resources/reports/us-shareholder-proposals-a-decade-in-motion/.*

[185] *Proxy Voting Advice,* 87 FR 43168 (July 2022).

[186] Congressional Research Service, *Proxy Advisor Regulation: Recent Litigation, State Law Developments, and Federal Legislation,* (Sept. 4, 2025).

[187] Congressional Research Service, *Proxy Advisor Regulation: Recent Litigation, State Law Developments, and Federal Legislation,* (Sept. 4, 2025).

[188] Chong Shu, *The Proxy Advisory Industry: Influencing and Being Influenced,* 154 J. Fin. Econ. (Apr. 2024); John Matsusaka & Chong Shu, *Robo-Voting: Does Delegated Proxy Voting Pose a Challenge for Shareholder Democracy?,* SSRN Electronic J. (2023), *http://doi.org/10.2139/ssrn.4564648.*

[189] *Proxy Voting Advice,* 87 FR 43,168 (July 2022), (Glass Lewis is not an SEC-registered investment adviser; however, its activities remain subject to applicable Federal securities laws).

[190] EBSA tabulations of 2023 Form 5500 Schedule C filings with the US Department of Labor. Form 5500 Schedule C filings only include information on plan service providers for large plans.

[191] Cerulli's 2024 U.S. Responsible Investing Institutional Asset Owners Survey surveyed pension plans, nonprofits, insurance companies, and healthcare institutions with assets under management ranging from $100 million to greater than $5 billion.

[192] Cerulli Associates, *U.S. Responsible Investing 2024: Assessing Supply and Demand,* The Cerulli Report (2024) (Cerulli's 2024 U.S. Responsible Investing Institutional Asset Owners Survey surveyed pension plans, nonprofits, insurance companies, and healthcare institutions with assets under management ranging from $100 million to greater than $5 billion.).

[193] Lars Hornuf & Gul Yüksel, *The Performance of Socially Responsible Investments: A Meta-Analysis,* 30 Eur. Fin. Mgmt. 1012 (2024).

2020. While ESG-related investments outperformed other investments during this period, this pattern reflected an unanticipated increase in environmental concerns.[194] With further analysis, the authors find that ESG-related investments have lower expected returns than other investments. This finding is supported by both their examination of implied costs of capital and by their analysis of realized returns purged of shocks from climate concerns and earnings.

Van Brakel, Huij, and Kyosev (2025) analyzed active U.S. equity mutual funds from January 1991 to June 2024, comparing the financial performance of ESG-related funds to that of other funds. They find that while ESG-related funds underperform other funds on a buy-and-hold basis by 63 basis points on average, their investors earn higher dollar-weighted returns of 88 basis points on average.[195] The authors attribute this to investors in ESG-related funds responding more strongly to positive returns without overreacting to negative returns. In other words, investors in ESG-related funds exhibited better timing abilities. Given that the study observes investors who self-selected into their investment holdings, it is to be expected that the investors in ESG-related funds might differ from other investors in important ways, including potentially their financial sophistication, wealth, age, and the financial advice that they received. Indeed, other research shows that retail investors who are interested in pursuing ESG investing tend to be much more likely to seek out financial advice than other investors.[196]

Van Brakel, Huij, and Kyosev (2025) note that their findings have important implications for assessing many other studies in the field. Some studies may have overstated the relative performance of ESG-related funds because their methodology did not take into account how investor timing abilities were influencing the outcomes. Their finding that ESG-related funds had worse financial performance than other funds on a buy-and-hold basis is confirmed by Raghunandan and Rajgopal (2022), who analyzed U.S. mutual funds from 2010 to 2018 that were sponsored by the same asset manager in the same year.[197]

7.2. Estimating the Benefits From Increased Returns

Given significant evidence that ESG-related investments are likely to underperform on average, the Department estimates the benefits from assets being allocated to investments that are not ESG-related rather than ESG-related investments. As the research findings are mixed, the estimate applies a very conservative assumption about the degree of underperformance of only 10 basis points. This assumption is lower than the 63 basis points of underperformance found by Van Brakel, Huij, and Kyosev (2025) because that study only looked at equity mutual funds, while this assumption is also being applied to other retirement plan investments such as bond funds. The Department is aware that some bond funds hold ESG-related investments, but less information is available about their performance. While this estimate is imprecise, it demonstrates the effect of a difference in returns.

As described above in the Affected Entities section, the Department estimates that about 0.2 percent of retirement plan assets are invested in ESG-related funds. It assumes that half of those assets, or 0.1 percent, would be allocated to a different investment under the proposed rulemaking relative to the baseline. Based on estimates of $15.2 trillion in assets held by ERISA-covered pension plans, this amounts to $15.2 billion in plan assets being allocated differently.[198] If the annual rate of return on these assets increases by 10 basis points as they shift into investments that are not ESG-related and have better long-run performance, returns in the first year would increase by $15.2 million.[199] The aggregate rate of return earned annually by large retirement plans has a geometric mean over the years 2004 to 2023 of 6.8 percent.[200] Therefore, in calculating the increased appreciation over a ten-year period, the Department assumes that the rate of return for the affected plan assets would increase from 6.75 to 6.85 percent. Under these assumptions, the identified assets over ten years would have increased by approximately $275 million.[201]

Reasons for a tentative framing of this quantitative result include:

- As discussed above in the summary of a peer-reviewed meta-analysis, the research findings are mixed.
- If some portion of the increased returns would be associated with transactions in which the opposite party experiences decreased returns of equal magnitude, then this portion of the proposed rule's impact would, from a society-wide perspective, be a transfer, rather than a benefit.
- The Department is aware that bond funds and DB plans hold ESG investments but has limited available information on their performance.

7.3 Benefits From Aligning Shareholder Activities With Plan Economic Interests

The proposed amendments to paragraph (d)(2)(ii)(C) of § 2550.404a–1 would replace the requirement that, when deciding whether to exercise shareholder rights or exercising shareholder rights, plan fiduciaries must ''not subordinate the interests of the participants and beneficiaries'' with the requirement that plan fiduciaries ''discharge their duties with respect to the plan with the exclusive purpose of maximizing the interests of the participants and beneficiaries.'' As amended, this text would better align with the plain text of ERISA and proposed changes in paragraph (c), and clarify that plan fiduciaries should be exercising shareholder rights only when doing so is in the economic interest of plan participants and beneficiaries. This change mirrors similar language proposed to amend paragraph (c).

The proposed amendments would also amend paragraph (d)(2)(ii)(E) to clarify that plan fiduciaries must exercise prudence and diligence in the selection and monitoring of persons

[194] Lubos Pastor, Robert F. Stambaugh, Lucian A. Taylor, *Dissecting Green Returns,* Journal of Financial Economics, 146:2, 403–424, (2022), *www.sciencedirect.com/science/article/pii/S0304405X22001672.*

[195] The authors use the term ''sustainable'' funds, which they identify based on the fund's name or its consideration of sustainability, impact, or ESG factors according to the fund's prospectus, offering documents, or regulatory filings. Jean-Paul van Brakel, Joop Huij & Georgi Kyosev, *Analyzing Sustainable Investor Returns* (Working Paper 2025).

[196] Cerulli Associates, *U.S. Responsible Investing 2024: Assessing Supply and Demand,* The Cerulli Report (2024), p.158.

[197] Aneesh Raghunandan & Shiva Rajgopal, *Do ESG Funds Make Stakeholder-Friendly Investments?,* 27 Rev. Acct. Stud. 822–863 (2022).

[198] EBSA projected ERISA-covered pension and welfare assets based on the 2023 Form 5500 filings from U.S. Dep't of Labor Employee Benefits Sec. Admin., *Private Pension Plan Bulletin: Abstract of 2023 Form 5500 Annual Reports* (Jan. 2026), *https://www.dol.gov/agencies/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan;* reported SIMPLE assets from the Inv. Co. Inst., *The U.S. Retirement Market,* 3rd Quarter 2025, *Quarterly Retirement Market Data, http://www.ici.org/research/stats/retirement;* and reported private pension fund and IRA assets from the Bd. of Governors of the Fed. Reserve Sys., *Financial Accounts of the United States (Z.1): Current Release* (Jan. 9, 2026), *http://www.federalreserve.gov/releases/z1/Current*). $15.2 trillion × 0.1% = $15.2 billion.

[199] $15.2 billion × .001 = $15.2 million

[200] U.S. Dep't of Labor, Employee Benefits Sec. Admin., *Private Pension Plan Bulletin Historical Tables and Graphs, 1975–2023* tbl.E20 (Sept. 2025), *https://www.dol.gov/sites/dolgov/files/EBSA/researchers/statistics/retirement-bulletins/private-pension-plan-bulletin-historical-tables-and-graphs.pdf.*

[201] ($15.2 billion × 1.0685^{10})—($15.2 billion × 1.0675^{10}) = $274,780,560.

designated to exercise, advise on, or assist with exercising all rights accompanying share ownership. This includes research and analysis, recommendations regarding proxy votes, shareholder engagement, administrative services with voting proxies, and recordkeeping and reporting services.

These amendments affirm that plan fiduciaries, and the service providers to which shareholder rights are delegated, should exclusively act in a way that is consistent with the economic interest of the plan. As discussed in the Affected Entities section, the Department expects that most plans delegate the management of shareholder rights for plan assets to investment managers, either investment fiduciaries hired by the plan or by investment managers of investment funds selected by plan fiduciaries. As a result, this analysis focuses primarily on how the proposed rule would affect how investment managers exercise shareholder rights.

With the clarification of the proposed rule, investment managers exercising shareholder rights for plan assets would no longer feel compelled to devote resources to shareholder activities that lack economic justification. This should result in both a reduction of shareholder activities related to ESG topics and an increase in activities on more financially relevant topics.

As discussed below in the Costs section, the Department expects that these investment managers may experience cost savings by devoting fewer resources to researching proxy proposals and conducting shareholder engagements where they determine that the matter is not reasonably expected to advance the economic interest of plan participants and beneficiaries. Under the assumptions explained in the Costs section, the Department estimates that investment managers could save $618.3 million annually by devoting fewer resources to proxy voting and $254.0 million annually by devoting fewer resources to shareholder engagement. Further, the Department assumes that publicly traded corporations could save $240.6 million annually by devoting fewer resources to shareholder engagement.

If investment managers or corporations reinvest these resources into activities that increase shareholder value, it would be a benefit for investors, including plan participants and beneficiaries. The extent to which cost savings are reinvested would depend on whether nonfinancial topics had crowded out more financially relevant issues or had instead driven extra engagement. This analysis does not attempt to estimate the proportion of resources that investment managers would redirect, nor does it attempt to estimate what rate of return such investments might earn. If a significant amount of resources are invested in shareholder activities that increase shareholder value, this would improve investment outcomes for plan participants and beneficiaries.

A study by Heath, Macciocchi, and Ringgenberg (2025) collected information on shareholder engagement from stewardship reports published by 11 institutional investors between 2019 and 2023. Using a discrete choice model that assumes an institutional investor will engage if the expected benefit of shareholder engagement exceeds the expected cost, the study finds, on average, institutional investors' shareholder engagement activity is consistent with the belief that a $10,000 investment in engagement will raise a firm's value by 0.35 basis points.[202]

This finding is not directly applicable to the benefits that might be expected from investment managers reinvesting cost savings into more efficient uses, as it captures an implicit expectation of past behavior of a small sample of large institutional investors and does not capture the variability of expected returns for different types of firms and engagement issues. The Department also would not view the 0.35 basis point increase in firm value estimate as scalable to all engagement activity because investment managers are likely already pursuing the engagement opportunities they expect to generate the highest returns. Accordingly, resources redirected under the proposed rule would not be expected to generate the same return as the engagements observed in the study. To the extent the proposed rule redirects resources away from shareholder activities that are not economically motivated, those resources would likely generate higher marginal returns in alternative, more financially relevant uses.

[202] Davidson Heath, Daniele Macciocchi, & Matthew C. Ringgenberg, *The Economics of Investor Engagement,* Eur. Corp. Governance Inst., Finance Working Paper No. 1075/2025 (Dec. 2025).

The Department would appreciate comments, data, and studies that would assist with estimating the potential benefits of investment managers and publicly traded corporations that reinvest cost savings into more efficient uses. The Department is particularly interested in how any such actions would affect shareholder value. The Department also requests descriptions of any other benefits that would result from this proposal.

7.3. Conclusion

The proposed rule could benefit plans, plan participants, and beneficiaries by focusing plan fiduciaries on the exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan. This focus could lead to assets moving from lower performing ESG-related funds to higher performing other funds leading to higher overall returns. The proposed rule also affirms that plan fiduciaries, and the service providers to which shareholder rights are delegated, should act with the exclusive purpose of maximizing the interests of plan participants and beneficiaries in their retirement income or financial benefits under the plan. This could lead to a reduction of resources devoted to shareholder activities that lack economic justification and allow investment managers or corporations to reinvest these resources into activities that increase shareholder value.

8. Costs

This proposed rule imposes costs on plans and their service providers to review the rule; update investment policy statements and policies and procedures related to exercising shareholder rights as needed; and change investments to comply with the proposed rules requirements as needed. The proposed rule could also lead to cost-savings for investment managers and corporations as fewer resources are devoted to shareholder activities that are not consistent with the economic interests of plan participants. Table 5 displays relevant assumptions for the cost estimates. The following sections quantify the costs and provide a qualitative discussion of anticipated cost savings associated with plans' response to the proposal.

Table 5.—*Assumptions for Cost Estimates*

Entity and Action	Proportion of Total	Entities
Plans, Rule Review	100%	837,000
Plans, Review and Modify Investment Policy Statement	30%	251,100
Plans, Revise Investments	15%	125,550
Plans, Review and Modify Shareholder Rights Policies	30%	251,100
Service Providers (Assumed to Conduct Common Actions for 85% of Plans)	100%	6,950

Professional	Hourly Labor Cost
Lawyer	$187.58
Plan Fiduciary	$206.11

8.1. Costs Associated With the Proposal

The Department estimates this rule to have a first-year transition cost of $361.18 million to implement the proposed rule. These costs include reviewing the proposed rule; plans and investment managers updating investment policy statements and written policies governing the exercise of shareholder rights and engagement as needed; and changing investments as needed to comply with the proposed rules requirements.

The Department recognizes that, in aggregate, the number of plans and participants impacted by this rulemaking, which are key inputs into estimating the cost, are uncertain. This difficulty stems from many of the factors discussed in the need for regulation section, such as the lack of a common definition of ESG, limitations in the reporting of plan and participant ESG-related investment, the extent to which plans and individuals hold assets with voting rights, as well as the overlap between plans impacted by the proposed rules' guidance on investment selection and those affected by the proxy voting clarifications. Additionally, simply holding or offering an investment that meets one of the many definitions of ESG does not necessarily indicate the selection was not based on relevant economic factors. Rather, for plans whose investment selections were made for the exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan, this rulemaking may not cause a plan to act beyond rule and policy review.

8.1.1. Cost of Rule Review

Plans and service providers affected by this rule will review the rule and consider a course of action for compliance. As discussed in the Affected Entities section, the Department estimates this would affect 837,000 plans.

The Department believes that service providers will be the principal conduit for information related to the proposed rule and compliance requirements. The Department assumes that approximately 85 percent of plans employ one of the estimated 6,950 service providers to administer their pension plans. The remaining 15 percent of plans are assumed to administer their plans in-house and will therefore conduct their own rule review.[203] The Department estimates that a legal professional will spend approximately five hours reviewing the rule and creating a work plan that addresses compliance for their organization.[204] The costs for rule review are summarized in Table 6 below.

Table 6.—*Costs for Rule Review and Implementation Planning*

Description	Affected Entities (A)	Hours per Entity (B)	Hourly Wage (C)	Total Hours (A x B)	Equivalent Cost (A x B x C)
Rule Review (Service Providers)	6,950	5	$187.58	34,750	$6,518,405
Rule Review (In-House)	125,550	5	$187.58	627,750	$117,753,345
Total				662,500	$124,271,750

[203] This assumption is constructed using the past five years of responses to the PSCA *Annual Survey of Profit Sharing and 401(k) Plans.*

[204] This estimate is constructed assuming approximately 120 relevant pages and an average reading speed of 250 words per minute (WPM) and an average words per page (WPP) of approximately 250. Therefore, it is expected to take approximately 120 minutes on average. [(250 WPM/250 WPP) × 120 = 120 minutes) The remaining estimated time burden is to account for follow on tasks, such as memo writing, planning for implementation, and other tasks resulting from rule changes.

8.1.2. Cost To Revise and Update Policies and Investments

Several of the affected parties will need to review and potentially revise their investment policies. A portion of plans will need to review and update their investment policy statement. Within this group of plans, there will be a subgroup that also must revise their asset holdings. Those investment managers that have integrated ESG into their funds investment strategy will need to review and revise these policies to remain compatible with ERISA. These revised policies will also need to be reviewed by those plans affected for monitoring purposes. These actions are estimated to have a burden equivalent to approximately $236.91 million in transition costs. Table 7 displays the components of the estimates that will be discussed in the following subsections.

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Table 7.—*Cost to Revise and Update Policies and Investments*

Description	Affected Entities (A)	Hours per Entity (B)	Hourly Labor Cost (C)	Total Hours (A x B)	Equivalent Cost (A x B x C)
Review and Update Plan Investment Policy Statement	251,100	1	$187.58	251,100	$47,101,338
Implement Investment Changes (Plan)	125,550	3	$206.11	376,650	$77,631,332
Select and Transition to new QDIA(s) [Participant Directed DC plans]	1,082	3	$206.11	3,246	$669,033
Review Investment Policies (67% of Investment Managers)	670	8	$206.11	5,360	$1,104,750
Update Investment Policies (75% of reviewed policies require updating)	503	16	$206.11	8,048	$1,658,773
Plans Reviewing Revised Fund Investment Policy	418,500	0.5	$187.58	209,250	$39,251,115
Review and Update Plan Shareholder Rights Policy	251,100	1	$187.58	251,100	$47,101,338
Review Fund Shareholder Engagement Policy (67% of Investment Managers)	670	8	$206.11	5,360	$1,104,750
Update Fund Shareholder Engagement Policy (75% of reviewed policies require updating)	503	16	$206.11	8,048	$1,658,773
Review Fund Shareholder Engagement Policy (Plan)	418,500	0.25	$187.58	104,625	$19,625,558
Total				1,222,787	$236,906,759

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8.1.2.1. Plan Investment Policy Statement and Investments Update

The Department believes that some plans may currently include consideration of ESG or other nonfinancial factors in their investment policy statement, which will need to be reviewed and modified for compliance. As described in the Affected Entities section, the Department estimates that approximately 30 percent of the 837,000 affected retirement plans will review and modify their investment policy statements.

The Department estimates that it will take a legal professional one hour to review the existing investment policy statement and make any required changes. The time burden is relatively low based on the idea that this exercise would principally be one of revision to a prior version of an accepted policy in

most cases. The Department requests comments on these assumptions.

Plans would also be responsible for reviewing the policies of any service providers they engage to confirm they are compatible with the proposed changes. The Department assumes that roughly half of all affected plans would review external policies and allocates 30 minutes for the review of investment policies, and 15 minutes to review the shareholder engagement policies of relevant service providers. The Department requests comments on these assumptions.

The Department believes that plans with ESG and other nonfinancial considerations in their investment selection will need to review their portfolio or menu for compliance with the proposal. As presented in the Affected Entities section, the Department estimates that 15 percent of the 837,000 plans would potentially be affected.

Participant-directed DC plans must review their investment menu and may need to revise their plan's designated investment alternatives (DIAs) and/or qualified default investment alternative (QDIA). While the Department acknowledges that changing a plan's QDIA would generally be a more involved process than changing other options in the investment line-up, data indicate the prevalence of ESG-related investments as QDIAs to be exceedingly rare. A 2024 Cerulli survey of DC plan consultants indicated that slightly less than 1 percent of plans with ESG funds on the plan menu have an ESG-focused QDIA.[205] Using the same assumed rate of ESG use presented above combined with this approximation of 1 percent results in 0.15 percent of the approximately 721,000 plans with participant direction potentially having an ESG-related investment as a QDIA.[206] The Department estimates that these plans will require additional time to select, and plan the transition to, alternative QDIAs. These plans would be part of the group of plans changing their investments in response to the proposed rule.

The Department assumes that for each affected plan a fiduciary will spend on average three hours reviewing their investments or menu for compliance with the proposal and making necessary changes to their investment portfolio or menu. For the subgroup of plans that would change QDIAs the Department assumes an additional three hours to account for the additional burden associated with the transition. The costs for this provision are displayed in Table 7. The Department requests comment on these assumptions.

8.1.2.2. Investment Managers Review and Revise Fund Investment Policies

Investment managers typically include their investment policy or strategy as a prominent component in the fund prospectus or other disclosure document, detailing how the manager intends to manage the fund. These statements will need to be reviewed by fund managers in cases where their policy involves ESG or other nonfinancial considerations in their asset selection and fund management.

As presented in the Affected Entities section, the Department assumes there to be approximately 1,000 investment managers servicing the ERISA retirement savings space. Not all these investment managers will need to review or revise their investment policies, and not every manager who reviews their fund policies will need to change their policy or investments. The Department used the 2025 Callan Asset Manager Sustainable Investment Practices Study to develop assumptions related to these rates of review and revision.[207] This study offers contemporary insights into fund behavior that allows the Department to focus on US based funds by several categorical dimensions related to the two rates.

The Department assumes that roughly two-thirds of funds, and therefore fund managers, will have cause to review their policies. Of this group of managers, it is further assumed that roughly three-quarters will need to update their policies in order to remain viable investments for ERISA plan assets. Taken together, these two rates result in roughly half of funds requiring policy updates. The Department assumes that a team of professionals will spend roughly eight hours reviewing the various fund policies. Similarly, a team would spend another 16 hours on updating the policies for funds requiring action. The resulting cost estimate, which is shown in Table 7, is $2.76 million.

8.1.2.3. Cost To Revise Plan's Written Shareholder Rights Policies

The proposed amendments to paragraph (d)(2)(ii) would clarify that (1) when deciding whether to exercise shareholder rights or exercising shareholder rights, plan fiduciaries act with the exclusive purpose of maximizing the financial interest of participants and beneficiaries, and (2) the requirement for plan fiduciaries to exercise prudence and diligence in the selection and monitoring of any persons selected to exercise shareholder rights or otherwise advise on or assist with exercises of shareholder rights, including shareholder engagement and all rights accompanying share ownership. This would affect plans that delegate voting rights to a 3(38) investment manager, or that invest in or select a designated investment alternative that holds plan assets with voting rights. Plan fiduciaries are already required to periodically review proxy voting policies under paragraph (e)(3)(ii); however, the Department expects that plan fiduciaries would need to review and potentially update policies and procedures related to exercising shareholder rights to reflect the proposal.

As described in the Affected Entities section, the Department assumes that 30 percent of plans would need to review and modify their policies and procedures related to shareholder rights. This assumption is based on statistics related to interest in ESG as a proxy for the proportion of plans that are affected.

The Department further estimates that, during the first year, each affected plan would have a legal professional spend an additional hour reviewing and modifying its policies and procedures for compliance with the proposed rule. The Department requests comments on these assumptions.

At an average hourly rate of $187.58, implementing these reviews and updates would cost $47.10 million in the first year.[208] There would not be costs for this activity in subsequent years as maintaining compliance would be part of the standard practice of plan fiduciaries ensuring they are in ongoing compliance with the body of relevant laws and regulations.

The Department does not expect the proposed amendments to paragraph (d)(2)(ii)(E) to result in increased monitoring costs in subsequent years for

[205] Cerulli Associates, *U.S. Defined Contribution Distribution 2024: Addressing the Obstacles to Inclusion of Alternatives in DC Plans* 161 (2024).

[206] Dep't of Labor, Employee Benefits Sec. Admin., *Private Pension Plan Bulletin: Abstract of 2023 Form 5500 Annual Reports* tbl.D5 (Jan. 2026) (data extracted July 28, 2026) (rounded value calculated by author from source data).

[207] Callan LLC, *2025 Asset Manager Sustainable Investment Practices Study* (2025).

[208] Wage rates are based upon internal Department calculation using 2024 labor cost data. For a description of the Department's methodology for calculating wage rates. See EBSA, *Labor Cost Inputs Used in the Employee Benefits Security Administration, Office of Policy and Research's Regulatory Impact Analyses and Paperwork Reduction Act Burden Calculations* (June 2019), *https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/technical-appendices/labor-cost-inputs-used-in-ebsa-opr-ria-and-pra-burden-calculations-june-2019.pdf.*

plans invested in pooled investment vehicles or offering one as a designated investment alternative. The Department requests comments on this assumption.

8.1.2.4. Cost To Revise Fund Shareholder Engagement Policies

Investment managers would also need to ensure their shareholder engagement policies are in harmony with the proposal's standards. The Department believes that this review and update process will require similar resources as those to review and revise fund investment policies. Therefore, the Department arrives at the same estimated cost for this component of the proposal of roughly $2.76 million in transition burden, as shown in Table 7.

8.1.2.5. Possible Costs From Increased Litigation Risk

It is possible that the proposed rule would lead to increased costs if plans and plan fiduciaries face increased litigation risk because they can no longer rely on the tiebreaker provision. Such costs would affect plans, plan sponsors, and plan fiduciaries. It is unclear what changes in litigation risk would result from the proposal, so the Department is not attempting to quantify these effects. The Department seeks comment on how litigation risk would change as a result of the removal of the tiebreaker provision, as well as information that would allow the Department to quantify these effects.

8.2. Cost Savings Associated With the Proposed Amendments to Paragraphs (b) and (c)

Researchers have found that the fees associated with ESG-related funds generally tend to be higher than those for other funds. One possible reason that ESG-related funds have higher fees is to cover the cost of researching the nonfinancial considerations incorporated into these funds. Raghunandan and Rajgopal (2022) compared ESG-related funds to other funds sponsored by the same asset manager in the same year. They found that ESG-related funds charged higher fees.[209] Additionally, a study by Huij et al. (2023) found that a green mutual fund on average has fees that are five to ten basis points higher than a similar non-green mutual fund.[210] This result provides a sense of the magnitude of the cost savings that would result from reduced ESG-related investing under the proposal.

The Department conservatively assumes that an ESG-related mutual fund has an excess fee of five basis points and only quantifies the effect for mutual funds. The Federal Reserve reports that private retirement plans hold $5.7 trillion in mutual funds.[211] As described above in the Affected Entities section, the Department estimates that about 0.1 percent of these assets, or $5.7 billion, would be allocated to an ESG-related fund in the baseline and a fund that is not ESG-related under the proposal.[212] This means plans, participants, and investment managers would experience an annual cost savings of approximately $2.85 million, absent any compounding appreciation, due to reduced fees.[213]

It is uncertain how these cost savings would be distributed among investors, such as plans and participants, and investment managers. While fees are paid by plans and participants, sometimes an investment manager will issue a waiver to temporarily reduce fees. In such cases, the costs of providing the fund, including research costs, may be partially borne by the investment manager, who would therefore also experience some of the cost savings from reduced ESG investing. Black and Kolbel (2025) found that ''ESG funds'' are more likely than ''conventional funds'' to have a waiver that temporarily reduces fees, and that the amounts of the waivers are larger for such ESG funds.[214] The authors speculate that ESG fund providers may have issued these temporary waivers because they anticipated substantial growth of ESG investing and wanted to use lower fees to compete for early flows.

8.3. Cost Savings Associated With the Proposed Amendments to Paragraph (d)

The Department expects that the proposed amendments to paragraph (d) would result in cost savings by clarifying that shareholder rights should be exercised with the exclusive purpose of maximizing the interests of participants and beneficiaries, regardless of whether those rights are managed directly by a plan or 3(38) investment manager with respect to directly held plan assets, or indirectly by an investment manager of a pooled investment vehicle to whom shareholder rights are delegated.[215] The discussion below explores the potential cost savings for plans and participants, investment managers, and publicly traded corporations.

8.3.1. Cost Savings for Plans and Participants

As discussed in the Affected Entities section, the Department expects that most plans delegate the management of shareholder activities for plan assets to investment managers, either investment fiduciaries hired by the plan or by investment managers of investment funds selected by plan fiduciaries. To the extent that the proposed amendments result in cost savings for investment managers, as described below, they may lower investment management fees for plans, participants, and beneficiaries. It is uncertain how much of the cost savings would stay with investment managers and how much would be passed on to plans, participants, and beneficiaries. The Department requests comments describing these effects.

8.3.2. Cost Savings for Investment Managers and Publicly Traded Corporations

The proposed rule would preclude investment managers that either manage plan assets directly or a pooled investment vehicle in which a plan invests, from devoting resources to shareholder activities that are not consistent with the economic interests of plan participants. As a stewardship approach that focuses on increasing shareholder value would benefit all shareholders, the Department expects that investment managers would broadly adopt policies focusing exclusively on promoting investors' economic interests, not just for plan assets or funds marketed to plans. This may result in cost savings in three ways:

[209] Aneesh Raghunandan & Shiva Rajgopal, *Do ESG Funds Make Stakeholder-Friendly Investments?,* 27 Rev. Acct. Stud. 822–863 (2022).

[210] Joop Huij, Dries Laurs, Philip Stork & Remco C.J. Zwinkels, *Are Investors Paying to Be Green? Evidence from Mutual Funds* (Working Paper 2023).

[211] U.S. Federal Reserve Board of Governors, *Financial Accounts of the United States (Z.1): Table L.118 (Levels: Private Pension Funds)* (June 12, 2025), *https://www.federalreserve.gov/releases/z1/current/.*

[212] $5.697 trillion × 0.1% = $5.697 billion

[213] $5.697 billion × 0.0005 = $2.8485 million

[214] Aaron J. Black and Julian F. Kolbel, *Pricing Differentiated Funds: The Puzzle of ESG Fund Fees,* Swiss Finance Institute Research Paper Series N.24–109, (July 26, 2025).

[215] In managing the assets of a pooled investment vehicle that is not considered to hold plan assets under ERISA, such as a mutual fund, an investment manager would generally not be acting as an ERISA fiduciary. However, in managing the assets of a pooled investment vehicle that is considered to hold plan assets under ERISA, such as a CIT, an investment manager would be acting as an ERISA fiduciary and would be subject to section 2550.404a–1 and the proposal's amendments. For investment managers that manage both pooled investment vehicles that hold plan assets and pooled investment vehicles that do not, changes in practices for managing the exercise of shareholder rights or conducting shareholder engagement with respect to ERISA plan assets to comply with the proposal may carry over to non-ERISA assets, particularly if the investment manager conducts those activities on behalf of all its managed assets concurrently.

(1) Investment managers may spend less time reviewing, researching, and voting on proxy statements that are not consistent with promoting the economic interests of plan participants and beneficiaries;

(2) Investment managers may allocate fewer resources to shareholder engagement that is not consistent with promoting the economic interests of plan participants and beneficiaries; and

(3) To the extent that the proposed rule refocuses investment managers' shareholder activities, publicly traded corporations would devote fewer resources engaging with shareholders.

Below, the Department considers how the proposed rule may affect proxy voting and shareholder engagement behavior and the related cost savings for investment managers and publicly traded corporations. The Department invites comments on its characterization of the actions of investment managers and corporations and on the assumptions used in the analysis below.

8.3.2.1. Proxy Voting

As discussed in the Need for Regulation section, in recent years, ESG themes have become more prevalent in proxy voting, both for management proposals and shareholder proposals. The Department expects that the proposed rule would encourage investment managers to devote fewer resources to researching proposals that are not reasonably expected to affect the economic value of the investment. This would either result in cost savings for the investment manager or, if investment managers redirect resources to activities that increase shareholder value, this would result in a benefit for investors, including plan participants and beneficiaries. This is discussed further in the Benefits section.

The Department received several comments from investment managers on its 2020 NPRM noting that their proxy voting and shareholder engagement are consistent with promoting the long-term economic interests of investors and that large investment managers are able to engage in such activities at a low cost due to economies of scale.[216] The Department understands that, with economies of scale, the cost of researching and voting proxy votes for large financial institutions may be negligible relative to other costs. However, in aggregate, the Department expects that cost savings could be substantial for investment managers.

The Department does not expect the proposed rule to affect the number of shareholder proposals. Most shareholder proposals have historically been filed by individuals, public pension funds, socially responsible investment funds, or advocacy groups.[217] Cohen and Hu (2025) found that in 2025, the ten most active shareholders were responsible for 63 percent of total shareholder proposals. Two of these shareholders were individual proponents, four were social investment entities, two were anti-ESG proponents, one was a public pension plan, and one was a union pension plan.[218] Entities with non-economic motives would likely continue to file shareholder proposals, so the Department does not expect that the proposed rule would have a significant effect on the number of shareholder proposals filed each year. It is possible, however, that the number of shareholder proposals included in proxy statements will evolve in light of recent staff statements.[219]

There is significant uncertainty about how the proposed rule would affect the amount of time investment managers devote to researching proposals. To understand the potential magnitude of cost savings due to decreased time spent reviewing, researching, and voting on proxy statements, the Department assumes that, on average, each investment manager would vote on proxy ballots for the 1,500 companies in the S&P 1500 Index. The Department assumes that on average, the total time that investment professionals spend to review the proxy statement, research, make a voting determination, and vote is equal to twice the time required to read the proxy statement.

The Department is not aware of data on what proportion of time spent voting proxies is devoted to topics without an economic basis. In the estimate presented below, the Department assumes that, on average, the proposed rule would result in a 20 percent reduction in the time spent reviewing proxy statements, performing research, making voting determinations, and voting proxy ballots. The table below shows estimated cost savings under these assumptions.

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[216] See, *e.g.,* Comment Letters from BlackRock, Vanguard, State Street, and Fidelity in Employee Benefit Sec. Admin., *Public Comments on Fiduciary Duties Regarding Proxy Voting and Shareholder Rights,* RIN 1210–AB91, *https://www.dol.gov/agencies/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB91.*

[217] Proxy Monitor, *Historical Archive, https://www.proxymonitor.org/historical-archive.*

[218] H. Rodgin Cohen & June Hu, *2025 Proxy Season Review: Rule 14a–8 Shareholder Proposals,* Harv. L. Sch. F. Corp. Governance (Aug. 2025), *https://corpgov.law.harvard.edu/2025/08/19/2025-proxy-season-review-rule-14a-8-shareholder-proposals/.*

[219] Refer to the Baseline section.

Table 8.—*Estimated Annual Cost Savings Due to Changes in Proxy Voting Behavior*

	Calculations	Estimates
Inputs		
Investment Managers	(A)	1,000
Companies / Proxy Statements	(B)	1,500
Average Pages per Proxy Statement	(C)	125 [a]
Reading Rate (Pages per Hour)	(D)	25 [b]
Multiplying Factor for Research	(E)	2
Percent Reduction in Time Due to Proposal	(F)	20%
Hourly Wage	(G)	$206.11 [c]
Estimated Values		
Assumed hours spent reviewing, researching, and voting each proxy statement per investment manager	(H) = (C) / (D) × (E)	10
Estimated decrease in hours spent reviewing, researching, and voting each proxy statement per investment manager	(I) = (H) × (F)	2
Estimated Total Cost Savings	**(J) = (A) × (B) × (G) × (I)**	**$618,330,000**

[a] The Department assumes that the average length of a proxy statement is 125 pages. This estimate is based on a randomly selected sample of proxy statements issued by companies in the S&P 1500 Index between 2025 and 2026. This analysis considered small-, mid-, and large-cap companies.

[b] The Department assumes that an investment professional can review proxy statements at a pace of 25 pages per hour. This rate reflects an assumed reading pace of 250 WPM and an assumed average of 600 WPP. The 600 WPP assumption is higher than the 250 WPP assumption used for the proposed rule (see section 8.1.1) because proxy statements are generally single-spaced and more text dense.

[c] In this analysis, the Department uses labor cost estimates of a financial analyst or adviser for an investment professional.

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The Department acknowledges that proxy voting policies and strategies vary significantly between investment managers and that this is a very simplified model. In the Uncertainty section, the Department presents a sensitivity analysis of this model, varying the number of proxy ballots an investment manager votes and the assumed percent reduction in time spent on each proxy ballot due to the proposed rule.

In addition, investment managers often rely on proxy advisory firms for research, voting recommendations, and other services associated with exercising shareholder rights. Many of these services relate to ESG and other nonfinancial matters, and therefore under the proposal, investment managers' demand for proxy advisory firms' services would decrease. The Department requests comments and data that would allow it to estimate the cost savings from decreased reliance on proxy advisory firms for information on non-economic issues.

The Department would appreciate comments on its assumptions and requests data or anecdotal evidence to inform these estimates. The Department also requests input on whether any cost savings would be reinvested in activities that increase shareholder value and whether such changes would affect fees charged to plans. Finally, the Department seeks comment on how recent trends away from ESG among some proxy advisory firms and investment managers would interact with the proposed rule.[220]

8.3.2.2. Shareholder Engagement

While often less visible than shareholder proposals, shareholder engagement demands significant resources from investment managers and publicly traded companies. The Department expects that the proposed rule would encourage investment managers to either devote fewer resources to shareholder engagement or

[220] For more information, see the Need for Regulation section.

to redirect resources to activities that are anticipated to provide better returns to shareholders. To the extent that shareholder engagement from investment managers would decrease due to the proposed rule, this would result in cost savings for both investment managers and publicly traded corporations. As discussed in the Affected Entities section, the Department assumes that 1,000 investment managers would be affected by the proposed amendments.

To estimate the number of engagements that each investment manager conducts, the Department considered the analysis by Heath, Macciocchi, and Ringgenberg (2025) of 11 large institutional investors between 2019 and 2023. The analysis found that the institutional investors in the sample engaged, on average, with 320 firms per year. This included letters, emails, phone calls, or in-person or virtual meetings. The authors found that active managers engaged more than passive managers, and engagement was more likely in firms where institutional investors held large dollar stakes. As such, investors were more likely to engage with large-cap firms than with small-cap firms.[221] While the study only considered large institutional investors, these account for the majority of shareholder engagements. For example, BlackRock had more than 3,300 engagements with 2,300 companies in 2024.[222] Small and mid-sized investment managers would also be affected by the proposed rule.

While Heath, Macciocchi, and Ringgenberg (2025) considered all forms of engagement, the Department expects that brief correspondence and routine communications constitute a significant portion of total shareholder engagement but require substantially fewer resources per interaction. Accordingly, the Department's cost savings estimates focus on substantive engagement meetings, such as formal meetings and structured discussions that require significant preparation, participation, and follow-up. The Department assumes that 20 percent of total engagements are substantive engagement meetings, or approximately 60 substantive engagement meetings per investment manager, per year on average. Notably, the Department expects investment managers would broadly adopt policies that limit shareholder engagement to those that promote investors' economic interests, not just for plan assets or funds marketed to plans.

To better understand how the proposed rule might affect shareholder engagement activity, the Department looked at the share of engagements focused on environmental and social topics as a proxy for the decrease in engagements attributable to the proposed rule. In the Need for Regulation section, the Department provided a summary of the shareholder engagement activity by topic from three investment managers in 2024. Two of these investment managers, BlackRock and Russell Investments published information on engagements by topic:

(1) BlackRock reported that 33 percent of their engagements addressed climate and natural capital and 35 percent addressed company impacts on people; [223] and

(2) Russell Investments reported that 41 percent of their engagements were focused on environmental issues and 16 percent were focused on social issues.[224]

Based on these values, the Department assumes that resources devoted to shareholder engagements will decline by approximately 50 percent due to the proposed rule. However, it is important to note that investment managers report their engagement activity in different ways, counting meetings, companies, or topics differently or considering different geographies. In addition, a single engagement may cover multiple topics, so it is difficult to identify the number of meetings that exclusively discussed social or environmental issues. In addition, the Department acknowledges that there are several limitations with applying the reported shareholder engagement activity of the investment managers surveyed in this analysis activity to all investment managers.

The table below presents estimated cost savings for investment managers from the proposed rule. The Department assumes that on average, each shareholder engagement will require 16 hours of investment professional time, 16 hours of stewardship analyst time, two hours of legal professional time, and four hours of administrative staff time. In addition, the Department assumes average external costs of $2,000 per engagement, including legal counsel, consultants, research, and meeting-related expenses. The Department acknowledges that the resources that an investment manager devotes to an engagement depend on the investment manager, complexity of the issue, and the form of engagement.

[221] Davidson Heath, Daniele Macciocchi, & Matthew C. Ringgenberg, *The Economics of Investor Engagement,* European Corporate Governance Institute, Finance Working Paper No. 1075/2025 (Dec. 2025).

[222] BlackRock, *Investment Stewardship Annual Report: Jan.1–Dec.31, 2024* (2024), archived at *https://web.archive.org/web/20250929235951/https://www.blackrock.com/corporate/literature/publication/annual-stewardship-report-2024.pdf.*

[223] BlackRock, Inc., *BlackRock Investment Stewardship: 2024 Annual Report* (2024), archived at *https://web.archive.org/web/20250929235951/https://www.blackrock.com/corporate/literature/publication/annual-stewardship-report-2024.pdf.*

[224] Russell Investments, *Investment Stewardship Report 2024* (2024), *https://russellinvestments.com/content/dam/ri/files/us/en/common/corporate/investment-stewardship-report.pdf.*

Table 9.—*Estimated Annual Cost Savings Due to Changes in Investment Managers' Engagement Behavior*

	Engagements [a] (A)	Percent of Engagements Ceasing (B)	Hours (C)	Hourly Labor Cost [b] (D)	Other Costs, Per Engagement (E)	Total Cost Savings (A × B) × ((C × D) + E)
Internal Personnel						
Financial Manager	60,000	50%	16	$206.11	-	$98,932,800
Stewardship Analyst	60,000	50%	16	$155.17	-	$74,481,600
Legal Professional	60,000	50%	2	$187.58	-	$11,254,800
Administrative Staff	60,000	50%	4	$77.85	-	$9,342,000
External Costs						
Legal/Consultant Fees/Travel	60,000	50%	-	-	$2,000	$60,000,000
Cost Savings						$254,011,200

[a] The number of engagements reflects the assumption that 1,000 investment managers each conduct 60 significant engagements, annually.

[b] In this analysis, the Department uses labor cost estimates of a financial analyst or adviser for an investment professional, financial specialist for a stewardship analyst, a lawyer for a legal professional, and a secretary or administrative assistant for administrative staff.

Similarly, the table below shows estimated cost savings for publicly traded corporations from the proposed rule. The Department assumes that on average, each shareholder engagement will require 20 hours of investor relation personnel time, four hours of executive or senior management time, three hours of legal professional time, and four hours of administrative staff time. In addition, the Department assumes average external costs of $2,000 per engagement, including legal counsel, consultants, research, and meeting-related expenses. As with investment managers, the resources that a corporation spends on an engagement can vary significantly, depending on the corporation, complexity of the issue, and form of engagement.

Table 10.—*Estimated Annual Cost Savings Due to Fewer Non-Financial Engagements: Publicly Traded Corporations*

	Engagements [a] (A)	Percent of Engagements Ceasing (B)	Hours (C)	Hourly Labor Cost [b] (D)	Other Costs, Per Engagement (E)	Total Cost Savings (A × B) × ((C × D)+E)
Internal Personnel						
Investor Relations Personnel	60,000	50%	20	$206.11	-	$123,666,000
Executive/Senior Management	60,000	50%	4	$255.94	-	$30,712,800
Legal Professional	60,000	50%	3	$187.58	-	$16,882,200
Administrative Staff	60,000	50%	4	$77.85	-	$9,342,000
External Costs						
External Legal or Consultant Fees	60,000	50%	-	-	$2,000	$60,000,000
Cost Savings						$240,603,000

[a] The number of engagements reflects the assumption that 1,000 investment managers each conduct 60 significant engagements on average, annually.

[b] In this analysis, the Department uses labor cost estimates of a financial analyst for investor relations personnel, a CEO for executive and senior management, a lawyer for a legal professional, and a secretary or administrative assistant for administrative staff.

The Department would appreciate comments on the reasonableness of the assumptions above as well as any supporting data or anecdotal evidence that would improve these estimates. The Department acknowledges that there is significant uncertainty about how the proposed rule would affect the resources investment managers and corporations devote to shareholder engagement. In the Uncertainty section, the Department presents a sensitivity analysis of the cost savings estimates, varying the average number of engagements per year and percent reduction in engagements due to the proposed rule.

The Department has characterized the reductions in resources that investment managers and publicly traded corporations are expected to devote to proxy voting and shareholder engagement activities as cost savings rather than as benefits. The Department recognizes that OMB Circular A–4 treats certain categories of effects as capable of being characterized as either costs or benefits, with the distinction depending primarily on the accounting conventions an agency has followed in past analyses. The Department notes that its 2020 rulemaking addressing fiduciary duties regarding proxy voting and shareholder rights characterized similar effects as cost savings in its narrative discussion, while incorporating them into the benefits calculation of the accompanying regulatory impact analysis. In light of this mixed treatment in past Department rulemakings, the Department requests comment on whether these effects should instead be characterized as benefits rather than cost savings, and on the considerations relevant to that determination.

8.4. Conclusion

The Department anticipates that the proposal would lead to a significant amount of both costs and cost savings. The Department estimates this proposed rule would have a one-year transition cost of $361.18 million to implement the changes discussed in the preamble. The Department also estimates an annual cost savings of $1,115.79 million from a decrease in shareholder activities due to the rule. The Department would appreciate any information or viewpoints that would allow it to better describe the impact of the proposal on costs and cost savings.

9. Transfers

The Department anticipates that the proposal would result in transfers between parties as assets are moved from ESG-related investments to other investments. It would favor some financial institutions to the detriment of others, and some sectors of the economy to the detriment of others. The expected transfers are discussed in the following subsections.

9.1. Transfers Between Financial Institutions

The Department anticipates that some plans would change their investment lineups in response to the proposed rule. Plans holding ESG-related and other investments that were selected using nonfinancial factors in the baseline of this analysis would shift their lineups to other funds. In aggregate, participants would invest less plan assets in ESG-related funds and more in funds that are not related to ESG. This would constitute a transfer from financial institutions that specialize in sponsoring ESG-related investments to those financial institutions who specialize in other investments. Financial institutions associated with ESG-related investments, including ratings agencies, would experience a decrease in demand for services while financial institutions associated with other investments would experience an increase in demand for services. The Department has not attempted to quantify the potential size of this transfer.

9.2. Transfers Between Sectors of the Economy

The Department anticipates that some ERISA assets that are held in ESG-related funds in the baseline would instead be held in funds that are not related to ESG under the proposed rule. ESG-related funds tend to invest in certain sectors of the economy but not others. Under the proposal, these ESG-favored sectors would experience reduced investment, likely leading to lower stock values and a higher cost of raising capital. On the other hand, other sectors of the economy would see more investment and tend to prosper. This effect would represent a transfer from ESG-favored sectors to other sectors of the economy. The potential size of this effect is uncertain.

The Department requests comments on the transfers that would result from the proposal, as well as any supplemental information that would allow the Department to better characterize the transfers.

10. Regulatory Alternatives

This proposed rule is a response to prior attempts to extend fiduciary protections to allow for participant preferences or collateral effects to be considered in investment selection. As presented in the preamble to this proposed rule, the Department does not believe the current rule represents the best interpretation of ERISA. This proposed rule makes clear that a plan fiduciary must act in the exclusive financial interest of the plan and its participants, as set forth in ERISA. This proposed rule is meant to remove any uncertainty surrounding the issue of nonfinancial consideration, therefore removing risk exposure to the plan fiduciary. The alternatives considered are described in the subsections below.

10.1. Retaining Elements of the 2022 Rule

The Department considered retaining aspects of the 2022 rule, such as the tiebreaker provision or the consideration of participant preferences when selecting investment alternatives. However, while theoretically possible, the Department has been unable to document actual instances where competing investments equally serve the financial interests of the plan, suggesting that such a provision is either unusable, or vulnerable to abuse. Additionally, the Department was concerned that allowing plan fiduciaries to consider participants preferences could give the impression that plan fiduciaries may subordinate economic returns, resulting in the selection of investments with relatively poor financial performance or high fees. By removing these aspects of the 2022 rule, the Department believes it will prevent abuses that cause financial harm to plan participants.

10.2. Removing Paragraph (d)(2)(ii)(D)

The Department considered removing paragraph (d)(2)(ii)(D), which states that, when exercising or deciding whether to exercise shareholder rights, plan fiduciaries must ''[e]valuate relevant facts that form the basis for any particular proxy vote or other exercise of shareholder rights.'' The Department considered removing this paragraph due to concerns that this provision may be misunderstood as requiring a plan fiduciary to evaluate every proxy proposal received, without consideration of the benefits or costs of doing so. No such unqualified obligation is imposed by the regulation.

However, the intent of the provision is to ensure that fiduciaries, in making informed proxy voting decisions, consider information that is relevant to a matter that is known or that is available to and reasonably should be known by the fiduciary. For example, as explained in the preamble to the 2020 final rule, if an ERISA-fiduciary client of a proxy advisory firm becomes aware of additional information from an issuer which is the subject of the firm's voting recommendation, under this paragraph the fiduciary would be expected to consider whether such additional information is relevant.[225] This requirement safeguards against a fiduciary's blind reliance on recommendations provided by an advisor.

The Department believes the intent of this provision is clear, so it does not propose any changes. However, the Department solicits comments on whether changes to paragraph (d)(2)(ii)(D) would be helpful to avoid misinterpretations such as described above, or to better reflect the Department's intended purpose.

11. Uncertainty

Throughout the analysis above, the Department has acknowledged where it either lacks information to make an estimate or where there is significant uncertainty about how stakeholders would react to the proposed rule. The following discussions delve deeper into these areas of uncertainty.

11.1. Uncertainty Regarding the Number of Plans and Participants Affected

There is considerable uncertainty in the number of plans and participants that will be affected by this rule. To help illustrate this uncertainty, the Department conducted a sensitivity analysis to show how changing the number of plans requiring action beyond rule review would affect the estimated transition costs for plans of the proposed rule. As shown above in Tables 6 and 7, the one-year transition cost for plans is approximately $361.18 million. As shown in Table 11, a 10 percentage point increase or decrease in the number of plans affected would result in an estimated $23.14 million change in the transition cost for plans, and a 20 percent increase or decrease in the number of plans would result in an estimated $46.28 million change in the transition cost for plans.

[225] 85 FR 81,668 (Dec. 16, 2020).

Table 11.—*Sensitivity Analysis – 10-Percentage Point Change Intervals in Assumed Rate of Plans Impacted*

Sensitivity Levels	Number of Affected Plans by Action						Estimated Cost
	Rule Review	Investment Policy Review	Investment Changes	Plan Review of Revised Fund Investment Policy	Shareholder Engagement Policy Revisions	Plan Review of Fund Shareholder Engagement Policy	
80%	837,000	200,880	100,440	334,800	200,880	334,800	$314,902,566
90%	837,000	225,990	112,995	376,650	225,990	376,650	$338,040,538
Primary Estimate	**837,000**	**251,100**	**125,550**	**418,500**	**251,100**	**418,500**	**$361,178,509**
110%	837,000	276,210	138,105	460,350	276,210	460,350	$384,316,480
120%	837,000	301,320	150,660	502,200	301,320	502,200	$407,454,451

Note: Sensitivity levels reflect proportional adjustments to the Department's primary assumptions regarding the percentage of plans affected by certain actions. For example, a primary assumption of 30 percent for shareholder engagement policy revisions is adjusted to 27 percent under the 90 percent sensitivity scenario and 24 percent under the 80 percent scenario. No corresponding adjustment was made for actions taken by service providers on behalf of their client base. Therefore, some action counts and cost components remain unchanged across scenarios. See the Cost section for development of the primary estimate.

11.2. Uncertainty Regarding the Effect on How Shareholder Rights Are Exercised

There is significant uncertainty regarding how stakeholders would respond to the proposed rule's clarification that shareholder rights should be exercised only when doing so is in the economic interest of participants and beneficiaries. The resources that an investment manager or corporation dedicates to a proxy ballot or shareholder engagement depends on many factors, such as the size of the investment manager's stake in the corporation, the existing relationship between the investment manager and the corporation, and the nature of the issue at hand. As such, it is difficult to estimate a generalized cost associated with each proxy ballot or shareholder engagement, and by extension, it is difficult to estimate a generalized cost savings due to changes in how shareholder rights are acted on from this proposed rule.

In the Costs section, the Department presented an estimate of the potential cost savings investment managers may experience due to decreased time spent reviewing, researching, and voting on proxy statements. The estimate assumes that, on average, each investment manager would vote on proxy ballots for the 1,500 companies in the S&P 1500 Index and that the proposal would result in a 20 percent decrease in the time devoted to proxy-related activities.[226] This results in an estimated annual cost savings of $618.3 million.

To demonstrate the uncertainty of this estimate, the table below presents a sensitivity analysis, varying two of the models inputs:

(1) The average number of proxy ballots voted by each investment manager: The sensitivity analysis considers the cost savings if, on average, each investment manager votes on proxy ballots for the 500 companies in the S&P 500 Index, the 3,000 companies in the Russell 3000 Index, or the approximately 4,000 companies in the total public market.

(2) The reduction in time devoted to each proxy ballot: The sensitivity analysis considers the cost savings if, on average, the proposal results in a 5 percent, 10 percent, 30 percent, or 40 percent decrease in time devoted to each proxy vote.

All other assumptions are kept constant. As shown below, by varying these two model inputs, the cost savings estimate could range between $51.5 million and $3.3 billion, annually.

[226] For a more complete explanation of the estimation methods, refer to the Costs section.

Table 12.—*Sensitivity Analysis of Cost Savings due to Changes in Proxy Voting Behavior, in Millions of Dollars*

	Number of Proxy Statements Voted per Investment Manager			
	500	1,500 Primary Estimate	3,000	4,000
Percent Reduction in Time				
5%	$51.5	$154.6	$309.2	$412.2
10%	$103.1	$309.2	$618.3	$824.4
Primary Estimate: 20%	$206.1	$618.3	$1,236.7	$1,648.9
30%	$309.2	$927.5	$1,855.0	$2,473.3
40%	$412.2	$1,236.7	$2,473.3	$3,297.8

The Department also provides an estimate of the potential cost savings investment managers and publicly traded corporations may experience due to decreased shareholder engagement that were not likely to increase firm or shareholder value. While the Department assumes that 1,000 investment managers collectively conduct about 60 significant engagements each year, the Department has limited information on the engagement activities of smaller investment managers. Further, while the Department has some insight into the types of issues addressed through shareholder engagement, only the investment managers themselves know whether they are pursuing such activities for economic reasons. Estimating the share of engagement activity that might decrease is further complicated by the fact that a single engagement often covers multiple topics. In such cases, an investment manager might stop raising noneconomic issues without reducing the number of engagements overall.

In the Costs section, the Department estimates that investment managers would save $254.0 million annually and publicly traded corporations would save $240.6 million annually due to decreased shareholder engagement. This is based on the assumptions that each investment manager conducts 60 significant engagements annually, on average, and that the proposed rule would reduce time allocated to engagements by 50 percent. To demonstrate the degree of uncertainty surrounding this estimate, the tables below present sensitivity analyses, varying the cost savings for investment managers and corporations by two of the models inputs:

(1) The average number of engagements each year, and

(2) The percentage of engagements ceasing due to the proposed rule.

All other inputs remained unchanged. As shown below, by varying these two model inputs, the cost savings estimate could range between $25.4 million and $1.8 billion for investment managers and between $24.1 million and $1.7 billion for corporations, annually.

Table 13.—*Sensitivity Analysis of Cost Savings for Investment Managers due to Changes in Shareholder Engagement Behavior, in Millions of Dollars*

	Percent of Engagements Ceasing		
	30%	50% Primary Estimate	70%
Average Annual Engagements per Investment Manager			
10	$25.4	$42.3	$59.3
30	$76.2	$127.0	$177.8
Primary Estimate: 60	$152.4	$254.0	$355.6
100	$254.0	$423.4	$592.7
200	$508.0	$846.7	$1,185.4
300	$762.0	$1,270.1	$1,778.1

Table 14.—*Sensitivity Analysis of Cost Savings for Corporations to Changes in Shareholder Engagement Behavior, in Millions of Dollars*

	Percent of Engagements Ceasing		
	30%	50%	70%
Average Annual Engagements per Investment Manager			
10	$24.1	$40.1	$56.1
30	$72.2	$120.3	$168.4
60	$144.4	$240.6	$336.8
100	$240.6	$401.0	$561.4
200	$481.2	$802.0	$1,122.8
300	$721.8	$1,203.0	$1,684.2

There is also uncertainty about whether resources no longer spent on shareholder activities would be retained as cost savings, whether investment managers would pass cost savings along to investors, and whether investment managers and corporations would redirect those resources toward other activities intended to increase firm or shareholder value. The Department has not attempted to estimate how much of the cost savings would be likely to be reinvested or what return firms or investment managers might realize from those investments.

The Department also notes a related source of uncertainty bearing on the proxy voting cost savings estimate presented above. On September 16, 2026, the SEC published a proposed rule, Rescission of Rule 14a–8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a–4,[227] which would rescind the federal requirement that companies include qualifying shareholder proposals in their proxy materials, leaving the question of whether such proposals must be included to be governed by state corporate law. Because many states do not have a state-law analog to Rule 14a–8's inclusion requirement, the volume of shareholder proposals reaching proxy ballots could decline independent of this proposed rule if the SEC's proposal is finalized. To illustrate the potential scope of this effect, the Department notes that Delaware, where a substantial share of publicly traded companies are incorporated, does not currently have a clear shareholder proposal rule.[228]

To the extent the SEC's proposal is finalized and reduces the overall volume of shareholder proposals, some portion of the cost savings estimated in Table 8 above may reflect a reduction in proxy-related burden that would occur regardless of this proposed rule, rather than savings attributable solely to the amendments proposed here. The Department's estimate in Table 8 should accordingly be understood as an upper bound on the cost savings attributable to this proposed rule with respect to proxy voting. The Department notes that a prior SEC rulemaking addressing proxy voting advice in this same regulatory area was vacated by the U.S. Court of Appeals for the D.C. Circuit, as discussed in the Baseline section above, and that the SEC's proposed rescission of Rule 14a–8 has not been finalized. The Department will evaluate the status of the SEC's rulemaking, and its effect on the baseline assumed in this analysis, when developing any final rule.

Throughout this analysis, the Department has requested comments in these areas of uncertainty to inform the analysis and to provide a better characterization of the proposed rule.

G. Paperwork Reduction Act

The proposed rule is not subject to the requirements of the Paperwork Reduction Act of 1995 (PRA 95) (44 U.S.C. 3501 *et seq.*), because it does not contain a collection of information as defined in 44 U.S.C. 3502(3).

Plans that change their investments to comply with the proposal may trigger the need to update several required disclosures. The information collections for the disclosures account for the burden of the required changes. Disclosures that may need updating include:

- OMB Control Number 1210–0090 Disclosures for Participant Directed Individual Account Plans (29 CFR 2550.404a–5). Participant-directed individual account plans, such as a 401(k) plan with participant-direction, are required to provide 404a–5 Participant Fee Disclosures at several specific points in time. These notices must be provided upon eligibility, 30–90 days prior to any change in the menu or fee structure, or at least annually.
- OMB Control Number 1210–0133 The Department's final rule under ERISA section 408(b)(2) (29 CFR 2550.408b–2) requires reasonable contracts or arrangements between employee pension benefit plans and certain providers of services to such plans include specified information to assist plan fiduciaries in assessing the reasonableness of the compensation paid for services and the conflicts of interest that may affect a service provider's performance of services.
- OMB Control Number 1210–0039 If a plan is amended to make a material modification in its terms or to change the information required to be contained in the SPD (other than a material reduction in covered services or benefits under a group health plan), section 104(b)(1) requires the plan administrator to furnish participants and beneficiaries receiving benefits a summary of the material modifications (SMM) within 210 days following the end of the plan year in which the change was adopted.

H. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA)[229] imposes certain requirements with respect to Federal rules that are

[227] *Rescission of Rule 14a–8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a–4,* 91 FR 59,904 (Sep. 21, 2026).

[228] Council of the Corp. L. Section of the Del. State Bar Ass'n, *Corporation Law Council: White Paper and Discussion Draft for Revisions to the Delaware Law on Stockholder Proposals* (Nov. 9, 2026), *https://sos.delaware.gov/wp-content/uploads/sites/14/2026/11/White-Paper-on-Stockholder-Proposals.pdf.*

[229] 5 U.S.C. 601 *et seq.* (1980).

subject to the notice and comment requirements of the Administrative Procedure Act [230] or any other law and that are likely to have a significant economic impact on a substantial number of small entities. Unless the head of an agency determines that a proposal is not likely to have a significant economic impact on a substantial number of small entities, section 603 of the RFA requires the agency to present an Initial Regulatory Flexibility Analysis (IRFA) of the proposed rule.

For purposes of analysis under the RFA, the Department considers a small entity to be an employee benefit plan with fewer than 100 participants.[231] The basis of this definition is found in section 104(a)(2) of ERISA, which permits the Secretary of Labor to prescribe simplified annual reports for pension plans that cover fewer than 100 participants. Under section 104(a)(3), the Secretary may also provide for exemptions or simplified annual reporting and disclosure for welfare benefit plans. Pursuant to the authority of section 104(a)(3), the Department has previously issued—at 29 CFR 2520.104–20, 2520.104–21, 2520.104–41, 2520.104–46, and 2520.104b–10—certain simplified reporting provisions and limited exemptions from reporting and disclosure requirements for small plans. Such plans include unfunded or insured welfare plans covering fewer than 100 participants and satisfying certain other requirements. While some large employers may have small plans, in general small employers maintain small plans. Thus, EBSA believes that assessing the impact of these amendments on small plans is an appropriate substitute for evaluating the effect on small entities. The definition of small entity considered appropriate for this purpose differs, however, from a definition of small business that is based on size standards promulgated by the Small Business Administration (SBA) [232] pursuant to the Small Business Act.[233] Therefore, the Department requests comments on the appropriateness of the size standard used in evaluating the impact of this proposed rule on small entities.

The Department has determined that this amended rule will have a significant impact on a substantial number of small entities. However, due to uncertainty the Department has prepared an IRFA and invites comments, which would strengthen findings in a Final Regulatory Flexibility Analysis.

1. Need for Regulation

This proposed rule seeks to provide clarity, certainty, and permanency in how it directs plan fiduciaries to select investments and monitor activities related to the exercise of shareholder rights. The proposal deals with two broad topics: fiduciary duties of loyalty in selecting investments and investment courses of action, including selecting qualified default investment alternatives, and exercising shareholder rights, such as proxy voting, the use of written proxy voting policies and guidelines, and shareholder engagement.

The selection of investments and menus by plan fiduciaries is critical to the purpose of pension plans. The 2022 rulemaking allowed, in certain circumstances, for the use of nonfinancial factors, such as ESG considerations or plan participant demand, to be considered as part of the investment selection process. By clarifying the role of nonfinancial factors in the selection of investment options, plan fiduciaries will be less likely to choose investments that do not maximize the economic interests of the participants and beneficiaries in their retirement income or financial benefits under the plan. As a result, the proposed rule should increase expected financial outcomes for plan participants.

When exercising shareholder rights, plan fiduciaries must act exclusively with the purpose of promoting the economic interest of the plan, participants, and beneficiaries.[234] The proposed rule clarifies that plan fiduciaries must exercise prudence and diligence in the selection and monitoring of persons designated to exercise shareholder rights or otherwise advise on, or assist with, exercising all rights accompanying share ownership. This includes ensuring that any persons they select to exercise, advise on, or assist with shareholder rights acts in accordance with the economic interest of the plan.

Most plans delegate the management of plan assets to investment managers,[235] and the Department is concerned that investment managers overseeing plan assets continue to devote resources to shareholder activities that are not focused on the economic interests of participants and beneficiaries. This clarification would preclude such activities. The Department expects that this would either result in cost savings for investment managers and publicly traded corporations or allow investment managers to reinvest these resources into activities that promote firm or shareholder value.

2. Affected Small Entities

The Department estimates the number of affected small plans as all retirement plans that held investments and reported fewer than 100 participants in their 2023 Form 5500 filing. Retirement plans are sponsored by employers in all business types, so this analysis does not discuss impacts by business type. The Department then applies the same assumptions presented in the RIA to estimate the number of small plans affected by each component of the proposed rule.

This proposed rule imposes direct compliance costs on plans to review the rule; update investment policy statements and policies and procedures related to exercising shareholder rights as needed; and change investments to comply with the proposed rule's requirements as needed. Most plans hire investment managers to carry out fiduciary investment management functions. For purposes of this analysis, the Department estimates these compliance costs at the plan level. To the extent service providers perform compliance-related activities on behalf of plans, the Department for its analysis treats those costs as paid by, or passed through to plans.

The proposed rule would also affect small entities responsible for investment decision-making for pooled investment vehicles held by 401(k) plans, such as investment vehicles registered under the Investment Company Act of 1940, CITs, pooled separate accounts, and other pooled investment vehicles. For purposes of this analysis, these entities are referred to as ''investment managers.'' Small investment managers who act as ERISA fiduciaries would be directly affected by the proposed rule and are considered in this IRFA. However, investment managers that merely offer or manage investment products in which ERISA-covered pension plans may invest, but that do not act as ERISA fiduciaries with respect to plan assets, would not be directly regulated by the proposed rule. Such investment managers may experience indirect effects if plan

[230] 5 U.S.C. 553(b); 5 U.S.C. 603(a).

[231] The Department consulted with the Small Business Administration's Office of Advocacy before making this determination, as required by 5 U.S.C. 601(3) and 13 CFR 121.903(c). Memorandum received from the U.S. Small Business Administration, Office of Advocacy on July 10, 2020.

[232] 13 CFR 121.201.

[233] 15 U.S.C. 631–657r (2018).

[234] *Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights,* 87 FR 73822 (Dec. 1, 2022).

[235] See the Affected Entities section of the RIA for a larger discussion.

fiduciaries change their investment selection or monitoring practices in response to the proposed rule; however, the Department does not explore those effects in this IRFA.

In the RIA, the Department estimates that approximately 1,000 investment managers would be affected by the proposed rule.[236] The Department does not have data on what proportion of these entities are ERISA fiduciaries. In this analysis, the Department uses the number of unique CIT sponsors of CITs held by large 401(k) plans as a proxy for the number of ERISA fiduciaries, or 600 CIT sponsors.[237]

To estimate the proportion of these entities that are small, the Department assumes that the size distribution of these entities is the same as the size distribution for the Portfolio Management and Investment Advice industry (NAICS 523940). According to the Small Business Administration, any entity in this industry with less than $47.0 million in receipts is small.[238] According to the Statistics of U.S. Businesses, approximately 96.6 percent of Businesses in NAICS code 523940 are small.[239] Based on this analysis, the Department estimates that approximately 580 small investment managers would be affected by the proposed rule. The Department believes that this approach overestimates the percent of affected investment managers that are small, as many of the small entities in this industry likely do not provide investment management services to ERISA-covered pension plans. The Department requests comments on this estimate and would appreciate data on the distribution of investment managers.

The Department expects that service providers will pass incremental compliance costs onto plans when possible. The resulting estimates of directly affected entities are presented in the table below.

Table 15.—*Affected Entities*

Entity	Affected Entities
Retirement Plans	735,000
Investment Managers	580

3. Impact on Small Entities

The discussions below explore how small plans and small investment managers may be affected by the proposed rule.

3.1. Impact on Small Plans

As described in the preamble and the RIA, the proposed rule will impose modest transitional costs on affected small plans, regardless of plan size. The anticipated cost for each plan will differ based on the required actions and whether the plan engages a service provider for help with compliance.

The Department has analyzed the costs for the different combinations of activities in relation to average plan assets for plans with less than 10 participants. These very small plans in terms of participant count also tend to be the smallest in terms of assets. Table 16 presents the results of this analysis. The estimates below reflect plan-level compliance costs and do not net out potential indirect effects on service providers or investment managers, potential pass-through of costs or cost savings through fees, or other indirect market effects.

[236] For a full discussion on this estimate, refer to the Affected Entities section in the RIA.

[237] Departmental tabulations using BrightScope data for audited 401(k) plans.

[238] U.S. Small Bus. Admin., *Table of Small Business Size Standards Matched to North American Industry Classification System Codes* (effective Mar. 17, 2023), *https://legacy.sba.gov/sites/default/files/2023-06/Table%20of%20Size%20Standards_Effective%20March%2017%2C%202023%20%282%29.pdf.*

[239] *Statistics of U.S. Businesses Annual Data Tables,* U.S. Census Bureau, *https://www.census.gov/data/tables/2022/econ/susb/2022-susb-annual.html.*

Table 16.—*Impact on Small Plans*

Action(s) Required [a]	Proportion of all Affected Small Plans	Affected Small Plans	Cost Per Entity	Mean Assets, Plans with Fewer than 10 Participants	Cost as a Proportion of Mean Assets, Plans with Fewer than 10 Participants
Rule Review Only (SP)	60%	437,325	$9	$742,454	0.00%
Rule Review Only (IH)	11%	77,175	$938	$742,454	0.13%
Rule (SP) and Policies Review	13%	93,713	$384	$742,454	0.03%
Rule (IH) and Policies Review	2%	16,538	$1,313	$742,454	0.18%
Rule (SP) and Policy Review with Investment Changes	13%	93,713	$1,008	$742,454	0.14%
Rule (IH) and Policy Review with Investment Changes	2%	16,538	$1,937	$742,454	0.26%

[a] SP and IH are abbreviations for Service Provider and In-House provided rule review, respectively.

As Table 16 shows, most (60 percent) small plans will experience virtually no burden from this proposed rule. Further, only two percent of the affected population will likely experience the full burden associated with the rule, and that impact is estimated to be less than about one quarter of a percent of the average plan assets of plans with less than 10 participants. Impacts on larger plans will be even smaller.

3.2. Impact on Small Investment Managers

Similar to plans, the proposed rule will impose modest transitional costs on affected investment managers who act as ERISA fiduciaries, regardless of size. Directly affected investment managers would incur costs to review the rule, review and update investment policies, and review and update policies pertaining to shareholder rights and engagement. As in the RIA, the Department assumes that roughly two-thirds of investment managers will have cause to review their policies. Of this group of managers, it is further assumed that roughly three-quarters, or half of investment managers, will need to update their policies in order to remain viable investment managers for ERISA-covered pension plan assets. The table below shows the average per-entity cost by activity.

Table 17.—*Regulatory Flexibility Analysis, Costs Incurred by Investment Managers*

Action(s) Required	Proportion of Small Investment Fiduciaries Affected	Affected Small Investment Fiduciaries	Hours	Labor Cost	Average Per-Entity Cost
Rule Review	100%	580	5	$187.58	$937.90
Review Investment Policies	67%	389	8	$206.11	$1,648.88
Update Investment Policies	50%	291	16	$206.11	$3,297.76
Review Fund Proxy Voting Policy	67%	389	8	$206.11	$1,648.88
Update Fund Proxy Voting Policy	50%	291	16	$206.11	$3,297.76
Weighted Average per Entity Marginal Cost					$6,461.65
Maximum per Entity Marginal Cost					$10,831.18

In addition, the Department expects that the proposed rule would result in cost savings for these investment managers by allowing them to devote fewer resources to activities that do not promote the economic interests of plan participants and beneficiaries. The table below shows the average per-entity cost savings for investment managers. For more information on these estimates, refer to the RIA.

Table 18.—*Regulatory Flexibility Analysis, Cost Savings Realized by Investment Managers*

Source of Cost Savings	Small Investment Managers	Average Per-Entity Cost Savings
Decreased ESG-Related Research	580	$2,849
Decreased Resources Devoted to Proxy Voting	580	$618,330
Decreased Resources Devoted to Shareholder Engagement	580	$254,011
Total Per-Entity Cost Savings		$875,190

The table below illustrates how the net cost (*i.e.,* costs minus cost savings) as a percentage of revenue varies across revenue thresholds for investment managers. It also shows the distribution of firms in the portfolio management industry by indicating the share of firms with revenue below each threshold. While this illustration assumes that the costs incurred by portfolio managers will be consistent across investment managers of different sizes, the Department recognizes that cost savings may not be experienced equally by investment managers of different sizes. In the table below, the per-entity cost savings are assumed to be proportional to each revenue threshold, relative to the average revenue of firms in the portfolio management industry.

This analysis suggests that the costs incurred by investment managers are small, compared to the meaningful cost savings they may experience. The Department requests comments on how the costs and cost savings may be experienced by investment managers of different sizes and to what extent small investment managers are engaging in activities that would result in cost savings.

Table 19.—*Net Cost as a Percent of Revenue for Investment Managers*

Revenue Threshold	Share of Firms in the Portfolio Management Industry within Revenue Bin	Per-Entity Cost	Per-Entity Cost Savings [a]	Net Cost as a Percent of Revenue Threshold
$1,000,000	61.6%	$10,831.18	$67,407.05	-5.66%
$5,000,000	26.3%	$10,831.18	$337,035.26	-6.52%
$10,000,000	4.5%	$10,831.18	$674,070.52	-6.63%
$20,000,000	2.4%	$10,831.18	$1,348,141.04	-6.69%
$30,000,000	1.0%	$10,831.18	$2,022,211.55	-6.70%
$40,000,000	0.6%	$10,831.18	$2,696,282.07	-6.71%
$47,000,000	0.2%	$10,831.18	$3,168,131.44	-6.72%

[a] The Per-Entity Cost Savings column reflects estimated cost savings for an investment manager at each revenue threshold, assuming that cost savings are proportional to revenue relative to the average revenue of firms in the portfolio management industry. According to the 2022 Statistics of U.S. Businesses, the average revenue for firms in the portfolio management industry is $12.98 million. Accordingly, revenue thresholds below $12.98 million are assigned cost savings below the estimated average per-entity cost savings, while thresholds above $12.98 million are assigned cost savings above the estimated average per-entity cost savings.

4. Regulatory Alternatives

Regulatory Flexibility Act analyses typically consider small entity-specific alternatives, such as differing compliance requirements, timetables, specific small entity exemptions, or other scenarios listed in 603(c) of the Regulatory Flexibility Act.[240] The Department has considered whether any such size-differentiated alternatives are available here. Rules that impose new reporting, documentation, or procedural compliance obligations can often be tailored, delayed, or scaled to entity size without undermining the rule's purpose. This proposed rule, by

[240] 5 U.S.C. 603(c).

contrast, restates and clarifies the fiduciary duty of loyalty that section 404(a)(1)(A) of ERISA already imposes on all plan fiduciaries, regardless of plan size.

The Department does not believe a small entity exemption, delayed timetable, or differing compliance standard would be appropriate or available in this context, because ERISA's duty of loyalty does not vary based on the size of the plan or its fiduciary. A small plan's fiduciary is subject to the same prohibition on subordinating participants' financial interests to collateral objectives as a large plan's fiduciary. Because the standards presented in the proposal are a restatement of those set forth in ERISA, there are no viable size-differentiated alternatives. This proposed rule is meant to remove any uncertainty surrounding the issue of non-financial consideration. The Department requests comment on whether there are size-differentiated alternatives relevant to this rulemaking that the Department has not considered.

5. Duplicate, Overlapping, or Relevant Federal Rules

The Department is issuing this amended rule under sections 404(a)(1)(A) and 404(a)(1)(B) of Title I under ERISA. The Department has sole jurisdiction to interpret these provisions as they apply to plan fiduciaries' consideration in selecting plan investment funds. Therefore, there are no duplicate, overlapping, or relevant Federal rules.

For the requirements relating to proxy voting policies, the Department is monitoring other federal agencies whose statutory and regulatory requirements overlap with ERISA. In particular, the Department is monitoring SEC rules and guidance to avoid creating duplicate or overlapping requirements with respect to proxy voting.

I. Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 [241] requires each Federal agency to prepare a written statement assessing the effects of any Federal mandate in a proposed or final agency rule that may result in an expenditure of $100 million or more (adjusted annually for inflation with the base year 1995) in any one year by State, local, and Tribal governments, in the aggregate, or by the private sector. This rulemaking is expected to have such an impact on the private sector. For the purposes of this rulemaking, the RIA meets the Unfunded Mandates Reform Act obligations.

J. Federalism Statement

Executive Order 13132 outlines fundamental principles of federalism and requires the adherence to specific criteria by Federal agencies in the process of their formulation and implementation of policies that have ''substantial direct effects'' on the states, the relationship between the National Government and the states, or on the distribution of power and responsibilities among the various levels of government.[242] Federal agencies promulgating regulations that have federalism implications must consult with state and local officials, and describe the extent of their consultation and the nature of the concerns of state and local officials in the preamble to the proposed amendment.

In the Department's view, when finalized these amendments will not have federalism implications because they will not have direct effects on the states, the relationship between the National Government and the states, or on the distribution of power and responsibilities among various levels of government. Section 514 of ERISA provides, with certain exceptions specifically enumerated, that the provisions of Titles I and IV of ERISA supersede any and all laws of the states as they relate to any employee benefit plan covered under ERISA. The requirements implemented in the amendments when finalized do not alter the fundamental requirements of the statute with respect to employee benefit plans, and as such have no implications for the states or the relationship or distribution of power between the national government and the states.

Statutory Authority

This regulation is proposed pursuant to the authority in section 505 of ERISA (Pub. L. 93–406, 88 Stat. 894; 29 U.S.C. 1135) and section 102 of Reorganization Plan No. 4 of 1978 (43 FR 47713, October 17, 1978), effective December 31, 1978 (44 FR 1065, January 3, 1979), 3 CFR, 1978 Comp., p 332, and under Secretary of Labor's Order No. 1–2011, 77 FR 1088 (Jan. 9, 2012).

List of Subjects in 29 CFR Part 2550

Employee benefit plans, Employee Retirement Income Security Act, Exemptions, Fiduciaries, Investments, Pensions, Prohibited transactions, Reporting and recordkeeping requirements, Securities.

For the reasons set forth in the preamble, the Department is proposing to amend part 2550 of subchapter F of chapter XXV of title 29 of the Code of Federal Regulations as follows:

PART 2550—RULES AND REGULATIONS FOR FIDUCIARY RESPONSIBILITY

■ 1. The authority citation for part 2550 continues to read as follows:

Authority: 29 U.S.C. 1135, sec. 102, Reorganization Plan No. 4 of 1978, 5 U.S.C. App. at 727 (2012) and Secretary of Labor's Order No. 1–2011, 77 FR 1088 (Jan. 9, 2012). Sec. 2550.401c–1 also issued under 29 U.S.C. 1101. Sec. 2550.404a–1 also issued under sec. 657, Pub. L. 107–16, 115 Stat 38. Sec. 2550.404a–2 also issued under sec. 657 of Pub. L. 107–16, 115 Stat. 38. Sections 2550.404c–1 and 2550.404c–5 also issued under 29 U.S.C. 1104. Sec. 2550.408b–1 also issued under 29 U.S.C. 1108(b)(1). Sec. 2550.408b–19 also issued under sec. 611, Pub. L. 109–280, 120 Stat. 780, 972. Sec. 2550.412–1 also issued under 29 U.S.C. 1112.

■ 2. Amend § 2550.404a–1 by revising paragraphs (b)(4), (c), and (d)(2)(i) and(ii) to read as follows:

§ 2550.404a–1 Investment Duties.

* * * * *

(b) * * *

(4) A fiduciary's determination with respect to an investment or investment course of action must be based on factors that the fiduciary reasonably determines are relevant to a risk and return analysis, using appropriate investment horizons consistent with the plan's investment objectives and taking into account the funding policy of the plan established pursuant to section 402(b)(1) of ERISA. Whether any particular consideration is a risk-return factor depends on the individual facts and circumstances. The weight given to any factor by a fiduciary should appropriately reflect a reasonable assessment of its impact on risk-return.

(c) *Investment loyalty duties.* A fiduciary shall discharge his duties with respect to the plan with the exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan, and may not sacrifice investment return or take on additional investment risk to promote benefits or goals unrelated to financial interests of the participants and beneficiaries in their retirement income or financial benefits under the plan.

(d) * * *

(2)

(i) The fiduciary duty to manage shareholder rights appurtenant to shares of stock does not require the voting of every proxy or the exercise of every

[241] 2 U.S.C. 1501 *et seq.* (1995).

[242] *Federalism,* 64 FR 43,255 (August 9, 1999).

shareholder right. When deciding whether to exercise shareholder rights and when exercising such rights, including the voting of proxies, shareholder engagement and any other related investment courses of action, fiduciaries must carry out their duties prudently and solely in the interests of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the plan.

(ii) When deciding whether to exercise shareholder rights and when exercising shareholder rights, plan fiduciaries must:

(A) Act solely in accordance with the economic interest of the plan and its participants and beneficiaries, in a manner consistent with paragraph (b)(4) of this section;

(B) Consider any costs involved;

(C) Discharge their duties with respect to the plan with the exclusive purpose of maximizing the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan;

(D) Evaluate relevant facts that form the basis for any particular proxy vote or other exercise of shareholder rights; and

(E) Exercise prudence and diligence in the selection and monitoring of persons, if any, selected to exercise shareholder rights or otherwise advise on or assist with exercises of shareholder rights, such as providing research and analysis, recommendations regarding proxy votes, shareholder engagement, administrative services with voting proxies, recordkeeping and reporting services, and all other rights accompanying share ownership.

* * * * *

Signed at Washington, DC, this 20th day of November 2026.

Daniel Aronowitz,

Assistant Secretary, Employee Benefits Security Administration, U.S. Department of Labor.

[FR Doc. 2026–23936 Filed 11–23–26; 8:45 am]

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Part III

Securities and Exchange Commission

17 CFR Parts 240 and 242
Restructuring the Governance and Funding Model of the Consolidated Audit Trail; Proposed Rule

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240 and 242

[Release No. 34–106950; File No. S7–2026–40]

RIN 3235–AN54

Restructuring the Governance and Funding Model of the Consolidated Audit Trail

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: Although the consolidated audit trail (the ''CAT'') continues to be a necessary regulatory tool, its decentralized governance has presented certain challenges to administering the CAT. To address those shortcomings, the Securities and Exchange Commission (the ''Commission'' or the ''SEC'') proposes to assume direct control of the CAT. Specifically, the Commission is proposing amendments to Regulation NMS under the Securities Exchange Act of 1934 (''Exchange Act'') that would rescind Rule 613, which obligates the national securities exchanges and national securities associations (collectively, the ''SROs'') to act jointly to develop a national market system plan to develop, implement, and maintain the CAT (the ''CAT NMS Plan''). The Commission is simultaneously proposing new Rule 17a-26, which would require the SROs and broker-dealers to record and electronically report to a central repository substantially the same information that was previously required to be recorded and reported pursuant to Rule 613, the CAT NMS Plan, related SRO compliance rules, and related exemptive relief previously issued by the Commission.

DATES: This release was published in the **Federal Register** on November 24, 2026. Comments should be received on or before January 25, 2027.

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/s7-2026-40/restructuring-governance-funding-model-consolidated-audit-trail*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number S7–2026–40 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 S7–2026–40. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all comments on the Commission's website (*https://www.sec.gov/rules-regulations/public-comments/s7-2026-40*). Do not include personally identifiable information in submissions; you should submit only information that you wish to make available publicly. The Commission may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on the Commission's website. To ensure direct electronic receipt of such notifications, sign up through the ''Stay Connected'' option at *www.sec.gov* to receive notifications by email.

A summary of the proposal of not more than 100 words is posted on the Commission's website (*https://www.sec.gov/rules-regulations/2026/11/s7-2026-40*).

FOR FURTHER INFORMATION CONTACT: Justin Pica, Assistant Director, Erika Berg, Special Counsel, Cathy Lian, Special Counsel, and Andrew Sherman, Special Counsel, at (202) 551–5500, Division of Trading and Markets, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–7010.

SUPPLEMENTARY INFORMATION: The Commission is proposing to rescind Rule 613 of Regulation NMS, 17 CFR 242.613, and to add Rule 17a-26, 17 CFR 240.17a-26, under the Exchange Act.

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I. Introduction

The CAT is an integral part of the Commission's toolkit for overseeing the U.S. securities markets. Among other things, it provides efficient access to market data in a manner that facilitates more effective surveillance, investigation, and enforcement, and provides an unparalleled ability to reconstruct market activity and conduct market analysis. In these ways, the CAT supports regulatory efforts to administer and enforce the federal securities laws. Without it, or some effective substitute, the ability of the Commission and the SROs to protect investors and to maintain fair, orderly, and efficient markets would be significantly diminished.

The Commission adopted Rule 613 of Regulation NMS in 2012.[1] Rule 613 required the SROs to jointly develop and submit to the Commission a national market system plan to create, implement, and maintain a consolidated audit trail to collect specified data from the SROs and their members and to provide access to such data to each SRO and the Commission ''for the purpose of performing . . . regulatory and oversight responsibilities pursuant to the federal securities laws, rules, and regulations.'' [2] The national market system plan submitted by participating SROs (or the ''Participants'') to fulfill the requirements of Rule 613 was approved by the Commission in 2016.[3]

By its nature, a national market system plan is jointly administered by the SROs and governed collectively. However, in the context of administering a complex and expensive market-wide audit trail system, the decentralized governance structure established by an NMS Plan across 29 Participant-owners, and with many changes of the required specifications along the way, has presented certain challenges to administering the CAT and warrants revisiting.[4]

The Commission therefore proposes herein to rescind Rule 613. Because the CAT is operational, and it would require a significant investment of time and resources to create a new audit trail that could replace it, the Commission has determined that it would not make economic or operational sense to eliminate or retire the CAT, even if aspects of the CAT could be improved or refined. For this reason, the Commission simultaneously proposes new Rule 17a–26, which would require the SROs and broker-dealers to record and electronically report substantially the same information that is currently required to be recorded and reported pursuant to Rule 613, the CAT NMS Plan, related SRO compliance rules, and related exemptive relief previously issued by the Commission. Proposed Rule 17a–26 would require that data to be reported to the Commission or its designee instead of to a CAT system independently administered by the Participants under a national market system plan.

The Commission also anticipates that additional steps would be needed to fully transition the CAT to the Commission's direct control, including: the sale and transfer of CAT assets and the establishment of new contractual arrangements to ensure operational continuity; the use of Congressionally appropriated funds to support the operation of the CAT; and the establishment of new advisory committees and/or working groups, as appropriate, to obtain feedback from market participants regarding the CAT.

The approach proposed herein is designed to address the inefficiencies in the current governance structure for the CAT and to allow the Commission to assume direct control of the CAT, while ensuring the CAT's continued operation with minimal disruption.

II. Background

The Exchange Act, as amended,[5] tasks the Commission with overseeing the U.S. securities markets, including supervising certain market participants such as broker-dealers, national securities exchanges, and national securities associations.[6] The Exchange Act further provides that specified entities, including national securities exchanges and registered securities associations, fall within the definition of an SRO.[7] As an SRO, each national securities exchange and national securities association must comply, and enforce compliance by its members and associated persons, with the Exchange Act, the Commission's rules and regulations thereunder, and the SRO's own rules.[8]

Effective market oversight by the Commission and SROs relies on, among other things, access by regulatory users at the Commission and the SROs to sufficiently accurate, timely, and complete market data. Because the vast majority of securities transactions in modern markets occur electronically, at high speeds and volumes and across trading venues, cross-market audit trails and related data sources have come to play an important role in the oversight of securities markets. Such audit trails and related data sources aid regulators in conducting robust cross-market market surveillance, investigations, enforcement activities, and engaging in cross-market reconstructions and analyses, as appropriate.

Prior to the implementation of the CAT, the Commission and the SROs had to cobble together disparate market data from various audit trails and related data sources, including the Electronic Blue Sheet (or ''EBS'') system,[9] manual requests to market participants, daily reports produced by clearing agencies that provide aggregated information to the SROs and the Commission, market-specific matching engines and/or order

[1] Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012) (''Rule 613 Adopting Release'').

[2] 17 CFR 242.613(a)(1), (c), (e)(1).

[3] *See* Securities Exchange Act Release No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''CAT NMS Plan Approval Order''). The CAT NMS Plan is Exhibit A to the CAT NMS Plan Approval Order. *See* CAT NMS Plan Approval Order, at 84943–85034.

[4] The current Participants to the CAT NMS Plan include 24X National Exchange, BOX Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc. (''FINRA''), Investors Exchange LLC, Long-Term Stock Exchange, Inc., MEMX LLC (''MEMX''), Miami International Securities Exchange LLC (''MIAX''), MIAX Emerald, LLC, MIAX PEARL, LLC, MIAX Sapphire, LLC, MX2 LLC, Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC (''Nasdaq''), Nasdaq Texas, LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., NYSE Texas, Inc, and Texas Stock Exchange LLC.

[5] 15 U.S.C. 78a *et seq.*

[6] *See, e.g.,* 15 U.S.C. 78b, 78f, 78i, 78j, 78k, 78k–1, 78o, 78o–3, and 78s.

[7] 15 U.S.C. 78c(a)(26).

[8] 15 U.S.C. 78f(b)(1); 15 U.S.C. 78o–3(b)(2); 15 U.S.C. 78s(g)(1). The Financial Industry Regulatory Authority, Inc. (''FINRA'') currently is the only national securities association. As a national securities association, FINRA is also responsible for enforcing compliance by its members and associated persons with the rules of the Municipal Securities Rulemaking Board (''MSRB'').

[9] *See* Securities Exchange Act Release No. 44494 (June 29, 2001), 66 FR 35836 (July 9, 2001).

book feeds, market-specific audit trails, precursor cross-market audit trails like the now-retired Order Audit Trail System (''OATS'') and the Consolidated Options Audit Trail System (''COATS''),[10] trade reporting facilities, proprietary data feeds made available by SROs and/or off-exchange trading venues, and publicly-available consolidated data feeds provided by securities information processors. Each of these audit trails and related data sources was useful, but each was also limited in its scope and effectiveness.[11] Assembling a consolidated cross-market audit trail from these audit trails and related data sources was a cumbersome, complex, and time-consuming process that was prone to error.[12]

A. Rule 613 and the CAT NMS Plan

To improve the accuracy, completeness, accessibility, and timeliness of the data available to regulators, in 2012, the Commission adopted Rule 613 of Regulation NMS.[13] Rule 613 requires the SROs to jointly develop and submit to the Commission a national market system plan to create, implement, and maintain a consolidated audit trail to collect specified data from the SROs and their members and to provide access to such data to each SRO and the Commission ''for the purpose of performing . . . regulatory and oversight responsibilities pursuant to the federal securities laws, rules, and regulations.'' [14] The rule further requires that each SRO be a sponsor of this national market system plan [15] and that the national market system plan ''include a governance structure to ensure fair representation of the plan sponsors, and administration of the central repository, including the selection of the plan processor.'' [16] The national market system plan submitted by the Participants to fulfill the requirements of Rule 613—the CAT NMS Plan—was approved by the Commission in 2016.[17]

The CAT is intended to furnish both the Commission and the SROs with timely access to a comprehensive, uniform, accurate, and linked set of trading data that allows them to efficiently retrieve relevant information about the full lifecycle of all orders in NMS and OTC Equity Securities [18] across the markets and trading centers that compose the national market system.[19]

The core functionality of the CAT includes collecting data from both SROs and Industry Members [20] about the original receipt or origination of an order, the routing of an order and the receipt of an order that has been routed, executions, modifications, and cancellations.[21] The Plan Processor,[22] FINRA CAT, LLC (''FINRA CAT''), uses this data to ''link and create the order lifecycle'' using a ''daisy chain approach,'' in which ''a series of unique order identifiers, assigned to all order events handled by CAT Reporters[,] are linked together by the Central Repository[23] and assigned a single CAT generated CAT-Order-ID that is associated with each individual order event and used to create the complete lifecycle of an order.'' [24] In addition to this linked data, the CAT is required to provide regulators with SIP Data.[25] Although the CAT no longer collects customer and account-level information pursuant to recent amendments to the CAT NMS Plan approved by the Commission,[26] the CAT's architecture of identifiers and lifecycle linkage enables regulators with a specific regulatory purpose to analyze a particular customer's trading activity for Eligible Securities [27] across markets, brokers, and/or accounts through generation of a CAT Customer ID (''CCID'').[28] This transactional data may only be associated with customer and account-level information if such information is obtained separately from Industry Members.[29]

B. Feedback Received in Response to the Concept Release

On April 16, 2026, the Commission issued a Concept Release on Consolidated Audit Trail and Other Audit Trails and Data Sources (the ''Concept Release'') describing various

[10] *See* Securities Exchange Act Release No. 105251 (Apr. 16, 2026), 91 FR 20945, 20947 (Apr. 20, 2026) (''Concept Release'') (discussing OATS and COATS).

[11] *See, e.g.,* Rule 613 Adopting Release, *supra* note 1, at 45722–23. *See also* Letter from Marcia E. Asquith, Corporate Secretary, EVP, Board and External Relations, FINRA, to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 4, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-859759-2649426.pdf* (''FINRA Letter'') (''As the operator of the CAT's precursor, [OATS], FINRA has first-hand experience with the structural limitations that existed prior to CAT. While efforts were made to expand OATS and reduce disparate reporting requirements between the various SROs, OATS only directly received data from FINRA members with respect to orders and trades involving NMS stocks; OATS did not receive trade or order activity occurring on exchanges. Nor did OATS include exchange quotes, principal orders submitted by FINRA members registered as exchange market makers, or options data.'' (citations omitted)).

[12] *See, e.g.,* Concept Release, *supra* note 10, at 20947 n.13.

[13] *See* Rule 613 Adopting Release, *supra* note 1; 17 CFR 242.613.

[14] 17 CFR 242.613(a)(1), (c), (e)(1).

[15] *Id.* at (a)(4).

[16] *Id.* at (b)(1).

[17] *See* CAT NMS Plan Approval Order, *supra* note 3.

[18] An ''NMS Security'' means ''any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options.'' An ''OTC Equity Security'' means ''any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities.'' *See* CAT NMS Plan, *supra* note 3, at Section 1.1.

[19] *See, e.g.,* Rule 613 Adopting Release, *supra* note 1, at 45723, 45726.

[20] *See* CAT NMS Plan, *supra* note 3, at Section 1.1 (defining ''Industry Member'' as ''a member of a national securities exchange or a member of a national securities association'').

[21] Rule 613 and the CAT NMS Plan identify the information that must be reported by the SROs and the information that the SROs must obligate their members to report through compliance rules. *See, e.g.,* 17 CFR 242.613(c)(7); CAT NMS Plan, *supra* note 3, at Sections 6.3–6.4. Further guidance about how to report to the CAT is provided by detailed technical specifications available on the CAT NMS Plan website. *See https://catnmsplan.com/specifications/participants; https://catnmsplan.com/specifications/im.*

[22] ''Plan Processor'' means ''the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1, and with regard to the Initial Plan Processor, the Selection Plan, to perform the CAT processing functions required by SEC Rule 613 and set forth in this Agreement.'' *See* CAT NMS Plan, *supra* note 3, at Section 1.1; *see also id.* (defining ''Operating Committee'' as ''the governing body of the Company designated as such and described in Article IV'').

[23] ''Central Repository'' means ''the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and this Agreement.'' *Id.* at Section 1.1.

[24] *Id.* at Appendix D, Section 3. The ''CAT-Order-ID'' is ''a unique order identifier or series of unique order identifiers that allows the central repository to efficiently and accurately link all reportable events for an order, and all orders that result from the aggregation or disaggregation of such order.'' *See also* 17 CFR 242.613(j)(1).

[25] ''SIP Data'' means: ''(A) information, including the size and quote condition, on quotes including the National Best Bid and National Best offer for each NMS Security; (B) last sale reports and transaction reports reported pursuant to an effective transaction reporting plan filed with the SEC pursuant to, and meeting the requirements of, SEC Rules 601 and 608; (C) trading halts, Limit Up/Limit Down price bands, and Limit Up/Limit Down indicators; and (D) summary data or reports described in the specifications for each of the SIPs and disseminated by the respective SIP.'' *See* CAT NMS Plan, *supra* note 3, at Section 6.5(a)(ii); *see also* 17 CFR 242.613(e)(7).

[26] *See* Securities Exchange Act Release No. 104586 (Jan. 13, 2026), 91 FR 2164 (Jan. 16, 2026); Securities Exchange Act Release No. 105107 (Mar. 27, 2026), 91 FR 16284, 16307 (Apr. 1, 2026).

[27] ''Eligible Security'' includes ''(a) all NMS Securities and (b) all OTC Equity Securities.'' *See* CAT NMS Plan, *supra* note 3, at Section 1.1; *see also* note 18 *supra.*

[28] ''CCID'' has ''the same meaning provided in SEC Rule 613(j)(5).'' *See* CAT NMS Plan, *supra* note 3, at Section 1.1; *see also* 17 CFR 242.613(j)(5) (''The term *Customer-ID* shall mean, with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the central repository.'').

[29] *See, e.g.,* Concept Release, *supra* note 10, at 20961.

developments with respect to the CAT since the Commission's approval of the CAT NMS Plan in 2016. The Concept Release sought feedback regarding whether changes should be made to the CAT's structure, scope, functionality, and security, including changes that would strike a different balance between privacy considerations and regulatory need.[30]

1. Necessity of the CAT

The Concept Release asked commenters to consider whether the CAT is necessary to enable the Commission and the SROs to fulfill their statutory obligations and/or whether any other audit trails and related data sources are sufficient for those purposes.[31]

In response, the SROs stated that continued access to the data provided by the CAT is essential to their regulatory programs and should be maintained, at least in some form.[32] One SRO commenter in particular stated that ''the need for a consolidated audit trail to facilitate cross-market oversight by regulators has never been more acute,'' given the ''unprecedented speed and complexity'' of today's U.S. securities markets—which now include 29 registered national securities exchanges, more than 40 alternative trading systems, and hundreds of broker-dealers that provide liquidity in the over-the-counter market by executing customer orders out of their own inventory.[33]

Another SRO commenter stated that it uses the CAT to ''identify potential fraud, market manipulation, or other violative behaviors that harm investors or disrupt the fair and orderly operation and integrity of the securities markets.'' [34] Another SRO commenter specified that it uses CAT Data [35] to oversee the covered markets for ''market manipulation, fraud, or other proscribed, illicit trading activities, including potential layering, spoofing, insider trading, front running, or cross-product manipulation and to ensure compliance with best execution rules,'' as well as to ''guide risk scoping and examinations of member firms, reducing the amount of data that [it] has to request from firms and making the process more efficient for [it] and its members.'' [36] A third SRO commenter stated that it uses CAT Data for disciplinary actions related to ''disclosure failures, unauthorized trading in client accounts, violation of Commission and SRO anti-manipulation rules, failing to supervise reasonably for manipulative trading, failing to comply with SRO anti-money laundering rules, best execution failures, and a host of other conduct that threatens investors and the integrity of U.S. capital markets.'' [37] Multiple SRO commenters also stated that the CAT increases the efficiency of their regulatory programs, because CAT Data enables more targeted surveillance and/or examinations of their members and reduces the number and scope of informational requests that would otherwise be necessary, thus decreasing compliance burdens on broker-dealer members.[38]

Moreover, SRO commenters stated that there is no realistic or viable replacement for the CAT, because the SROs ''decommissioned other systems''—like OATS—that ''allowed for regulatory access and use of order and trade data that was not otherwise available,'' in reliance on the existence of the CAT.[39] Although other data sources are still available to regulators, SRO commenters indicated that these data sources should not be considered true replacements for the CAT. As one SRO commenter stated, ''legacy audit trails and data sources, whether individually or collectively, do not provide the same cross-market, order-level lifecycle reconstruction functionality as the CAT,'' and ''reconstructing trading activity from disaggregated systems has historically been time-consuming, error-prone, and operationally inefficient.'' [40] One SRO

[30] *See, e.g., id.* at 20946–49.

[31] *Id.* at 20950–51.

[32] *See* Letter from Jeffrey S. Davis, Senior Vice President, General Counsel, Nasdaq, to Vanessa Countryman, Secretary, Commission (June 23, 2026), at 2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-868292-2668936.pdf* (''Nasdaq Letter I'') (stating that the CAT ''is critical to Nasdaq's provision of high-quality SRO regulation'' and that CAT data is embedded into ''every aspect of its regulatory program, from surveillance patterns to regulatory alerts to enforcement actions that protect everyday investors''); Letter from Jaime Klima, General Counsel, and Tony Frouge, Chief Regulatory officer, NYSE Group (''NYSE''), to Hon. Paul Atkins, Chairman, Commission (June 22, 2026), at 2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-859219-2647946.pdf* (''NYSE Letter I'') (''Thus, without the CAT, the NYSE Exchanges' ability to satisfy their obligations to conduct basic market surveillance, identify parties responsible for manipulative trading, and prevent systemic abuses would be significantly impeded.''); Letter from Adrian Griffiths, Head of Market Structure, MEMX, to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 1–2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-859699-2649246.pdf* (''MEMX Letter'') (stating that ''continued access'' to the CAT ''is necessary for the functioning of a fair, orderly, and well-regulated market,'' noting that it relied on CAT data in order to fulfill its obligations as an SRO); Letter from Patrick Sexton, EVP, General Counsel, and Corporate Secretary, and Greg Hoogasian, EVP, Chief Regulatory Officer, Cboe Global Markets, Inc. (''Cboe''), to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 1, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-860419-2651836.pdf* (''Cboe Letter'') (stating that ''the Cboe Exchanges and other SROs now rely on CAT Data to fulfill their statutory regulatory responsibilities''); Letter from Robert Walley, CAT NMS Plan Operating Committee Chair, to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 3, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-859379-2648516.pdf* (''Participant Letter'') (''Today, the Participants and the Commission rely on the CAT to conduct market oversight and have integrated CAT data into their market surveillance systems.'').

[33] FINRA Letter, *supra* note 11, at 3–5. *See also* Letter from Jaime Klima, General Counsel, and Tony Frouge, Chief Regulatory officer, NYSE, to Hon. Paul Atkins, Chairman, Commission (Aug. 11, 2026), at 1, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-999199-3152326.pdf* (''NYSE Letter II'') (''In today's highly interconnected markets, the vast majority of securities transactions are executed electronically at extraordinary speeds and volumes across numerous trading venues. Market participants engaging in improper trading activity frequently do so across multiple venues, often deliberately seeking to avoid detection by fragmenting their activity among different market centers. Such conduct can be difficult to identify without a comprehensive view of trading activity and threatens both investors and the integrity of all exchanges. Accordingly, the NYSE Exchanges require full and equal access to the comprehensive audit trail available through the CAT to effectively fulfill their regulatory obligations under the Exchange Act.'' (citations omitted)).

[34] NYSE Letter II, *supra* note 33, at 1.

[35] ''CAT Data'' means ''data derived from Participant Data, Industry Member Data, SIP Data, and such other data as the Operating Committee may designate as 'CAT Data' from time to time.'' *See* CAT NMS Plan, *supra* note 3, at Section 1.1.

[36] FINRA Letter, *supra* note 11, at 4.

[37] Nasdaq Letter I, *supra* note 32, at 2.

[38] *See* FINRA Letter, *supra* note 11, at 4 (stating that CAT Data enables FINRA to ''guide risk scoping and examinations of member firms, reducing the amount of data that FINRA has to request from firms and making the process more efficient for FINRA and its members''); Nasdaq Letter I, *supra* note 32, at 4–5 (stating that CAT Data enables Nasdaq to conduct ''more targeted anti-manipulation surveillance'' and ''reduces compliance burdens on its broker-dealer members'' by decreasing the number and scope of informational requests that would otherwise be necessary without CAT Data).

[39] NYSE Letter I, *supra* note 32, at 2. *See also* Participant Letter, *supra* note 32, at 3 (''And, because [OATS] was retired in 2021, there is currently no realistic fallback to OATS or other substitute for the CAT.''); Cboe Letter, *supra* note 32, at 1 (''Full access [to the CAT], in terms of scope and functionality, must be maintained because the Cboe Exchanges and other SROs now rely on CAT Data to fulfill their statutory regulatory responsibilities and, at the Commission's mandate, other legacy cross-market audit trails were phased out as CAT became operational.''); Nasdaq Letter I, *supra* note 32, at 4 (''[T]he equity audit trail that preceded the CAT (OATS) was decommissioned several years ago. In short, no existing alternative to the CAT reasonably allows the Commission and SROs to effectively detect, investigate, and prosecute several forms of misconduct, including potential manipulation.'' (citations omitted)).

[40] Nasdaq Letter I, *supra* note 32, at 4. *See also* Concept Release, *supra* note 10, at 20950 (discussing the other audit trails and related data sources that regulators use including publicly- and privately-available market data); NYSE Letter I, *supra* note 32, at 2 (''[T]he other private and public sources of market data currently available cannot (even cumulatively) provide the information needed to create an audit trail that tracks an order

Continued

commenter further stated that maintaining the CAT would be a better outcome than creating a new reporting regime to replace the CAT, given the expense and delay associated with that alternative.[41]

Many other commenters made similar arguments in favor of the CAT. Noting the complexity and fragmentation of modern U.S. securities markets, these commenters stated that regulators ''need a comprehensive, accurate, and timely audit trail to reconstruct market events, investigate misconduct, detect manipulation, and enforce securities laws.'' [42] These commenters stressed the regulatory benefits provided by the CAT. One commenter, for example, stated that:

The continued operation of the CAT is particularly important for protecting retail investors. Individual investors often lack the resources and market access available to institutional participants and therefore rely on regulators to ensure markets operate fairly. CAT enhances regulators' ability to detect and investigate practices such as market manipulation, spoofing, layering, insider trading, and other abusive conduct that can harm investors and erode confidence in the markets. CAT also serves as an indispensable investigative and enforcement tool. By allowing regulators to reconstruct market events with precision, it significantly improves the speed and effectiveness of examinations, surveillance, and enforcement actions.[43]

Such commenters expressed concern that eliminating the CAT would create gaps in market surveillance or otherwise compromise regulation of the U.S. securities markets, despite the existence of other audit trails and related data sources.[44] Accordingly, these commenters encouraged the Commission to ''retain CAT, continue improving its effectiveness, and ensure regulators have access to the data necessary to protect investors and maintain fair, orderly, and efficient markets.'' [45]

However, not all commenters agreed that the CAT is a necessary tool. Some commenters questioned the scope of the data collected by the CAT, including one who stated that certain data elements made available to regulators through the CAT ''have never been necessary for the CAT to fulfill its core regulatory mission.'' [46] Several other commenters believed that legacy audit trails and related data sources would sufficiently support regulatory activity if the CAT were eliminated. One commenter, for instance, stated that the CAT ''fails a test of necessity,'' because ''[r]egulators reconstructed the 2010 Flash Crash—the event cited as the CAT's primary justification—before the CAT existed, using data sources available at the time to catch the

through its entire lifecycle.''); MEMX Letter, *supra* note 32, at 2 (''Critically, the CAT contains order and trade information across all markets and also provides unique identifiers for end-customers as well as other information that regulators would not be able to obtain without the CAT, or that may not be generally available in existing surveillance tools.''); FINRA Letter, *supra* note 11, at 4–5 (''CAT substantially improves the cumbersome and costly process of collecting and processing separately developed data from disparate sources.'').

[41] *See* NYSE Letter II, *supra* note 33, at 4.

[42] *See, e.g.,* Comment from Garrett McPherson (June 9, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-807820-2457709.html* (''McPherson Comment''). *See also, e.g.,* Comment from Travis James Dennis Hoff (June 11, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-814799-2481786.html* (''Hoff Comment'') (''Today's financial markets are incredibly complex. Orders can move across multiple exchanges, trading venues, and market participants in fractions of a second. Regulators need a complete and accurate record of that activity if they are going to effectively monitor the markets, investigate misconduct, and protect investors.''); Comment from Brandon Koehler (June 16, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-833919-2548571.html* (''Koehler Comment'') (''As markets have become increasingly fragmented and technologically sophisticated, regulators require a comprehensive view of trading activity to effectively oversee market participants and identify misconduct.''); Comment from Shane Thrasher (June 9, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-2452713.htm* (''Thrasher Comment'') (''The reasons that justified CAT's creation remain valid today. Modern markets are more complex, more automated, and more interconnected than when Rule 613 was adopted.''); Letter from Tim Sargent, CEO, CalcGuard Technologies, Inc., to Vanessa A. Countryman, Secretary, Commission (June 20, 2026), at 1, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-851919-2613995.pdf* (''CalcGuard Letter'') (''The CAT has materially advanced regulators' ability to reconstruct market activity and oversee increasingly complex and fragmented markets.''); Comment from Andrew Vendrasco, Owner/Principal AV Data Management Consulting, Owner/Head Coach at Elevate Coaching (Apr. 16, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-2322298.htm* (''Vendrasco Comment'') (''Markets today are tightly coupled through algorithms, derivatives, and liquidity providers. A failure to observe these interactions holistically introduces systemic blind spots.'').

[43] *See* Koehler Comment, *supra* note 42; *see also, e.g.,* Letter from Tyler Gellasch, President and CEO, Healthy Markets Association, to Hon. Paul Atkins, Chairman, Commission (June 26, 2026), at 8, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-896080-2720269.pdf* (''Healthy Markets Letter'') (''Regulators and market participants rely upon a functional CAT. . . . Regulators are not the parties that are most dependent on a robust, useful CAT—market participants and the public are.''); Comment from David B., Professor (Apr. 16, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-754307-2322694_0.html* (''Regulators gain timely, accurate data for surveillance, reducing reliance on slow manual requests and enabling faster response to threats, which directly safeguards retail and institutional investors.''); Vendrasco Comment, *supra* note 42 (''The Consolidated Audit Trail is a critical evolution in market oversight, aligning regulatory capabilities with the realities of modern electronic trading. It enhances transparency, strengthens legal enforceability, improves systemic risk monitoring, and most importantly, reinforces investor confidence in the fairness and integrity of U.S. markets.''); Comment from Bill Mastin, CEO Cadient (Apr. 20, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-757547-2328674.html* (''Mastin Comment'') (''Retail and institutional investors alike need to know that regulators can identify who did what, when, across every venue. Shutting down CAT—or allowing it to atrophy—sends a chilling message that the era of robust market surveillance is ending. That perception alone could erode investor confidence in U.S. market integrity.'').

[44] *See, e.g.,* Koehler Comment, *supra* note 42 (''Without CAT, regulators would be forced to rely on fragmented and less comprehensive datasets, reducing their ability to identify wrongdoing and respond to emerging threats.''); Vendrasco Comment, *supra* note 42 (''From a data architecture standpoint, this is not optional infrastructure—it is the minimum viable system required to supervise a highly distributed, high-frequency market. Without CAT, regulators are effectively operating with partial observability, increasing the probability of: [u]ndetected market manipulation (*e.g.,* spoofing, layering)[,] [d]elayed enforcement actions[, and] [i]nconsistent regulatory outcomes[.]''); Thrasher Comment, *supra* note 42 (''Eliminating or significantly reducing CAT would remove an important tool that was specifically developed to address gaps in market surveillance.''); McPherson Comment, *supra* note 42 (''Weakening [the CAT] would make it harder for regulators to understand what happened during periods of volatility, market stress, unusual volume, or suspected manipulation.''); Hoff Comment, *supra* note 42 (''Removing or reducing CAT would make it harder for regulators to detect market manipulation, insider trading, spoofing, abusive trading practices, and other forms of misconduct. It would also make it more difficult to reconstruct major market events and determine what actually happened when unusual trading activity occurs.''); Mastin Comment, *supra* note 43 (''Shutting down CAT without a proven replacement would leave regulators flying blind during the next market disruption . . . creating a surveillance gap that could last years.''). *See also, e.g.,* Letter from Nicholas Osmond to Vanessa Countryman, Secretary, Commission (Apr. 12, 2026), at 2, *available athttps://www.sec.gov/comments/S7-2026-12/s7202612-819019-2495384.pdf* (''As CAT replaced OATS . . . eliminating CAT would eliminate the only available consolidated audit trail required by Rule 613; which was adopted for surveillance, investigations, analysis, and enforcement citing flash crashes, an on-going phenomenon.''); Letter from Benjamin L. Schiffrin, Director of Securities Policy, Better Markets, Inc., to Vanessa A. Countryman, Secretary, Commission (June 22, 2026), at 2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-858119-2645066.pdf* (''Better Markets Letter'') (''Without the CAT, it will be easier for financial firms to break the law and harder for the SEC to oversee the securities markets. This is especially so since FINRA retired its prior order tracking system after determining that the CAT was accurate and reliable. So eliminating the CAT would leave regulators blind.'').

[45] Thrasher Comment, *supra* note 42. *See also, e.g.,* McPherson Comment, *supra* note 42 (''Please retain CAT, strengthen its safeguards, improve its cost accountability, and ensure regulators continue to have the tools needed to monitor complex modern markets.''); Hoff Comment, *supra* note 42 (urging the Commission to ''improve the system, not eliminate it'').

[46] Letter from Christopher A. Iacovella, President and CEO, American Securities Association, to Vanessa A. Countryman, Secretary, Commission (June 22, 2026), at 1, available at *https://www.sec.gov/comments/S7-2026-12/s7202612-857619-2643308.pdf* (''ASA Letter'').

responsible parties.'' [47] This specific example is contested by other commenters, though, who pointed out that the Flash Crash ''exposed how little insight regulators had into who was doing what in the trading markets,'' because it ''took nearly four and a half months for regulators to publish a report as to why the market crash occurred, and many of the details took years to unravel, despite easy-to-identify issues.'' [48] Additionally, some of the legacy audit trails that existed when regulators reconstructed the 2010 Flash Crash have been retired and are therefore not available to support regulatory activity if CAT were eliminated.[49]

After careful consideration of its own regulatory needs and the regulatory needs of the SROs, as well as consideration of the feedback received on the Concept Release, the Commission has determined that the core functionality provided by the CAT should be preserved. The regulatory need for a comprehensive and consolidated cross-market audit trail has not abated since Rule 613 was adopted or since the CAT NMS Plan was approved.[50] Moreover, the CAT is operational, and it would require a significant investment of time and resources to create a new audit trail or data source that could replace it.

The CAT enables the Commission and the SROs to protect investors and to maintain fair, orderly, and efficient markets by making it possible for regulators to conduct market oversight, including cross-market surveillance, investigations, and enforcement activities, as well as cross-market reconstructions and analyses where appropriate. Examples of Commission use cases include, but are not limited, to:

- Surveilling and investigating various forms of abusive, fraudulent, and manipulative trading activity, including insider trading, front-running, cherry-picking, and manipulative trading;
- Identifying potential unsuitable sales activity;
- Evaluating tips and complaints;
- Facilitating risk-based reviews of SEC registrants and targeting potentially higher-risk activity during examinations—for example, by establishing baselines and standard trading behavior of SEC registrants and by identifying anomalous activity that may warrant further examination, such as atypical liquidation patterns, concentrations of daily trading volume, abnormal trading imbalances, unusual profit and loss patterns, or irregular transaction pricing;
- Testing and validating representations made by SEC registrants;
- Identifying and measuring costs to market participants affected by a market disruption;
- Conducting studies of market structure, market activities, usage of order types, and/or behavior of market participants;
- Assessing the impact of potential and implemented regulatory changes—for example, by performing data analyses using CAT Data in support of rulemaking to inform both policy decisions and economic analyses; and
- Investigating or analyzing current market events.[51]

Access to CAT Data improves regulators' ability to perform reconstruction of market events and to conduct market analysis and research to inform policy decisions, as well as to perform other regulatory activities, in particular market surveillance, examinations, investigations, and enforcement functions. The CAT allows the Commission to link suspicious trading activity to unique market participants and to more efficiently identify and investigate violative behavior in the markets. It is an integral part of the Commission's toolkit for overseeing the U.S. securities markets, facilitating more effective surveillance, investigation, enforcement, and market analysis and thereby reducing potential harm to investors. Without it, the ability of the Commission to protect investors and to maintain fair, orderly, and efficient markets would be significantly diminished.[52] The Commission therefore has determined that it would not make sense to eliminate or retire the CAT, even if aspects of the CAT could be improved or refined.

2. CAT Governance and Funding Model

In addition to setting forth performance requirements [53] for the CAT System [54] and data reporting requirements for the Participants and their members, the CAT NMS Plan functions as the agreement of the limited liability company formed under Delaware State law through which the Participants conduct the activities of the CAT—Consolidated Audit Trail, LLC (''CAT LLC'' or the ''Company'').[55] Each Participant jointly owns the Company on an equal basis,[56] with each Participant having one vote on the operating committee that acts as CAT LLC's governing body (''Operating

[47] *See* Letter from Norbert Michel, Vice President and Director, and Christian Kruse, Research Associate, Center for Monetary and Financial Alternatives, Cato Institute, to Secretary, Commission (June 15, 2026), at 1, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-825019-2526406.pdf* (''Cato Letter''). *See also, e.g.,* Letter from Markham S. Chenoweth, President and Chief Legal Officer, et al., New Civil Liberties Alliance, to Vanessa A. Countryman, Secretary, Commission (June 18, 2026), at 2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-843399-2584626.pdf* (''New Civil Liberties Alliance Letter'') (stating that the CAT's ''surveillance scheme is not necessary,'' because regulators have other tools to obtain market data).

[48] *See* Healthy Markets Letter, *supra* note 43, at 2–3. *See also* Better Markets Letter, *supra* note 44, at 1 (''The impetus for the CAT was the 2010 'Flash Crash' . . . Neither the SEC nor other regulators understood this event, and it took the SEC months to reconstruct what had happened, largely because it had neither the tools nor the data to do so.''); Rule 613 Adopting Release, *supra* note 1, at 45733 (''Ultimately, it took Commission staff nearly five months to complete an accurate representation of the order books of the equity markets for May 6, 2010. Even then, the reconstruction was not fully complete and only contained an estimated 90% of trade and order activity for that day.'').

[49] In 2011, with FINRA's expansion of its OATS requirement to all NMS stocks, including NYSE-listed securities, the NYSE exchanges retired their Order Tracking System (OTS). *See* Securities Exchange Act Release No. 65523 (Oct. 7, 2011), 76 FR 64154 (Oct. 17, 2011) (SR–NYSE–2011–49), *available at https://www.sec.gov/files/rules/sro/nyse/2011/34-65523.pdf.* Additionally, following implementation of CAT, in 2021, FINRA retired OATS. *See* Securities Exchange Act Release No. 92239 (June 23, 2021), 86 FR 34293 (June 29. 2021) (SR–FINRA–2021–017).

[50] The Commission has long recognized that the volume, speed, and dispersed nature of securities trading make having a comprehensive order audit trail with centralized and electronically accessible order information critical to effective oversight of the securities markets. *See, e.g.,* Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and the Nasdaq Market, Commission (Aug. 8, 1996), *available at https://www.sec.gov/files/litigation/investreport/nd21a-report.pdf.* For further discussion of how other audit trails and related data sources are limited in their scope and effectiveness, and the need for a consolidated audit trail, *see* Rule 613 Adopting Release, *supra* note 1, at 45726–34. *See also* Securities Exchange Act Release No. 62174 (May 26, 2010), 75 FR 32556, 32556–68 (June 8, 2010).

[51] For further discussion of SRO use cases, *see* notes 34–38 and associated text *supra.*

[52] The comprehensive, accurate, and timely-reported data available through the CAT is not readily accessible in a consolidated format through other sources. *See* notes 39–41 and associated text *supra.*

[53] The term ''performance requirements'' refers to CAT NMS Plan requirements regarding the specific operational standards that the CAT System is required to meet. *See, e.g.,* CAT NMS Plan, *supra* note 17, at Appendix D.

[54] ''CAT System'' means ''all data processing equipment, communications facilities, and other facilities, including equipment, utilized by the Company or any third parties acting on the Company's behalf in connection with operation of the CAT and any related information or relevant systems pursuant to this Agreement.'' *See* CAT NMS Plan, *supra* note 3, at Section 1.1.

[55] *See* Securities Exchange Act Release No. 87149 (Sept. 27, 2019), 84 FR 52905 (Oct. 3, 2019).

[56] *See* CAT NMS Plan, *supra* note 3, at Recital B and Section 3.2.

Committee'').[57] An Advisory Committee made up of industry representatives and academic participants counsels the Operating Committee, but its members are not entitled to a vote on decisions made by the Operating Committee.[58]

CAT LLC has contracted with FINRA CAT, a wholly-owned subsidiary of FINRA, to serve as the Plan Processor that operates the CAT. In this role, and subject to the approval and oversight of the Operating Committee, FINRA CAT performs several functions, including: developing and maintaining technological solutions, platforms, and/or licenses to facilitate the reporting, validation, processing, linkage, storage, and regulatory use of CAT Data; developing and maintaining technical specifications that govern CAT reporting; engaging with working groups to solicit and respond to feedback from Participants, members of the Advisory Committee, and Commission observers; developing and maintaining a comprehensive information security program for the CAT to implement, among other things, access and user controls, monitoring for anomalous use, penetration testing, and an audit program, and FINRA CAT review of Participant policies and procedures regarding CAT Data; providing various reports and/or written assessments to the Participants and the Commission on the CAT System's performance and compliance by CAT Reporters; [59] and operating a help desk for CAT Reporters and regulators. Many of these Plan Processor obligations are set forth in the CAT NMS Plan, but it is ultimately CAT LLC's obligation to ensure—through its contractual relationship with FINRA CAT—that the Plan Processor is complying with the CAT NMS Plan.

The CAT is currently funded by both SROs and Industry Members, in accordance with a funding model recently approved by the Commission (the ''2026 Funding Model'').[60] The 2026 Funding Model is based on executed equivalent share volumes of transactions in Eligible Securities. Fees are paid evenly by the SROs, executing brokers representing buyers, and executing brokers representing sellers.[61] Pursuant to this funding model, no Participant may file with the Commission a proposed rule change under Section 19(b) of the Exchange Act [62] and Rule 19b–4 [63] thereunder that would establish a new fee for directly passing through to its members the CAT fee charged to such Participant.[64] The 2026 Funding Model also includes a sunset provision, stating that the Plan Processor and the Participants will not be permitted to bill or otherwise request CAT fees from Industry Members after March 31, 2028. In the approval order for the 2026 Funding Model, the Commission explained that it would be premature to adopt a permanent funding model while engaged in a comprehensive review of the CAT and that ensuring the continued funding of the CAT during this interim period would avoid potential destabilization.[65]

Market participants have repeatedly raised concerns regarding the governance and funding structure imposed by the CAT NMS Plan, including in response to the Concept Release. Some commenters on the Concept Release, for example, have stated that the voting structure of the CAT NMS Plan, which allocates one vote to each Participant, has made it difficult for the Participants to efficiently govern the CAT. As one such commenter stated:

> While the SROs nominally govern the CAT through the CAT Operating Committee, it does not appear that they have embraced this responsibility or that they can manage it through the NMS plan structure . . . evidenced by the SROs' inability to unanimously agree on major CAT decisions, including the latest CAT funding model, which is a critical piece to make the CAT function.[66]

Other commenters identified a separate problem with the CAT NMS Plan's voting structure. Because each Participant is entitled to one vote on the Operating Committee, these commenters stated that ''large exchange families that operate multiple exchanges (such as Intercontinental Exchange, [MIAX,] Nasdaq, and Cboe) can aggregate their votes,'' resulting in ''voting dynamics that may favor some Participants at the expense of the broader market.'' [67]

In addition, some commenters suggested that Commission oversight of Rule 613 and the CAT NMS Plan has

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[57] *See id.* at Section 4.1; *see also id.* at Section 4.2(a) (stating that one voting member may have the right to vote on behalf of multiple affiliated SROs and that an alternate voting member representing each SRO shall have a right to vote in the absence of that SRO's voting member).

[58] *Id.* at Section 4.13(a); *see also* 17 CFR 242.613(b)(7).

[59] ''CAT Reporter'' means ''each national securities exchange, national securities association and Industry Member that is required to record and report information to the Central Repository pursuant to SEC Rule 613(c).'' CAT NMS Plan, *supra* note 3, at Section 1.1.

[60] *See* Securities Exchange Act Release No. 105003 (Mar. 16, 2026), 91 FR 13410 (Mar. 19, 2026) (''2026 Funding Model Order'').

[61] *See id.*

[62] 15 U.S.C. 78s(b).

[63] 17 CFR 240.19b–4.

[64] *See, e.g.,* 2026 Funding Model Order, *supra* note 60, at 13412–13.

[65] *Id.* at 13412–14. *See, e.g.,* Concept Release, *supra* note 10; 2026 Funding Model Order, *supra* note 60, at 13412.

[66] *See* Letter from Kenneth E. Bentsen Jr., President & CEO, Securities Industry and Financial Markets Association (''SIFMA''), to Vanessa A. Countryman, Secretary, Commission (June 22, 2026), at 6, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-859601-2649095.pdf* (''SIFMA Letter''). *See also, e.g.,* Healthy Markets Letter, *supra* note 43, at 11 (''Exchanges are often fierce competitors, and often have very different perspectives and business models. Consensus in this setting may be illusive.''); Letter from Kevin Skarbek, Chairman, and James Toes, President and CEO, Security Traders Association, to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-862239-2659701.pdf* (''STA Letter''); Letter from Kelvin To, Founder and President, Data Boiler Technologies, LLC, to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 14, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-865207-2665219.pdf* (''Data Boiler Letter'') (''Modern exchanges are publicly traded corporations trying to maximize trade volumes. Giving a committee of for-profit competitors the joint duty to manage a public surveillance utility turns the CAT into a politicized battleground over funding models, rather than a neutral, agile data tool.'').

[67] *See* Letter from Matt Billings, President, Robinhood Financial LLC and Robinhood Securities, LLC, to Vanessa A. Countryman, Secretary, Commission (June 24, 2026), at 8, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-883899-2689254.pdf* (''Robinhood Letter''). *See also, e.g.,* SIFMA Letter, *supra* note 66, at 6 (''FINRA has only one vote on the CAT Operating Committee (out of 28 current SROs). This is the case even though FINRA pays the largest share of the SROs' portion of CAT costs, it conducts most if not all of the SROs' cross-market surveillance of these markets, and it conducts all regulatory functions of many of the exchanges, all of which are for-profit now and most of which have outsourced their regulatory functions to FINRA.''); Letter from Steffen N. Johsnon, Wilson Sonsini Goodrich & Rosati P.C., to Vanessa Countryman, Secretary, Commission (Oct. 17, 2025), at 16, *available at https://www.sec.gov/comments/4-698/4698-670027-2019234.pdf* (''FINRA has repeatedly questioned the voting structure that governs the CAT NMS Plan, which allows large voting blocks for affiliated exchanges to impose costs on other SROs. At present, four blocks of affiliated exchanges together represent 21 out of 27 votes, resulting in voting dynamics that are susceptible to outcomes that favor some Participants at the expense of the broader securities industry.'' (citations omitted)); Comment from James R. Cochrane, President and CEO, Navigator-FX Solutions LLC (June 12, 2026), at 4, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-818239-2493207.pdf* (''Equal ownership does not produce equal governance in practice: four affiliated exchange families, Cboe with 7 venues, Nasdaq with 6, NYSE with 5, and MIAX with 4, hold 22 of 27 votes and share common ownership, management, and economic interests across their affiliated venue subsidiaries. The entities responsible for generating the event volume that drives CAT's cost hold an effective supermajority over every budget, scope, and governance decision.''); Letter from Rohan Sharma, Aspen Institute Civic AI Leader, U.S. Delegate to ISO/IEC (SC42), OECD AI Expert-Risk & Accountability, to Secretary, Commission (May 7, 2026), at 3, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-770547-2360154.pdf* (''Sharma Letter'') (''An affiliated SRO group wielding a built-in supermajority block can effectively insulate itself from cost-containment measures and override Advisory Committee recommendations, shifting financial burdens downstream to Industry Members without adequate procedural checks.'').

further complicated governance of the CAT, insofar as Commission rule-making ''prescribed the CAT's core reporting architecture'' and subjected the CAT to ''Commission approval and oversight under Rule 608,'' including review and approval of any proposed amendments to the CAT NMS Plan.[68] According to commenters, the ''equal-voting requirement and the necessity of formal NMS Plan amendments have resulted in persistent protracted decision-making, delayed implementation, cost inefficiencies, and an inability to respond efficiently to demonstrated regulatory needs.''[69]

Some commenters stated that the governance and funding structure of the CAT has created misaligned incentives, directly contributing to ongoing concerns regarding CAT cost management.[70] Although the Participants own, operate, and use the CAT, these commenters stated that the Commission ''is the biggest beneficiary of the CAT and effectively controls it,'' even though the Commission ''is not responsible for any of the CAT's costs.''[71] These commenters further stated that ''the parties that pay the vast majority of CAT costs, Industry Members and investors, have no say in the direct governance of the CAT.''[72] These commenters expressed concern that a ''separation between cost responsibility and decision-making authority reduces incentives for cost discipline and increases the risk of continued cost growth.''[73]

When the Commission promulgated Rule 613, it stated that the ''creation, implementation, and maintenance of the consolidated audit trail through an NMS Plan [would] ensure that the SROs' expertise as the 'front line' regulators of securities markets is drawn upon to develop the details of the consolidated audit trail, and to make appropriate adjustments as warranted to respond to changes in the securities markets and technology going forward.''[74] Some commenters, including FINRA, raised concerns at that time regarding the difficulty and inefficiency of jointly implementing and governing the CAT through a national market system plan, particularly given the need for an audit trail to respond and adapt quickly to new ways of trading and handling orders.[75] However, the Commission determined at that time that (i) Rule 613 would give the SROs sufficient flexibility to accommodate a variety of technological and other market developments without formally amending the CAT NMS Plan; and that (ii) the requirements set forth in Rule 613 would result in a ''governance structure . . . that is designed to ensure efficient decision-making.''[76] The Commission subsequently approved the governance structure set forth in the CAT NMS Plan, finding that it was ''similar to the governance structure used today by other NMS plans, and . . . reasonably designed to allow the Participants to fulfill their regulatory obligations, and, at the same time, provide an opportunity for meaningful input from the industry and other stakeholders.''[77]

The Commission agrees with commenters that, since being put into effect over the last 10 years, the governance structure of the CAT NMS Plan has presented certain challenges to administering the CAT and warrants revisiting. In particular, it can be difficult for the Participants to achieve consensus on some matters; the voting structure of the CAT NMS Plan, where each Participant receives one vote, allows for voting blocs of affiliated exchange groups—a governance structure that can reduce or alter incentives for voting blocs to negotiate to find a compromise solution. Further, the available mechanisms for resolving disagreements regarding the implementation and/or operation of a national market system plan can prolong decision-making processes and impose burdens on the Commission, the SROs, and Industry Members. For example, the Commission does not have a vote on the Operating Committee, does not operate the CAT System, and does not establish, maintain, or enforce contracts with key vendors like the Plan Processor. While the Commission can exercise its statutory powers to oversee the Participants' implementation and operation of the CAT and to monitor for compliance with Rule 608,[78] Rule 613, and the CAT NMS Plan, this multi-layered structure has proven to be less conducive than expected for efficient governance of a complex and evolving technology project like the CAT.

[68] *See* SIFMA Letter, *supra* note 66, at 5–6. *See also, e.g.,* STA Letter, *supra* note 66, at 2; Nasdaq Letter I, *supra* note 32, at 5 (''One the one hand, under the current CAT NMS Plan framework, the SROs jointly own the CAT LLC, appoint the Operating Committee, and bear significant responsibility for governance and funding. At the same time, Commission Staff control the interpretation of SEC Rule 613 and the CAT Plan, and they are among the primary regulatory users—if not the largest user—of CAT Data, accessing the CAT for surveillance, investigations, examinations, and market analysis.''); Participant Letter, *supra* note 32 (stating that the ''Participants and the SEC have, at times, strongly disagreed on what is required under the Plan and how to implement the CAT in the most efficient and cost-effective manner,'' leading to delays and litigation).

[69] *See* STA Letter, *supra* note 66, at 2. *See also, e.g.,* SIFMA Letter, *supra* note 66, at 5–6; FINRA Letter, *supra* note 11, at 5 (''Experience has shown that audit trails benefit from clear direction and prompt operational decision-making, including with regard to technology changes and updates to technical specifications and interpretations to accommodate complex and evolving trading and routing strategies and other market developments. The CAT NMS Plan governance structure, with its disparate and inequitable voting structure, frequently has failed to produce these benefits.'' (citations omitted)); Healthy Markets Letter, *supra* note 43, at 11 (''As a result [of] the Commission's decision to implement the CAT through a NMS Plan structure, the project was doomed to be delayed, unnecessarily costly, substantively insufficient, and risky from the start.'').

[70] *See, e.g.,* SIFMA Letter, *supra* note 66, at 5–7; Robinhood Letter, *supra* note 67, at 6–7; Letter from John L. Thornton, Co-Chair, et al., Committee on Capital Markets Regulation, to Vanessa A. Countryman, Secretary, Commission (June 22, 2026), at 3, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-860379-2651538.pdf* (''Committee Letter''); Letter from Jennifer W. Han, Chief Legal Officer & Head of Global Regulatory Affairs, Managed Funds Association, to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 2–3, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-858239-2645433.pdf* (''MFA Letter'').

[71] *See* SIFMA Letter, *supra* note 66, at 6; *see also, e.g.,* Robinhood Letter, *supra* note 67, at 6 (''The Commission is the primary beneficiary and de facto controller of the CAT. It created the system, approves the fees that fund it, and uses it extensively for surveillance, enforcement, and rulemaking. The Commission should also bear the costs.'').

[72] SIFMA Letter, *supra* note 66, at 7. *See also, e.g.,* Robinhood Letter, *supra* note 67, at 2 (urging the Commission to reform governance to give Industry Members a ''Genuine Voice''); MFA Letter, *supra* note 70, at 3 (''[SROs] play a central role in determining how CAT costs are allocated while those costs are borne largely by broker-dealers and investors. At the same time, market participants that ultimately bear these costs have limited participation in CAT governance, and there are limited independent mechanisms to assess whether CAT costs are reasonable.''). Although such commenters suggested that the 2026 Funding Model permitted the SROs to pass 100% of CAT costs to Industry Members—*see, e.g.,* SIFMA Letter, *supra* note 66, at 7—the Commission has made no finding that it would be permissible for any Participant to recover its share of CAT costs from its members. In addition to various other legal and practical obstacles to doing so, any such attempt to recover costs indirectly through fee increases would be subject to the Section 19(b) fee filing process. *See* 2026 Funding Model Order, *supra* note 60, at 13413, 13441, 13467, 13475, 13479.

[73] MFA Letter, *supra* note 70, at 3. *See also, e.g.,* SIFMA Letter, *supra* note 66, at 7 (''In SIFMA's view, we are left with a scenario in which the incentives to run the CAT in an efficient and cost-effective manner are misaligned.''); Committee Letter, *supra* note 70, at 3 (''However, under the CAT's current funding model, the SROs that propose the CAT's budget do not bear most of its costs. Furthermore, the SEC does not bear any of its costs. This misalignment weakens incentives to control costs and ultimately increases costs for investors, who bear these costs through higher transaction and compliance expenses.'')

[74] *See* Rule 613 Adopting Release, *supra* note 1, at 45741.

[75] *Id.*

[76] *Id.* at 45742.

[77] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84729.

[78] 17 CFR 242.608 (''Filing and amendment of national market system plans.'').

Similarly, questions about funding the CAT remain a subject of active dispute between the Commission, the Participants, Industry Members and other market participants. The proposed transition to using appropriated funds to pay for the Commission's costs related to use, operation, and maintenance of the CAT system would provide a defined, long-term funding solution, promote cost management discipline, and help to prevent the kind of disputes that have long been associated with CAT funding matters.

C. Proposal To Restructure the Governance and Funding of the CAT

The Commission proposes to implement several changes to the current governance and funding structure of the CAT, including the two rulemaking changes proposed herein: (1) the rescission of Rule 613; and (2) the implementation of new Rule 17a–26, which would substantially maintain current CAT data reporting requirements, except that data would be reported to the Commission or its designee (the ''Proposal'').

To fully enable a transition to the new governance and funding structure, the Commission further anticipates additional steps would be needed outside the context of the rulemaking proposed herein, including: (3) the rescission of the CAT NMS Plan and related SRO compliance rules; (4) the sale and transfer of CAT LLC and/or FINRA CAT assets and the establishment of a contract between the Commission and its designee (the ''Designee'') for the maintenance and operation of the CAT System; (5) the use of Congressionally appropriated funds to support the operation of CAT; [79] and (6) the establishment of advisory committees and/or working groups, as appropriate, to obtain feedback from market participants regarding the ongoing operation of the CAT System (collectively, with the Proposal, the ''Implementation Steps'').

The Commission is proposing these changes because it believes that, as compared to the CAT's current governance and funding structure, there are a number of policy benefits to providing the Commission with direct control of the CAT and using appropriated funds to support its maintenance and operation. Rescinding Rule 613 would enable the Participants to eliminate the diffuse ownership structure required by the CAT NMS Plan and thereby address the inefficiencies in the current governance structure. The Proposal would further give the Commission direct control over CAT reporting requirements through proposed Rule 17a–26. In addition, the Implementation Steps would give the Commission direct control over CAT performance requirements. Decision-making authority would be significantly more concentrated than it is today, which would address inefficiencies relating to administration of a complex market-wide evolving technology system like the CAT through a decentralized governance structure. Moreover, the proposed use of appropriated funds to support the operation of CAT would establish a permanent and defined funding solution for the CAT, further incentivize cost management discipline, and help to avoid the recurrence of certain long-standing disputes amongst the Participants and Industry Members in the future.

To ensure that there are no disruptions or gaps with respect to ongoing CAT reporting by Participants and Industry Members or to ongoing usage of CAT Data by regulators, the Commission further anticipates that the above-described changes would be implemented in a manner that aligns the effective dates for the rescission of Rule 613 and the rescission of the CAT NMS Plan and any related SRO compliance rules with the effective dates for Rule 17a–26, the completed transfer of CAT LLC and/or FINRA CAT assets, and any contract between the Commission and the Designee for the operation of the CAT.

In developing this Proposal, the Commission carefully considered the comments received on the Concept Release. Each aspect of the Implementation Steps is discussed further below, including issues that would need to be resolved before the Implementation Steps could be taken. The Commission solicits comment on each aspect of the Implementation Steps through a number of general and specific questions, and the Commission also welcomes comments on any other aspects of the Implementation Steps, particularly on any costs, burdens, or benefits that may result from the Implementation Steps.

1. Rescind Rule 613

Rule 613 instructs each national securities exchange and national securities association to jointly submit to the Commission ''a national market system plan to govern the creation, implementation, and maintenance of a consolidated audit trail and central repository'' in accordance with the procedures set forth in Rule 608.[80] To facilitate a transition to a more centralized governance and funding model, the Commission proposes to rescind Rule 613 in its entirety.[81]

2. Implement a New Reporting Rule

The Commission has determined that the core regulatory functionality provided by the CAT must be preserved. The Commission therefore also proposes a new reporting rule, Rule 17a–26, to replace Rule 613. This rule, as proposed herein, would substantially maintain current CAT data reporting requirements set forth in Rule 613, the CAT NMS Plan, and related SRO compliance rules, including as modified by exemptive relief previously issued by the Commission,[82] except that proposed Rule 17a–26 would require data to be reported to the Commission or the Designee instead of to the Central Repository maintained by CAT LLC pursuant to the CAT NMS Plan. This approach is designed to minimize disruptions to ongoing CAT reporting and/or regulatory use while the governance and funding model of the CAT is restructured.

This general approach is supported by comments received on the Concept Release, which explicitly urge the Commission to promulgate its own reporting rule that leverages existing requirements from Rule 613 and/or the CAT NMS Plan.[83] One SRO commenter,

[79] 15 U.S.C. 78ee; *see also* 17 CFR 240.31.

[80] *See* 17 CFR 242.613(a)(1)–(2); 17 CFR 242.608.

[81] *See* Part III *infra* for further discussion of the Commission's proposal to rescind Rule 613 and request for comment.

[82] The proposed rule would codify all active exemptive relief related to reporting requirements that was previously provided by the Commission with certain changes being made to permanently codify certain time-limited relief as discussed further in Part IV.

[83] *See, e.g.,* FINRA Letter, *supra* note 11, at 6–8 (''FINRA recommends that the SEC adopt its own audit trail reporting rule with direct requirements on SRO and industry member reporters (in lieu of the current Regulation NMS Rule 613, which could be eliminated as soon as practicable following a transition period away from the NMS Plan framework).''); SIFMA Letter, *supra* note 66, at 7–11 (urging the Commission to ''eliminate the NMS plan structure governing the CAT (*i.e.,* the CAT NMS Plan) and amend Rule 613 to make the CAT a fully Commission-controlled system''); Letter from Stephen John Berger, Managing Director, Global Head of Government & Regulatory Policy, Citadel Securities, to Vanessa A. Countryman, Secretary, Commission (June 22, 2026), at 4, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-860099-2650652.pdf* (''Citadel Letter'') (urging the Commission to ''amend[ ] Rule 613 to eliminate the requirement that the CAT be operated as an SRO-governed NMS plan, and instead set[ ] forth all of the associated regulatory requirements in Commission rules,'' such that the CAT NMS Plan could be retired and the Commission assume control of the system); Letter from Joanna Mallers, Secretary, PTG, to Vanessa A. Countryman, Secretary, Commission (June 22, 2026), at 2, *available at https://www.sec.gov/comments/S7-*

for example, stated that having the Commission take direct responsibility for the CAT would ''improve and streamline CAT operations, rather than subjecting decisions to complex SRO group negotiations and a 28-member CAT NMS Plan voting structure,'' as well as ''reduce the need for costly consultants and advisors.'' [84] Other commenters stated that Commission control of the CAT's governance would better align regulatory need, cost responsibility, and decision-making authority.[85]

The Commission recognizes that some commenters on the Concept Release suggested additional changes to CAT reporting requirements that have not been included in proposed Rule 17a–26.[86] The Commission continues to consider whether other changes to CAT reporting requirements would be appropriate, but has preliminarily determined to focus its efforts on assuming responsibility for the CAT's governance and funding as a first step. This focus would be broadly consistent with the priorities expressed by many commenters on the Concept Release,[87] and the Commission has determined that maintaining the stability of the CAT amid the transition proposed herein would already be sufficiently complex without layering on additional changes to reporting requirements that might disrupt CAT reporting and/or regulatory use.[88]

The Participants, for instance, expressed concerns about limiting the disruptive impact of any new rulemaking, collectively urging the Commission to ''ensure that all regulators will continue to have full, fair and equal access to and use of the CAT as they do today, on the same terms and conditions as other regulators, without favoring any regulator over another.'' [89] Although another commenter suggested that the Commission use licensing agreements to ''limit[ ] the CAT access of an exchange that has outsourced its regulatory functions to FINRA to only the activity that occurs on its exchange,'' [90] the Commission agrees that the SROs should be permitted to maintain access to the cross-market data provided by the CAT. As one SRO commenter stated, ''improper trading activity . . . can be difficult to identify without a comprehensive view of trading activity,'' even if an SRO is only responsible for enforcing its own rules with respect to the activity occurring on its own market.[91]

The Commission's goal with this Proposal therefore is to address concerns regarding CAT governance and funding without disrupting regulatory use of CAT data. Additionally, proposed Rule 17a–26 would substantially maintain current CAT data reporting requirements, as modified by any exemptive relief issued by the Commission, such that the data reported should not substantially change under the Proposal.

3. Rescission of the CAT NMS Plan and Related SRO Compliance Rules

With the rescission of Rule 613, the SROs would no longer be required to sponsor a national market system plan to maintain the CAT. Accordingly, the Commission anticipates that the Participants would seek the Commission's approval to rescind the CAT NMS Plan pursuant to Rule 608.[92] Each Participant would also likely seek to rescind its CAT compliance rules pursuant to Section 19(b) of the Exchange Act and the Rule 19b–4 process.[93]

Request for Comment

The Commission solicits comment on the potential rescission of the CAT NMS Plan and any related SRO compliance rules. Specifically, the Commission solicits comment on the following:

1. Should the Commission order the rescission of the CAT NMS Plan and/or any related SRO compliance rules on a timeline that aligns with the effective dates of the proposed rescission of Rule 613 and the proposed implementation of proposed Rule 17a–26? What are the advantages and disadvantages of taking this action?

4. Sale and Transfer of CAT Assets and Operation of the Central Repository

Consistent with the CAT NMS Plan, proposed Rule 17a–26 would require reporting to a central repository.[94] As explained above, the Commission does not want to disrupt CAT reporting and regulatory use. The CAT is already operational, after a substantial investment of time and resources by the Commission, the Participants, and Industry Members. Creating a new audit trail at this time would be costly, time-consuming, and inefficient. Therefore, the Commission's goal is to maintain the reporting infrastructure already in place. Similarly, while the proposed rule does not include performance requirements for the system that would receive and/or store data reported pursuant to the proposed rule, the Commission

2026-12/s7202612-858001-2644690.pdf (''PTG Letter'') (''Beyond Commission funding of the CAT, the Commission should seek to transition the CAT structure and governance from the CAT NMS Plan Structure to a CAT Commission rule.'').

[84] *See* FINRA Letter, *supra* note 11, at 6. *See also, e.g.,* MEMX Letter, *supra* note 32, at 3–4 (expressing ''support for the Commission taking over direct responsibility for the CAT . . . rather than exerting control indirectly through its oversight of the SROs on the Plan's operating committee'').

[85] *See, e.g.,* STA Letter, *supra* note 66, at 3 (''Direct Commission ownership and operation of the CAT, funded through Section 31 fees, would better align the system with the statutory objectives of the Exchange Act and Rule 613. First, such a structure would eliminate the conflicts of interest and governance inefficiencies inherent in joint SRO ownership and control. Decision-making authority would reside with the entity ultimately responsible for market oversight, thereby facilitating more timely and coherent determinations regarding scope, functionality, data retention, and technological enhancements.''); PTG Letter, *supra* note 83, at 2 (''Conflicts of interest and misaligned incentives are a hallmark of the CAT NMS Plan Structure, especially as it relates to the cost and funding of the CAT. The CAT, as a Commission system, should be based on a Commission rule.''); SIFMA Letter, *supra* note 66, at 10 (''[B]ecause the Commission effectively controls the CAT and is the biggest beneficiary of it, placing the CAT under the SEC's remit would better align its accountability, budgeting, and control.'').

[86] *See, e.g.,* Letter from Howard Meyerson, Managing Director, Financial Information Forum, to Commission (June 22, 2026), *available at https://www.sec.gov/comments/S7-2026-12/s7202612-859459-2648706.pdf* (''FIF Letter'').

[87] *See, e.g.,* Part II.B.2 *supra.*

[88] Commenters on the Concept Release agreed that a measured transition that does not disrupt CAT reporting or regulatory use would be appropriate. *See, e.g.,* STA Letter, *supra* note 66, at 4 (''STA acknowledges that transitioning the CAT from its current structure to direct Commission ownership and operation funded by Section 31 fees would require careful planning. A phased transition, accompanied by appropriate exemptive relief and coordination with the SROs to ensure continued access to necessary data for the discharge of their regulatory responsibilities, would be both feasible and advisable.''); FINRA Letter, *supra* note 11, at 7 (suggesting that a new reporting rule leverage existing provisions from Rule 613 and mirror current reporting requirements to ''avoid unnecessary cost and potential confusion that could result from introducing entirely new requirements regarding core reporting obligations'').

[89] *See* Participant Letter, *supra* note 32, at 4. *See also, e.g.,* NYSE Letter II, *supra* note 33, at 1; FINRA Letter, *supra* note 11, at 8–9; Nasdaq Letter I, *supra* note 32, at 6; Cboe Letter, *supra* note 32, at 2.

[90] *See* SIFMA Letter, *supra* note 66, at 10. *See also* Healthy Markets Letter, *supra* note 43, at 21 (suggesting that the Commission ''limit access to the CAT to just regulators that the Commission may deem necessary and appropriate'').

[91] *See* NYSE Letter II, *supra* note 33, at 1, 3; *see also* Letter from Jeffrey S. Davis, Senior Vice President, General Counsel, Nasdaq, to Vanessa A. Countryman, Secretary, Commission (Aug. 13, 2026), at 2–3, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-1002279-3169408.pdf* (''Nasdaq Letter II'').

[92] *See* 17 CFR 242.608.

[93] 15 U.S.C. 78s; 17 CFR 240.19b–4. Today, the Commission separately granted exemptive relief to the Participants to enable them to recover certain historical development and implementation costs from Industry Members. Because the CAT NMS Plan and related SRO compliance rules govern this collection, neither the CAT NMS Plan nor the related SRO compliance rules can be rescinded until such collection is complete.

[94] See proposed Rule 17a–26(a)(13) (defining ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the Commission or designee.)

anticipates that the central repository would function in a manner that is substantially similar to the CAT. The Commission therefore anticipates that the sale and transfer of CAT assets would be accomplished, and that operation of the CAT System would be transitioned, on the same timeline as the rescission of Rule 613, the CAT NMS Plan, and any related SRO compliance rules and the implementation of proposed Rule 17a–26. This approach would also help to minimize any potential disruption to CAT reporting and/or regulatory use.

In its comment on the Concept Release, CAT LLC stated that it would ''not oppose exploring the potential transition of the CAT to the SEC if structured under appropriate conditions,'' but urges the Commission to consider ''several critical issues that would need to be resolved before such a transition could take place.'' [95] These issues include, among others:

- The sale and/or transfer of the existing property and contractual rights of CAT LLC and FINRA CAT, including the sale and/or transfer of any CAT assets needed to substantially maintain the CAT System;
- The termination and/or re-establishment of the existing Plan Processor Agreement and other contractual agreements related to the CAT, including any subcontracting agreements [96] and any existing CAT Reporter Agreements; [97] and
- The resolution of any outstanding issues or potential claims, including any pending litigation or outstanding loans made by the Participants to CAT LLC that remain unpaid.[98]

The Commission has considered these issues in developing its Proposal and recognizes that restructuring the CAT's governance and funding model would be a multifaceted and complex process.

The Commission anticipates that the Participants would likely seek to dissolve CAT LLC. If so, dissolution may be achieved pursuant to Section 10.2 of the CAT NMS Plan, which directs the Operating Committee to:

> (a) sell[ ] its assets in an orderly manner (so as to avoid the loss normally associated with forced sales); and (b) apply[ ] and distribut[e] the proceeds of such sale, together with other funds held by the Company: (i) first, to the payment of all debts and liabilities of the Company; (ii) second, to the establishments of any reserves reasonably necessary to provide for any contingent recourse liabilities and obligations; and (iii) third, to such persons or institutions as is consistent with the purposes of the Company and consistent with Section 501(c)(6) of the Code.[99]

Dissolution of CAT LLC is subject to the Commission's approval.[100]

The Commission preliminarily intends to substantially maintain the current performance requirements set forth in the CAT NMS Plan to ease the transition to a new governance and funding structure, including, among other things, requirements related to: the validation, processing, linkage, and storage of CAT Data; the collection and retention of SIP Data; the development and maintenance of technical specifications for Participants and Industry Members; the comprehensive information security program for the CAT; [101] access and use controls for the CAT System and regulatory users; the query tools available to regulatory users; reports and written assessments provided by the Plan Processor; and the maintenance of a help desk, as well as a public website with CAT reporting information.

Therefore, to the extent that the Participants expressed concerns about whether the Proposal would constrain the methods by which regulatory users access CAT Data—for example, by requiring the Commission or the Designee to approve individualized queries or downloads of CAT Data [102]—the Commission does not intend the Proposal to have this effect.[103] Should the Commission ultimately contract with FINRA CAT or FINRA as the Designee to operate the CAT, as one commenter has suggested,[104] the Commission would consider whether and to what extent such an approach would affect the access or use of any other SRO by providing FINRA with preferential treatment relative to other SROs or by undermining the independence of any SRO.[105]

Request for Comment

The Commission solicits comment on the functionality that should be implemented for a central repository that would receive and/or store data reported pursuant to the proposed rule, the potential transition of CAT assets to new ownership, and any necessary contractual arrangements to effect the Proposal. Specifically, the Commission solicits comment on the following:

2. What functionality should be required for the central repository that would receive and/or store data reported pursuant to the rule? Should the Commission require that the system function in a manner that is substantially similar to the current functionality of the CAT? If not, please explain how the functionality of the system should be altered, why such alterations would be appropriate, whether such alterations should be made now or after the CAT's governance and funding model has been restructured, and what effect such

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[95] *See* Participant Letter, *supra* note 32, at 4.

[96] In addition to the Plan Processor Agreement between CAT LLC and FINRA CAT, the Commission understands that various subcontracting agreements exist to govern, for example, cloud hosting and the collection and retention of SIP Data.

[97] Each CAT Reporter must execute a CAT Reporter Agreement that governs the terms on which the CAT System is made available. *See* Consolidated Audit Trail Reporter Agreement, *available at https://www.catnmsplan.com/sites/default/files/2025-11/Consolidated-Audit-Trail-Reporter-Agreement-March-2023-Amendment_Robert_Walley_DocuSigned.pdf.*

[98] *See, e.g.,* Participant Letter, *supra* note 32, at 4–5.

[99] *See* CAT NMS Plan, *supra* note 17, at Section 10.2.

[100] *Id.* at Section 10.1. To the extent that debts and liabilities must be paid in order for CAT LLC to be dissolved, one significant category of CAT LLC's debts and liabilities are the voluntary, interest-free loans provided by the Participants to CAT LLC to support the development and implementation of the CAT. The Participants have already recovered a significant portion of this funding from Industry Members pursuant to funding models approved by the Commission. *See, e.g.,* 2026 Funding Model Order, *supra* note 60. Today, the Commission separately granted exemptive relief to the Participants to enable them to recover a portion of the costs incurred between January 1, 2022 through July 15, 2024. The exemptive relief granted by the Commission enables CAT LLC to establish a recovery period of one year for this collection.

[101] As the Commission has stated in the past, the CAT NMS Plan sets forth robust requirements designed to protect the data reported to and retained in the Central Repository, including requirements that the CAT comply with various security standards promulgated by the U.S. Department of Commerce's National Institute of Standards and Technology. *See, e.g.,* Concept Release, *supra* note 10, at 20964–66.

[102] *See, e.g.,* note 89 and associated text *supra. See also, e.g.,* Nasdaq Letter I, *supra* note 32, at 6 (stating that SROs should be given ''direct, timely access on terms comparable to those available under the current framework, without requiring SROs to submit individualized requests or otherwise creating bottlenecks that could impair the timeliness or completeness of SRO regulatory activities''); Nasdaq Letter II, *supra* note 91, at 3 (urging the Commission to ''reject certain commenters' suggestion that FINRA approve exchanges' access to, or downloading of, CAT transactional data''); Cboe Letter, *supra* note 32, at 2 (''Equal access, in terms of parity among regulators, requires that access be provided to all SROs and the Commission on the same reasonable terms and conditions, without favoring any SRO or the Commission over others or providing preferential treatment, differentiated functionality, access, tools or other structures relative to others.'').

[103] To the extent that the Participants are concerned about the impact of any potential access or user fees, *see* Part II.C.5 *infra* for further discussion.

[104] *See* SIFMA Letter, *supra* note 66, at 10.

[105] *See, e.g.,* Cboe Letter, *supra* note 32, at 6 (suggesting that it would not be appropriate for ''a single SRO to own CAT and contract with other SROs to provide access to CAT,'' because this ''could lead to SRO regulation being overly reliant on the single SRO that owns CAT and allow that owner to effectively veto the collective wisdom of the other SROs on CAT operational issues'').

alterations would have on reporting and regulatory use.

3. Consistent with other reporting rules promulgated by the Commission, proposed Rule 17a–26 would not include performance requirements for the central repository. Should any performance requirements be included in proposed Rule 17a–26? If so, please identify the performance requirements that should be included and explain why it would be appropriate to include those performance requirements. For example, should proposed Rule 17a–26 codify any of the performance requirements set forth in the CAT NMS Plan?

4. The Commission anticipates that the sale and transfer of CAT assets would be accomplished, and that operation of the CAT System would be transitioned, on the same timeline as the rescission of Rule 613, the CAT NMS Plan, and any related SRO compliance rules and the implementation of proposed Rule 17a–26. Should these changes instead be implemented in phases? If so, please explain in what order the above-described changes should be implemented, on what timeline, and why such timeline is appropriate.

5. Use of Appropriated Funds To Support the CAT

Consistent with other reporting rules promulgated by the Commission,[106] proposed Rule 17a–26 does not address how the system to which data reported under the proposed rule would be funded. Instead, the Commission intends to use funds appropriated by Congress to pay the Commission's costs relating to use, operation, and maintenance of the CAT system. The Commission's budget is set annually through the Congressional appropriations process. Section 31(a) of the Exchange Act requires the Commission to collect transaction fees and assessments from each national securities exchange and national securities association that are designed to recover the costs to the government of the annual appropriation to the Commission by Congress (''Section 31 fees'').[107] Section 31 fees are deposited and credited as offsetting collections to the account providing appropriations to the Commission.[108] Section 31 fees are imposed on SROs,[109] and Section 31 does not address the manner or extent to which covered SROs may seek to recover the costs of their Section 31 obligations from their members or to which members of the SROs may seek to pass on these costs to their customers. ''In practice,'' the Commission has previously observed, ''the covered SROs obtain the funds for these fees and assessments by assessing charges on their members, and the members in turn pass these charges to their customers.'' [110]

Based on the feedback provided by commenters, there is support amongst both Participants and Industry Members for the Commission to use funds appropriated by Congress to support the CAT.[111] SIFMA, for example, stated:

> Without a funding obligation for the CAT, the SEC has no meaningful incentive to consider the costs associated with the scope of the information the SEC requires to be reported to the CAT, as well as the cost associated with using the system for rulemaking purposes. Under this approach, CAT costs would be subject to the checks and balances of the Congressional appropriations process for the Commission. While the industry would still ultimately pay for the CAT through the Section 31 process (where the industry reimburses the SEC for its budget), inclusion in the SEC's budget will serve to better align incentives to control costs and address longstanding concerns about ineffective governance.[112]

SIFMA also stated that this approach was similar to the way that the Commission funds other regulatory systems.[113] Other commenters expressed similar views.[114]

Both Participants and Industry Members stated that Section 31 provided a ''well-established'' fee mechanism that is ''currently operational, transparent, and adjustable.'' [115] One Participant further stated that a ''Section 31 model would be both superior and less controversial than existing models,'' because ''market participants also support a Section 31 fee model . . . .'' [116] Commenters thus believed that ''adoption of this model would . . . end years of dispute on how CAT is funded, putting an end to the barrage of [funding] proposals, re-proposals, and litigation that have diverted important resources away from other more important business initiatives.'' [117] The Commission agrees that use of appropriated funds to support the CAT could help to avoid the recurrence of certain long-standing disputes.[118]

Although the Participants are generally open to a solution that uses appropriated funds to support the operation of the CAT, some expressed concerns ''regarding the persistence of sufficient long-term funding on a predictable basis.'' [119] These commenters urged the Commission to consider ''how it would ensure appropriate market oversight if CAT

[106] *See, e.g.,* 17 CFR 240.17a–25.

[107] *See* 15 U.S.C. 78ee(a), (i)(1)(A).

[108] 17 CFR 240.31.

[109] *Id.*

[110] *See* Securities Exchange Act Release No. 49928 (June 28, 2004), 69 FR 41060, 41072 (July 7, 2004) (further stating that ''Section 31 places no obligation on members of covered SROs or their customers'').

[111] *See, e.g.,* SIFMA Letter, *supra* note 66, at 7–9; FINRA Letter, *supra* note 11, at 9–10; Citadel Letter, *supra* note 83, at 4; PTG Letter, *supra* note 83, at 2; MEMX Letter, *supra* note 32, at 4–5; STA Letter, *supra* note 66, at 3; Healthy Markets Letter, *supra* note 43, at 19; Committee Letter, *supra* note 70, at 4; Robinhood Letter, *supra* note 67, at 6; MFA Letter, *supra* note 70, at 5; Nasdaq Letter I, *supra* note 32, at 7; Letter from Tom Walrond, Jr., President, Raymond James & Associates, Inc., to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-858679-2646728.pdf* (''Raymond James Letter'').

[112] SIFMA Letter, *supra* note 66, at 7–8.

[113] *See, e.g.,* SIFMA Letter, *supra* note 66, at 8 (stating that the Commission ''has many regulatory systems that it pays for through its annual Congressional appropriations process, none of which are specifically named in Section 31,'' including MIDAS and EDGAR).

[114] *See, e.g.,* FINRA Letter, *supra* note 11, at 10; STA Letter, *supra* note 66, at 3; MFA Letter, *supra* note 70, at 5; Citadel Letter, *supra* note 83, at 3–4; PTG Letter, *supra* note 83, at 2; MEMX Letter, *supra* note 32, at 4–5; Raymond James Letter, *supra* note 111, at 2; Committee Letter, *supra* note 70, at 4; Nasdaq Letter I, *supra* note 32, at 7. Some of these commenters suggested that the Commission change the funding structure of the CAT in this manner, either by amending the CAT NMS Plan or by granting exemptive relief from the provisions of the CAT NMS Plan, before assuming control of the CAT. *See, e.g.,* PTG Letter, *supra* note 83, at 2; Citadel Letter, *supra* note 83, at 4; SIFMA Letter, *supra* note 66, at 8. The Commission considered this approach, but preliminarily determined that it would not be appropriate for the Commission to assume funding responsibility for the CAT without simultaneously implementing a new governance structure that gives the Commission direct control over the system.

[115] FINRA Letter, *supra* note 11, at 9–10. *See also, e.g.,* MEMX Letter, *supra* note 32, at 5; Committee Letter, *supra* note 70, at 4; Raymond James Letter, *supra* note 111, at 2; Nasdaq Letter I, *supra* note 32, at 7.

[116] MEMX Letter, *supra* note 32, at 5.

[117] MEMX Letter, *supra* note 32, at 5–6; *see also, e.g.,* Committee Letter, *supra* note 70, at 4 (''The process for determining and collecting Section 31 fees is prescribed by statute and operates as part of the normal congressional appropriations process. As a result, it rests on a clear legal foundation and has not been subject to the types of legal challenges that have arisen with respect to the CAT's current funding model, which is not established by statute and instead relies on SRO discretion. Moving CAT costs to the SEC's budget would therefore resolve the ongoing dispute about the legal validity of the CAT's funding structure and reduce the risk of future challenges. This would increase predictability and consistency for the SEC and market participants.''); STA Letter, *supra* note 66, at 3 (stating that ''Section 31 funding would avoid the administrative burdens, litigation risks, and perceived inequities associated with repeated fee filings and allocations under the CAT NMS Plan'').

[118] For example, the Proposal would resolve the dispute as to whether the 2026 Funding Model violates the Article I power of Congress to ''lay and collect taxes'' because it would require that the CAT be funded through appropriations authorized by Congress.

[119] *See* NYSE Letter I, *supra* note 32, at 6.

costs were to exceed appropriated amounts'' and to ''take into account contingencies for government shutdowns or other temporary lapses in funding, which have unfortunately become commonplace.'' [120]

Despite the need to fund the system to which CAT Data will be reported, Participants also strongly oppose ''any framework involving added license or usage fees of any kind,'' stating that ''such fees would discourage effective market oversight activity and could result in the Participants bearing greater CAT costs than they do today.'' [121] The Participants also state that ''allowing the Commission to impose such fees would undermine the very premise of congressional oversight of CAT costs, as the Commission could simply impose fees as an end-run around any shortfall in congressional appropriations.'' [122]

While one SRO commenter agreed with its peers that ''[i]mposing access, usage, or other fees on SRO access to CAT Data could disincentivize robust regulatory efforts by other SROs or incentivize SROs to seek transactional data at no marginal cost by sending more data requests to their respective broker-dealer members,'' it asserts that ''a Section 31 model can provide a reliable source of funding for a Commission-operated CAT.'' [123] This commenter stated that Section 31(k) of the Exchange Act ''expressly provides that the Commission shall continue to collect Section 31 fees in the event of an appropriations lapse.'' [124] This commenter also suggested that a ''hard cap limiting potential CAT budget overruns'' would be a ''compelling reason for the Commission to ensure that the CAT stays within budget.'' [125]

The Commission has preliminarily determined to seek to use appropriated funds to support the operation of the system to which data would be reported under proposed Rule 17a–26, which the Commission intends to function in substantially the same manner as today. Because the Commission would be constrained by the amount of appropriated funds received from Congress, the Commission would be incentivized to ensure that this new system stays within its budget.[126] Nevertheless, the SROs have stated that they need to be able to access and use the CAT to perform their regulatory duties [127] and may need to fund their access to and/or use of the system and/or functionality that the SROs require. Having the SROs pay fees for costs relating to their own access to and/or use of the central repository that would receive and/or store data reported pursuant to proposed Rule 17a–26 would not ''undermine the very premise of congressional oversight of CAT costs,'' as the Participants suggest.[128] As discussed above, the Commission's annual budget is set through the Congressional appropriations process, and the Exchange Act requires that the Commission assess and collect fees from national securities exchanges and national securities associations to offset the appropriation.[129] Those appropriated funds would be used by the Commission to pay for its costs relating to use, operation, and maintenance of the CAT. Any costs specifically associated with the SROs' access to and/or use of the central repository, however, would be costs incurred by the SROs as part of their regulatory oversight responsibilities, which the SROs have always been responsible for funding themselves (including through fees on their members).

With respect to a lapse in appropriations, the Commission has been able, in the past, to ensure the continued operation of other systems like the Electronic Data Gathering, Analysis, and Retrieval system (''EDGAR''), the Investment Adviser Registration Depository (''IARD''), and the Electronic Form Filing System (''EFFS'').[130] Moreover, in the event of an appropriations lapse, Section 31 fees would continue to be collected.[131]

The Commission also does not anticipate that any fees or other CAT related costs that the SROs may have to pay, beyond Section 31 fees, would necessarily chill or disincentivize regulatory use of the central repository to which data would be reported under proposed Rule 17a–26, as the Participants suggest.[132] As discussed above, the SROs would still have the same obligations to comply, and enforce the compliance by their members and associated persons, with the Exchange Act, the Commission's rules and regulations thereunder, and the SRO's own rules,[133] for which purpose they have stated they require continued access to the CAT.[134] Moreover, SROs have traditionally recovered their regulatory costs through the collection of fees from their members, and such fees are specifically contemplated by the Exchange Act.[135]

Request for Comment

The Commission solicits comment on the proposed implementation of an appropriations-based funding model for the CAT, as discussed above, and how the SROs would pay the costs of their use of and/or access to the system. Specifically, the Commission solicits comment on the following:

5. What functionality would the SROs require from the Central Repository to perform their regulatory duties? What costs would SRO access and use impose

[120] *Id. See also, e.g.,* Cboe Letter, *supra* note 32, at 2 (''[A] fundamental element must be to develop and implement a permanent and sustainable funding model that will ensure that CAT's operations are not imperiled by a funding shortfall if, for example, CAT costs increase beyond an appropriated amount or its budget.''); Participant Letter, *supra* note 32, at 4–5 (''The Commission should consider how it would ensure that congressional appropriations are sufficient to fund the costs of the CAT, including how effective market oversight would be maintained if CAT costs exceed appropriated funding.'' (citation omitted)).

[121] *See* Participant Letter, *supra* note 32, at 5. *See also, e.g.,* NYSE Letter I, *supra* note 32, at 6 (stating that regulatory use of the CAT could be chilled if the Participants are required to pay usage fees or to make loans); Cboe Letter, *supra* note 32, at 2 (stating that access to the CAT should be ''provided on a cost-free basis to ensure there are no impediments to effective regulatory oversight'').

[122] *See* Participant Letter, *supra* note 32, at 5. *See also, e.g.,* NYSE Letter I, *supra* note 32, at 6 (''The NYSE Exchanges also note that requiring the SROs to offset any shortfall(s) from Section 31 collections via usage fees or additional loans to the CAT would be inequitable—especially if the SROs have no future role in the CAT's operation or governance. Moreover, if funding shortfalls are covered by usage fees or loans, those fees or loans may increasingly take up a larger percentage of overall CAT costs by future Commissions or Congresses.'').

[123] *See* Nasdaq Letter II, *supra* note 91, at 4.

[124] *Id.; see also* 15 U.S.C. 78ee(k) (''If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect (as offsetting collections) the fees and assessments under subsections (b), (c), and (d) at the rate in effect during the preceding fiscal year, until 60 days after the date such a regular appropriation is enacted.'').

[125] *See* Nasdaq Letter II, *supra* note 91, at 5.

[126] *See id.*

[127] *See* Part II.B.1 *supra.*

[128] *See, e.g.,* note 122 and associated text *supra.*

[129] *See* 15 U.S.C. 78ee.

[130] *See* Operations Plan Under A Lapse In Appropriations and Government Shutdown, Commission (Jan. 27, 2026), *available at https://www.sec.gov/files/sec-plan-operations-during-lapse-appropriations.pdf; see also* Nasdaq Letter II, *supra* note 91, at 4–5 (suggesting similar measures).

[131] *See* note 124 and associated text *supra.*

[132] *See, e.g.,* note 121 and associated text *supra.*

[133] *See* note 8 and associated text *supra.*

[134] *See, e.g.,* Part II.B.1 *supra.*

[135] Sections 6(b)(1) and 15A(b)(2) of the Exchange Act require that an exchange or association have the capacity to be able to carry out the purposes of the Exchange Act, the rules and regulations thereunder, and the rules of the exchange or association. 15 U.S.C. 78f(b)(1); 15 U.S.C. 78o–3(b)(2). *See e.g.,* Schedule A to the By-Laws of FINRA, Section 1(a) (stating ''FINRA shall, in accordance with this section, collect member regulatory fees that are designed to recover the costs to FINRA of the supervision and regulation of members, including performing examinations, financial monitoring, and policy, rulemaking, interpretive, and enforcement activities''). SROs have an obligation to be so organized and have the capacity to be able to carry out the purposes of the Exchange Act, and to enforce compliance by their members with the Exchange Act and their rules. 15 U.S.C. 78f(b)(1); 15 U.S.C. 78o–3(b)(2).

on the central repository to which data would be reported pursuant to proposed Rule 17a–26? How should the SROs fund these costs? Through fees assessed by the Commission (which could require additional authority from Congress), through fees assessed by the Designee, or through some other mechanism?

6. Establish Advisory Committees and/or Working Groups

The Proposal is designed to address the inefficiencies in the current CAT governance structure by eliminating the diffuse ownership structure required by Rule 613 and/or the CAT NMS Plan and giving the Commission direct control over the CAT. But there are benefits provided by the current CAT NMS Plan structure—namely, that experts from each SRO and each member of the Advisory Committee can be freely consulted to provide their opinions on a range of topics, including, among other things, trading practices, regulatory needs, compliance challenges, technology, and/or information security. The Commission wishes to preserve its ability to tap into this expertise as needed. To that end, the Commission is exploring how best to establish formal mechanisms for soliciting and receiving similar feedback and/or input, including dedicated advisory committees and/or working groups established pursuant to the Federal Advisory Committee Act of 1972 (''FACA''),[136] or the existing channels the Commission maintains to communicate with interested stakeholders and the public, such as comment letters and meetings with relevant staff.

This proposed approach is consistent with suggestions made by commenters on the Concept Release.[137] Some of the SROs, however, advocated for a more prominent role in any future governance model. For example, one SRO commenter stated that ''the principle of one vote per SRO should be preserved so that SRO expertise regarding data reporting mechanisms and the functionality needed to ensure that CAT Data remains useful for the SROs to fulfil their regulatory responsibilities can be brought to bear on CAT management and operational issues.'' [138] Another SRO commenter similarly stated that ''[c]entralizing all governance authority within the Commission, without structured mechanisms for SRO participation, would risk forfeiting institutional knowledge critical to the CAT's continued effectiveness.'' [139] This commenter therefore recommended that the Commission ''retain ultimate decision-making authority,'' but ''include a formal governance and consultation framework that preserves meaningful SRO participation and structured industry input on material CAT decisions, including plan modifications, data retention and access policies, system changes affecting reporting obligations, budgetary matters, and technology procurement.'' [140]

The Commission agrees with these SROs regarding the value of their institutional knowledge. Nevertheless, even if possible, providing each SRO with a voting role with respect to the central repository to which data would be reported pursuant to proposed Rule 17a–26 would subvert the goals of the Proposal—which are to concentrate CAT governance with the Commission and thereby provide the Commission with direct control of the CAT. The Commission is therefore exploring other methods of soliciting and receiving the valuable feedback that could be provided by the SROs such as those described above.[141]

Request for Comment

The Commission solicits comment on the proposed establishment of an advisory committee and/or working groups to provide the Commission and/or the Designee with feedback regarding CAT operations. Specifically, the Commission solicits comment on the following:

6. The SROs currently maintain a number of subcommittees and/or working groups to facilitate the operation of the CAT, including: a fee review subcommittee, a compliance subcommittee, a steering working group, a working group that develops interpretive guidance regarding rules and technical specifications, a security working group, a working group that discusses matters related to the technical architecture of the CAT, a working group that discusses matters relating to regulatory use of the CAT, a cost and funding working group, a risk management working group, a data issues review working group, an Industry Member technical specifications working group, and a working group related to the Plan Processor Agreement. What working groups and/or subcommittees should be formed under the Proposal? Please explain why such working groups and/or subcommittees are important.

7. Should the Commission establish an advisory committee(s) pursuant to the FACA? If the Commission establishes an advisory committee(s) pursuant to FACA:

a. How should the Commission define the objectives and the scope of activities for the advisory committee(s)? How should the Commission describe the duties of the advisory committee(s)? Should the advisory committee(s) create subcommittees? If so, on what topics and why?

b. How often and for what duration should the advisory committee(s) meet? Would an initial term of less than two years for a FACA committee be sufficient? [142] Why or why not?

c. FACA requires that the membership of the advisory committee(s) be fairly balanced.[143] What expertise should be required to sit on the advisory committee(s)? What groups or interests should be represented on the advisory committee(s)? For example, should the advisory committee(s) include representatives from SROs, broker-dealers, retail and institutional investors and those who represent their interests, academics, economists, technology experts and service providers, trade associations, and/or civil liberties groups? How else should membership be fairly balanced?

8. Is the information that the Commission or the Designee would obtain by establishing an advisory committee and/or working groups

[136] 5 U.S.C. 10; 41 CFR 102–3.

[137] *See, e.g.,* Citadel Letter, *supra* note 83, at 4 (suggesting that the Commission establish ''an industry advisory body comprised of SROs and market participants''); FINRA Letter, *supra* note 11, at 10–11 (''One approach to ensuring ongoing input from interested parties is where the Commission contracts with its audit trail vendor to establish an audit trail committee.''); Participant Letter, *supra* note 32, at 5 (''The Commission should establish a framework to ensure meaningful consultation with the SROs on key elements of the CAT, particularly where decisions may affect system functionality or regulatory use.''); SIFMA Letter, *supra* note 66, at 13 (''After the CAT transitions out of an NMS Plan construct, the Commission could create its own CAT Advisory Committee, similar to its other public advisory committees, to meet regularly to review the operation and performance of the CAT. As noted, it could then be expanded to include SROs.'' (citation omitted)); PTG Letter, *supra* note 83, at 3 (''The SEC should strongly consider maintaining the advisory committee once CAT is fully transitioned to SEC management.''); MEMX Letter, *supra* note 32, at 7 (suggesting that the Commission establish an advisory committee that includes representatives of both SROs and market participants).

[138] Cboe Letter, *supra* note 32, at 2 (stating that, to the extent a non-voting advisory framework was pursued, ''SRO representation remains equally important''); *see also, e.g.,* NYSE Letter I, *supra* note 32, at 6 (stating that NYSE was open to considering alternative funding models for the CAT, so long as such models ''provide for SRO (or, Participant) participation in the operation and governance of the CAT'').

[139] Nasdaq Letter I, *supra* note 32, at 7.

[140] *Id.*

[141] *See supra* note 136 and accompanying text.

[142] *See* 5 U.S.C. 1013(a)(2); 41 CFR 102–3, *supra* note 136.

[143] *See* 5 U.S.C. 1004(b)(2); 41 CFR 102–3.60(b).

available through another existing source or existing advisory committee? If so, please identify such source or committee and explain what feedback that source or committee could provide.

9. Instead of establishing advisory committees and/or working groups, what alternative methods of soliciting and receiving feedback and/or input from the SROs, Industry Members, and other stakeholders should the Commission consider? For example, periodic or ad hoc roundtables. What are the advantages and disadvantages of these methods? Does the answer depend on the subject matter on which the Commission would be soliciting feedback? Why?

III. Proposed Rescission of Rule 613

The Commission proposes herein to implement Rule 17a–26 to substantially maintain current CAT data reporting requirements, but require data to be reported to the Commission or the Designee.[144] These changes should provide the Commission with direct control of the CAT.[145] But without further action, it may be unclear to the SROs, Industry Members, and other stakeholders what obligations they have with respect to the CAT under Rule 613. Therefore, the Commission is also proposing herein to rescind Rule 613 in its entirety and to reserve the section number.

The primary focus of Rule 613 is on the initial creation or development of the CAT NMS Plan. Specifically, the rule instructs the Participants to jointly create the CAT NMS Plan in accordance with the procedures set forth in Rule 608.[146] Rule 613 further requires that certain features be included in the CAT NMS Plan, such as provisions setting forth a governance and funding model for the CAT,[147] provisions requiring Participants and their members to report certain data according to certain standards,[148] provisions requiring the collection and retention of SIP Data,[149] provisions requiring the establishment of a central repository to collect, store, and make such data available to regulators in a form that links together all events pertaining to the same originating order,[150] provisions to ensure the timeliness, accuracy, integrity, and completeness of the data reported to the central repository,[151] and provisions setting forth the policies, procedures, and standards that will be used to ensure the security and confidentiality of CAT Data.[152]

But Rule 613 does more than set forth requirements for the contents of the CAT NMS Plan. It also requires that each SRO develop and implement a surveillance system, or enhance existing surveillance systems, reasonably designed to make use of the CAT.[153] Moreover, Rule 613 requires each SRO to be a sponsor of the CAT NMS Plan,[154] to comply with the CAT NMS Plan,[155] and to require its members to comply with the CAT NMS Plan and to enforce such compliance by its members.[156]

The Commission is proposing to rescind all provisions of Rule 613 on the same timeline as the implementation of proposed Rule 17a–26. This coordinated approach would avoid disrupting regulatory use of the data currently reported to the CAT. It would also provide regulatory clarity to market participants regarding their reporting obligations and best facilitate the rescission of the CAT NMS Plan and/or any related SRO compliance rules.[157] The proposed course of action provides more certainty to market participants regarding the intended future of the CAT.[158]

Request for Comment

The Commission solicits comment on the proposed rescission of Rule 613. Specifically, the Commission solicits comment on the following:

10. If the Commission were to rescind Rule 613 and to adopt Rule 17a–26 as proposed, would the Participants proceed to seek Commission approval to rescind the CAT NMS Plan and/or any related SRO compliance rules as the Commission anticipates? Why or why not?

11. Could the Commission achieve the same goals by granting exemptive relief from all provisions of Rule 613 instead of rescinding Rule 613? Why or why not? What are the advantages and disadvantages of each approach?

IV. Proposed Rule 17a–26

Overview of Proposed Rule 17a–26

Currently, the CAT is implemented through the CAT NMS Plan, as required by Rule 613. The CAT System is owned by the Participants and operated on their behalf by FINRA CAT, pursuant to a contractual arrangement. Participant reporting requirements are imposed by the CAT NMS Plan and reporting requirements for Industry Members are imposed through rules adopted by each Participant (''SRO CAT Compliance Rules'').[159] Under proposed Rule 17a–26, national securities exchanges, national securities associations, and broker-dealers would be required to maintain and report certain information to the Commission or the Designee, and such information would be ingested, processed, and made available for regulatory purposes. If the proposed rule were adopted, the CAT NMS Plan and SRO CAT Compliance Rules would no longer be necessary to impose reporting obligations.

As proposed, Rule 17a–26 is based on relevant elements of the CAT NMS Plan and SRO CAT Compliance Rules, in a manner generally designed to maintain reporting requirements for the SROs and Industry Members for the CAT as they exist today. As noted above, this general approach is supported by comments received on the Concept Release, which explicitly urged the Commission to eliminate the CAT NMS Plan in favor of promulgating its own reporting rule that leveraged existing requirements from Rule 613 and/or the CAT NMS Plan.[160] The intent of replicating current requirements found in the CAT NMS Plan and SRO CAT Compliance Rules is minimizing disruptions in the reporting of information to the CAT during the

[144] *See* Part IV *infra.*

[145] *See* Part II.C *supra* for further discussion of the Proposal. The Commission also considered whether to leave the above-described Rule 613 obligations in place and to establish a new consolidated audit trail, instead of negotiating with CAT LLC for the sale and transfer of CAT assets. However, establishing a new and duplicative system would increase costs for reporters and squander the substantial efforts that have already been made with respect to the CAT.

[146] 17 CFR 242.613(a)(2); 17 CFR 242.608.

[147] 17 CFR 242.613(b).

[148] *Id.* at (c), (d).

[149] *Id.* at (e)(7).

[150] *See* 17 CFR 242.613(e).

[151] *Id.*

[152] *Id.*

[153] *Id.* at (f).

[154] *Id.* at (a)(4).

[155] *Id.* at (h)(1).

[156] *Id.* at (g).

[157] The Commission considered whether it could achieve a similar result by granting exemptive relief from all provisions of Rule 613, but preliminarily determined that rescission of Rule 613 would provide greater certainty to market participants regarding the intended future of the CAT.

[158] This approach also had the support of commenters on the Concept Release. *See, e.g.,* Part II.C.1–2 *supra.*

[159] *See, e.g.,* FINRA Rule 6800 series; The Nasdaq Stock Market Rules, General 7 (Consolidated Audit Trail Compliance). *See also* CAT NMS Plan, *supra* note 3, Section 3.11 (requiring each Participant to comply with and enforce compliance by its Industry Members with the provisions of Rule 613 and the CAT NMS Plan, including endeavoring to promulgate consistent rules requiring compliance by their respective Industry Members with the provisions of Rule 613 and the CAT NMS Plan); Section 6.4 (describing requirements for SRO CAT Compliance Rules); Section 6.8 (describing requirements for timestamps and synchronization of Business Clocks in SRO CAT Compliance Rules).

[160] *See, supra* note 83. *See also* NYSE Letter I, *supra* note 32, at 6 (stating that ''[t]he the general functionality, design and structure of the CAT now reflects a balanced approach to weighing the CAT's purpose, the SROs' regulatory obligations and needs, impact to Industry Members, data collection (including privacy), and preservation concerns'');

transition to a new governance and funding model. For example, the Commission anticipates that, if Rule 17a–26 is adopted as proposed, both the Participants and Industry Members that currently report pursuant to the CAT NMS Plan and SRO Compliance Rules could maintain the same reporting format under the same technical specifications as they do today. Proposed Rule 17a–26 would not implement new substantive reporting requirements; it would also incorporate previously-granted exemptive relief, as discussed in greater detail below in Part IV.L.

This design avoids costs associated with creating new systems or technology development costs related to meeting new reporting standards, consistent with suggestions made by commenters on the Concept Release. For example, one commenter noted that ''SROs and industry members have expended substantial resources to report consistent with current CAT specifications.'' [161] CAT LLC similarly stated that, ''[g]iven the time and investment required to fully implement the CAT and to revamp Industry Member and Participant systems to comply with it, it would not be sensible or cost-effective to eliminate the CAT in favor of developing a different audit trail from scratch.'' [162] Maintaining current reporting requirements in a new rule, including incorporating exemptive relief, ''would avoid unnecessary cost and potential confusion that could result from introducing entirely new requirements regarding core reporting.'' [163] Maintaining current CAT reporting requirements would also benefit regulatory users of CAT Data and regulators who have developed systems to utilize CAT Data as it exists today.[164]

Because it is maintaining current CAT reporting requirements, the Commission is not proposing to alter reporting requirements in the proposed rule at this time. Nevertheless, the Commission acknowledges concerns regarding the elements reportable to the CAT presented by commenters to the Concept Release [165] and welcomes specific comments on the proposal to maintain CAT reporting requirements in proposed Rule 17a–26.

There are some differences in what is required today of CAT Reporters pursuant to the CAT NMS Plan and SRO CAT Compliance Rules and what would be required pursuant to the proposed rule, but these differences are not directly related to the specific elements required to be reported to the CAT. The proposed rule would expand clock synchronization and Business Clock requirements that are currently imposed on just Industry Members to all CAT Reporters (*see, infra,* Part IV.C below), take a different approach to errors and error corrections than is currently contemplated in the CAT NMS Plan, without modifying existing timeframes for initial corrections (*see, infra,* Part IV.J below), and incorporate existing exemptive relief relating to reporting that is technically not part of or pursuant to the CAT NMS Plan (*see, infra,* Part IV.L below). But these and other differences from existing requirements, as described more fully below, are not designed or anticipated to impact the day-to-day requirements of reporting transaction information to the Commission or the Designee, as compared to existing requirements under Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules.

Preamble to Proposed Rule 17a–26

Proposed Rule 17a–26 includes a preamble describing the purpose of the proposed Rule 17a–26 and limitations on the use of information submitted to the Commission or the Designee pursuant to the proposed rule. Specifically, proposed Rule 17a–26 states that national securities exchanges, national securities associations, and broker-dealers are required to report certain information to the Commission or the Designee, to allow for the maintenance of a consolidated audit trail to be used for regulatory purposes only. It would state that the information reported pursuant to this section may only be accessed and used by authorized regulatory staff of the Commission, national securities exchanges, and national securities associations to support regulatory purposes, such as market reconstruction and analyses, surveilling, examining, investigating, or enforcing compliance by its members and their associated persons with federal securities laws, the Commission's rules and regulations thereunder, and a national securities exchange or national securities association's own rules.

These limitations on the access and use in the proposed preamble are consistent with and build upon existing limitations for CAT Data. Rule 613 and the CAT NMS Plan limit the use of CAT Data to solely surveillance and regulatory purposes.[166] The CAT NMS

[161] *See* FINRA Letter, *supra* note 11, at 7 n.22. *See also* FIF Letter, *supra* note 86, at 4 (stating that ''[i]n considering the scope of costs for CAT and other audit trails, it is important to consider the costs to regulators and SROs to operate these systems as well as the internal technology, operational and compliance costs that firms must incur to fulfill their reporting obligations''); Letter from Murray Abel, Managing Director and Co-Founder, Control Now, to Vanessa A. Countryman, Secretary, Commission (June 19, 2026), at 2, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-848339-2599616.pdf* (''Control Now Letter'') (stating that ''CAT reporters expend significant time and resources determining how to map their order handling practices to each field in each CAT report'').

[162] *See* Participant Letter, *supra* note 32, at 3.

[163] *See* FINRA Letter, *supra* note 11, at 7. *See also id.* at 3 (stating that ''[t]he Commission should prioritize minimizing transition burdens and recognize and leverage the significant investments that CAT reports have already made in reporting to existing CAT infrastructure'').

[164] *See, e.g.,* FINRA Letter, *supra* note 11, at 7 n.22 (stating that ''FINRA has expended substantial additional resources to incorporate CAT data into its surveillance systems and other oversight processes''); Cboe Letter, *supra* note 32, at 1 (stating that ''the Cboe Exchanges and other SROs now rely on CAT Data to fulfill their statutory regulatory responsibilities and, at the Commission's mandate, other legacy cross-market audit trails were phased out as CAT became operational''). *See also* NYSE Letter I, *supra* note 32, at 2 (stating that the ''NYSE Exchanges, like other SROs, would also incur massive costs—above and beyond the sums expended in support of the creation and implementation of the CAT—if required to transition to an alternative system''); FINRA Letter, *supra* note 11, at 6 (stating that ''[i]n assuming responsibility for the audit trail, the SEC would be able to leverage existing processes, specifications, and infrastructure to avoid new build-out costs'').

[165] *See, e.g.,* Citadel Letter, *supra* note 83, at 2–3 (stating that ''[l]ow value data elements and event types should be eliminated,'' and stating that ''[e]ach data element should be reported once by the most appropriate source, instead of being duplicated by multiple parties''); Raymond James Letter, *supra* note 111, at 4 (stating that ''the Commission should evaluate what data is truly necessary to adequately perform market surveillance and where possible, eliminate any other data that is not critical to that function''); Letter from Timothy P. Terry, Secretary, Private Investor Coalition to Vanessa Countryman, Secretary, Commission (June 22, 2026), at 4, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-858619-2646612.pdf* (''Private Investor Coalition Letter'') (recommending that the Commission adopt a formal ''regulatory necessity'' standard for all categories of data collected through the CAT, under which standard, ''each data field, each population of reporting entities, and each authorized use of CAT data would be justified by reference to a specific, documented regulatory function,'' and ''[d]ata fields or uses that cannot be justified under this standard would be eliminated''); Letter from Andrew M. Langer, President, Main Street Foundation, to Vanessa Countryman, Secretary, Commission (June 29, 2026), at 2–3, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-908240-2776683.pdf* (stating, among other things, ''[e]very requested data element imposes compliance costs,'' and that ''[e]very reporting requirement should serve a clearly identified regulatory purpose, and information collection should remain proportionate to SEC's legitimate oversight responsibilities''); Data Boiler Letter, *supra* note 66, at 25 (stating that, ''[w]e recommend relieving the broker-dealers' burden,'' and that, ''[t]heir trade reporting obligations should be limited to the equivalent functions of OATS, COATS, EBS, and EDGAR filings'').

[166] *See, e.g.,* Rule 613(e)(4)(i)(A) and CAT NMS Plan, *supra* note 3, Section 6.5(f)(i)(A), 6.5(g). However, a Participant may use data that *it* reports to the Central Repository for regulatory, surveillance, commercial, or other purposes as

Continued

Plan also provides that the Plan Processor must provide Participants' regulatory staff and the Commission with access to CAT Data for regulatory purposes only.[167] Examples of functions for which Participants' regulatory staff and the SEC can currently use CAT Data include economic analysis, market structure analyses, market reconstructions, market surveillance, investigations, and examinations.[168] In their comments on the Concept Release, Cboe and Nasdaq supported efforts to ''further reinforce or enhance these restrictions on how CAT Data can be used.'' [169] The Commission agrees that current restrictions on CAT Data access and use could be further clarified in proposed Rule 17a–26.

The proposal to limit access and use of the consolidated audit trail to authorized regulatory staff of the Commission, national securities exchanges, and national securities associations to support regulatory purposes only is designed to continue to prevent such information from being directly accessed by non-regulatory staff, or used for commercial purposes or other non-regulatory purposes, as such usage would be inconsistent with the purposes of CAT, which was designed to be a regulatory tool.[170] CAT data is intended to be used by regulators for regulatory purposes, not for non-regulatory purposes such as by private litigants seeking to obtain such data for civil lawsuits, which is a concern that has been raised by commenters on the Concept Release.[171] For example, usage of such information that does not serve solely regulatory purposes, such as economic analyses or market structure analyses in support of SRO rule filings with both a regulatory and commercial purpose, would be inconsistent with the proposed rule. In contrast, the definition would not prohibit the use of such information by a national securities exchange to support a rule filing with a solely regulatory purpose. The Commission declines at this time to specify what actions that would constitute ''regulatory use'' or otherwise explicitly limit or impose terms on the use of CAT Data when it is used for regulatory purposes, as suggested by a commenter on the Concept Release.[172] The delineation suggested by this commenter could chill or prohibit otherwise appropriate regulatory use. However, the proposed rule provides examples of appropriate regulatory purposes, including market reconstruction and analyses, surveilling, examining, investigating, or enforcing compliance by its members and their associated persons with federal securities laws, the Commission's rules and regulations thereunder, and a national securities exchange or national securities association's own rules.

The CAT System is currently subject to a comprehensive information security program that subjects the SROs to various security and confidentiality requirements designed to appropriately constrain the use of CAT data, and the Commission intends to substantially maintain this program under the Proposal.[173] The access and use restrictions set forth in proposed Rule 17a–26 would therefore acknowledge the regulatory need for such data while maintaining security and confidentiality protections for such data consistent with existing requirements.

The Commission requests comment on proposed Rule 17a–26. Specifically, the Commission solicits comment on the following:

12. Should the Commission implement a reporting rule to replace current reporting requirements found in Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules, as set forth in proposed Rule 17a–26? Is it appropriate for the reporting rule to be designed to replicate existing reporting requirements? Why or why not?

13. Should proposed Rule 17a–26 include a preamble discussing the purpose of the rule and outlining limitations on use and access to information submitted pursuant to the proposed rule? If yes, what changes should be made to the proposed language, if any?

A. Definitions

Proposed Rule 17a–26(a) would define terms for the purposes of proposed Rule 17a–26. The definitions of proposed Rule 17a–26(a) are designed to provide clarity as to the reporting obligations proposed in the rule, while maintaining consistency with current definitions used in Rule 613, the CAT NMS Plan and SRO CAT Compliance Rules, unless otherwise noted.

Account Effective Date

Proposed Rule 17a–26(a)(1) would define the term Account Effective Date to mean: (1) with regard to those circumstances in which an Industry Member [defined by proposed Rule 17a–26(a)(24) as described below] has established a trading relationship with an institution but has not established an account with that institution, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received; (2) where an Industry Member changes back office providers or clearing firms or where an Industry Member acquires another Industry Member, the date an account was established at the relevant Industry Member, either directly or via transfer; (3) where there are multiple dates associated with an account, the earliest available date; and (4) with regard to Industry Member proprietary accounts the date established for the account in the Industry Member or in a system of the Industry Member or the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). The proposed definition would state that the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

This definition differs from the definitions of ''Account Effective Date''

otherwise not prohibited by applicable law, rule or regulation. *See* CAT NMS Plan, *supra* note 3, Section 6.5(h).

[167] *See* CAT NMS Plan, *supra* note 3, at Appendix D, Section 8.1.

[168] *See id.; see also* Part II.B.1 *supra* for further discussion regarding current regulatory uses of CAT Data.

[169] *See* Cboe Letter, *supra* note 32, at 2; *see also* Nasdaq Letter I, *supra* note 32, at 13–14 (noting continued efforts by private litigants to obtain CAT Data and supporting an amendment to the CAT NMS Plan explicitly prohibiting the disclosure of CAT Data to any person other than the Participants, the Commission, and other U.S. federal regulators or law enforcement agencies and/or an amendment to Rule 613 to prohibit the distribution, disclosure, or production of data in response to civil litigation subpoenas). FINRA similarly stated that ''clarifying data ownership in an SEC-governed model would help manage access to CAT data by parties beyond the SEC and SROs.'' FINRA Letter, *supra* note 11, at 8.

[170] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84758.

[171] *See also* Nasdaq Letter I, *supra* note 32, at 14 (stating that ''the Commission should amend Rule 613 of Regulation NMS to explicitly clarify that CAT Data cannot be distributed, disclosed, or produced in response to civil litigation subpoenas,'' and that ''[t]he Commission should not permit the regulatory purpose and cost-reduction efforts of the CAT to be undermined by civil litigants seeking to repurpose this data for private gain''); Cboe Letter, *supra* note 32, at 2 (stating that ''Rule 613 and the CAT NMS Plan require that CAT Data only be used for regulatory purposes and prohibit its use for commercial purposes, as well as by parties who are not regulators and in non-regulatory contexts—for example, by private litigants'').

[172] *See* Private Investor Coalition Letter, *supra* note 165, at 4 (recommending that ''the regulatory purpose of the CAT be formally defined in Commission rules as limited to (1) cross-market order-level surveillance for specific categories of potential violations identified in the Commission's surveillance program, (2) market reconstruction following significant market events, and (3) enforcement investigations in which order-level data across market venues is material to the investigation,'' and that ''CAT data should not be used for general research, economic analysis, or any purpose other than those specified, without separate public notice and an opportunity for comment'').

[173] *See, e.g.,* note 101 and associated text *supra.*

in Section 1.1 of the CAT NMS Plan and SRO CAT Compliance Rules, because those definitions address the initial phased implementation approach of the CAT.[174] Because the CAT has been fully implemented, these changes to proposed Rule 17a–26(a)(1) are designed to streamline the definition without changing its meaning with respect to Industry Member reporting requirements. This would allow an Industry Member to report the same Account Effective Date as was reported prior to the initiation of reporting to the Commission or the Designee, as appropriate. Consistent with current requirements under the CAT NMS Plan, Account Effective Date is allowed to be reported in lieu of Date FDID Opened [175] in certain limited circumstances, and as proposed, would be an element of the Reference Data approach described in more detail below in Part IV.K.

Active Account

Proposed Rule 17a–26(a)(2) would define the term Active Account to mean an account that has had activity in Eligible Securities [defined by proposed Rule 17a–26(a)(20) as described below] within the last six months. This definition is identical to the definition in both the CAT NMS Plan and SRO CAT Compliance Rules.[176] Pursuant to the Reference Data approach, described in greater detail below in Part IV.K, each Industry Member would continue to be required pursuant to Rule 17a–26(k) to report certain information to the Commission or the Designee for each of its Customers with an Active Account(s). Consistent with existing reporting requirements pursuant to the CAT NMS Plan and SRO CAT Compliance Rules, defining Active Accounts would alleviate the need for Industry Members to update such information for ''non-active accounts,'' while ensuring that the Commission or the Designee still receive such information for accounts that are active.

Allocation

Proposed Rule 17a–26(a)(3) would define the term Allocation to mean: (1) the placement of shares or contracts into the same account for which an order was originally placed; or (2) the placement of shares or contracts into an account based on allocation instructions (*e.g.,* subaccount allocations, delivery versus payment (''DVP'') allocations). The proposed definition is identical to the definition in SRO CAT Compliance Rules and is designed to have the same meaning and effect with respect to Industry Member reporting requirements.[177] Allocations are Reportable Events,[178] and consistent with existing reporting requirements under the CAT NMS Plan and SRO CAT Compliance Rules, and exemptive relief granted by the Commission,[179] Allocation Reports are required any time an Industry Member performs an Allocation to a Client Account, whether or not the Industry Member was the executing broker for the trade.[180] It is important for Industry Members to understand when these reporting requirements apply.

Allocation Report

Proposed Rule 17a–26(a)(4) would define the term Allocation Report to mean a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID [or ''FDID,'' defined by proposed Rule 17a–26(a)(21) as described below] for any account(s), including subaccount(s), to which executed shares/contracts are allocated and provides: (i) the security that has been allocated; (ii) the identifier of the firm reporting the allocation; (iii) the price per share/contract of shares/contracts allocated; (iv) the side of shares/contracts allocated; (v) the number of shares/contracts allocated to each account; (vi) the time of the allocation; (vii) Allocation ID, which is the internal allocation identifier assigned to the allocation event by the Industry Member; (viii) trade date; (ix) settlement date; (x) IB/correspondent CRD Number (if applicable); (xi) FDID of new order(s) (if available in the booking system); (xii) allocation instruction time (optional); (xiii) if account meets the definition of institution under FINRA Rule 4512(c); (xiv) type of allocation (allocation to a custody account, allocation to a DVP account, step-out, correspondent flip, allocation to a firm owned or controlled account, or other non-reportable transactions (*e.g.,* option exercises, conversions)); (xv) for DVP allocations, custody broker-dealer clearing number (prime broker) if the custodian is a U.S. broker-dealer, DTCC number if the custodian is a U.S. bank, or a foreign indicator, if the custodian is a foreign entity; and (xvi) if an allocation was cancelled, a cancel flag indicating that the allocation was cancelled, and a cancel timestamp, which represents the time at which the allocation was cancelled; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.

The proposed definition of Allocation Report is identical to the definition of Allocation Report in SRO CAT Compliance Rules.[181] Rule 613(c)(7)(vi)(A) originally required the CAT NMS Plan to require each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which [an] execution is allocated (in whole or in part)'' for orders that are executed in whole or in part. The Participants subsequently requested and received exemptive relief from this requirement that enabled the Participants to implement an ''Allocation Alternative,'' which included a requirement to update SRO CAT Compliance Rules, including updating the definition of Allocation Report to include multiple new specific fields.[182] The proposed definition of Allocation Report is designed to be consistent with existing reporting requirements relating to allocations as implemented by the CAT NMS Plan, SRO CAT Compliance Rules and previously granted exemptive relief. Obtaining Allocation Report information is important because part of the goal of Rule 17a–26 would be to continue to obtain audit trail information for the full lifecycle of an order, including relevant details on how an order was ultimately allocated after execution.[183]

ATS

Proposed Rule 17a–26(a)(5) would define the term ATS to mean an alternative trading system, as defined in Rule 300(a)(1) of Regulation ATS under the Exchange Act. It is identical to the definition in SRO CAT Compliance Rules [184] and is necessary to differentiate between Industry Members that operate an ATS and Industry

[174] *See, e.g.,* FINRA Rule 6810(a). On April 20, 2020, the Commission granted conditional exemptive relief to allow for the implementation of phased Industry Member reporting to the CAT across five phases. *See* Securities Exchange Act Release No. 88702 (Apr. 20, 2020), 85 FR 23075 (Apr. 24, 2020).

[175] *See* proposed Rule 17a–26(a)(19), described in further detail below.

[176] *See, e.g.,* FINRA Rule 6810(b); CAT NMS Plan, *supra* note 3, Section 1.1.

[177] *See, e.g.,* FINRA Rule 6810(c). There is no definition for ''Allocation'' in the CAT NMS Plan.

[178] *See* proposed Rule 17a–26(a)(37) (defining ''Reportable Event'' to mean, among other things, the allocation of an order).

[179] *See* Securities Exchange Act Release No. 90223 (Oct. 19, 2020), 85 FR 67576 (Oct. 23, 2020) (''Allocation Alternative Exemption'').

[180] *See* proposed Rule 17a–26(i)(2)(iv).

[181] *See, e.g.,* FINRA Rule 6810(d); The Nasdaq Stock Market Rules, General 7, Section 1(d).

[182] *See* 17 CFR 242.613(c)(7)(vi)(A); Securities Exchange Act Release No. 77265 (Mar. 1, 2016), 81 FR 11856 (Mar. 7, 2016); Allocation Alternative Exemption, *supra* note 179.

[183] *See, e.g.,* note 294 and associated text *infra* for further discussion of the regulatory need for access to information about full order lifecycles.

[184] *See, e.g.*, FINRA Rule 6810(e). There is no definition for ''ATS'' in the CAT NMS Plan.

Members that are not operating an ATS, as Industry Members that operate an ATS have different reporting requirements.[185]

Business Clock

Proposed Rule 17a–26(a)(6) would define the term Business Clock to mean a clock used to record the date and time of any Reportable Event required to be reported under this section. It is substantively identical to the definition in Section 1.1 of the CAT NMS Plan, and to SRO CAT Compliance Rules,[186] but replaces references to Rule 613 or to SRO CAT Compliance Rules with a reference to proposed Rule 17a–26. Consistent with existing reporting requirements under Rule 613 and the CAT NMS Plan, ''Business Clocks'' are proposed to be used by CAT Reporters to record dates and times when recording and reporting the date and time of various Reportable Events to the Central Repository.[187]

CAT-Order-ID

Proposed Rule 17a–26(a)(7) would define the term CAT-Order-ID to mean a unique order identifier or series of unique order identifiers that allows the Central Repository [defined by proposed Rule 17a–26(a)(13) below] to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This proposed definition is identical with the definition currently used for reporting to the CAT, as it is identical to the definition in the SRO CAT Compliance Rules and Rule 613(j)(1),[188] and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by referencing Rule 613(j)(1).

The Commission anticipates that the ''daisy chain approach'' would continue to be used to link and reconstruct the complete lifecycle of each Reportable Event in CAT, as is done today pursuant to the CAT NMS Plan.[189] According to this approach, CAT Reporters are obligated to assign and report an identifier for each order event, and the Plan Processor later applies a single identifier, the CAT-Order-ID, to all order events pertaining to the same order, linking the Reportable Events related to the same order. Pursuant to proposed Rule 17a–26(h) and (i), discussed further below in Part IV.H and Part IV.I, and consistent with existing CAT NMS Plan requirements, CAT-Order-ID would be required to allow for this linkage.

CAT-Reporter-ID

Proposed Rule 17a–26(a)(8) would define the term CAT-Reporter-ID to mean, with respect to each national securities exchange, national securities association, and member of a national securities exchange or national securities association, a code that uniquely and consistently identifies such person for purposes of providing data to the Central Repository. This proposed definition is identical to the definition in Rule 613(j)(2) [190] and Section 1.1 of the CAT NMS Plan.

The Commission anticipates that, like current practice under the CAT NMS Plan,[191] unique CAT-Reporter-IDs will continue to be assigned to identify CAT Reporters for all reports submitted to the Commission or the Designee. A code that uniquely and persistently identifies CAT Reporters will allow for reliable identification of CAT Reporters within the Central Repository, thus enabling analysis of a particular CAT Reporter's trading activity across markets.

CAT Reporter

Proposed Rule 17a–26(a)(9) would define the term CAT Reporter to mean each national securities exchange, national securities association, and Industry Member that is required to record and report information to the Central Repository pursuant to this section. This proposed definition is substantively identical to that in the CAT NMS Plan,[192] but replaces a reference to Rule 613(c). The definition of CAT Reporter is used for all market participants that have a requirement to report under the proposed rule and quickly identifies that a reporting requirement applies to all reporters—not just a subset of them like Industry Members.[193]

CAT Reporting Agent

Proposed Rule 17a–26(a)(10) would define the term CAT Reporting Agent to mean a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this section. This proposed definition is substantively identical to the definition in the SRO CAT Compliance Rules, but replaces a reference to the SRO CAT Compliance Rules.[194]

CCID Generation Data

Proposed Rule 17a–26(a)(11) would define the term CCID Generation Data to mean the Transformed Identifier and Transformed Identifier Type.[195] This proposed definition is identical to the definition of CCID Generation Data within the CAT NMS Plan.[196] As discussed in greater detail in Part IV.K below, CCID Generation Data is a definition related to Reference Data.

CCID Transaction Enrichment Data

Proposed Rule 17a–26(a)(12) would define the term CCID Transaction Enrichment Data to mean the Firm Designated ID, Date FDID Opened, Date FDID Closed, Customer Role Start Date, and Customer Role End Date.[197] This proposed definition is identical to the definition in the CAT NMS Plan.[198] As discussed in greater detail in Part IV.K below, CCID Transaction Enrichment Data is a definition related to Reference Data.

Central Repository

Proposed Rule 17a–26(a)(13) would define the term Central Repository to mean the repository responsible for the

[185] *See, e.g.,* proposed Rule 17a–26(i)(1)(i)(K) (additional required details for the original receipt or origination of an order for an Industry Member that operates an ATS); proposed Rule 17a–26(i)(1)(iii)(J) (additional required details for the receipt of an order that has been routed for an Industry Member that operates an ATS); proposed Rule 17a–26(i)(4) (reporting requirements for Industry Members that operate an ATS that trades OTC Equity Securities).

[186] *See, e.g.,* FINRA Rule 6810(f) (defining ''Business Clock'' to mean ''a clock used to record the date and time of any Reportable Event required to be reported under this Rule Series'').

[187] *See infra* Part IV.C (Clock Synchronization and Business Clocks); proposed Rule 17a–26(c).

[188] *See, e.g.,* FINRA Rule 6810(i); 17 CFR 242.613(j)(1).

[189] Proposed Rule 17a–26(h)(1)(vi) would require national securities exchanges and national securities associations to report ''any information or data needed by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach,'' and proposed Rule 17a–26(i)(1)(vi) would require the same from Industry Members. *See also infra* Part IV.H and Part IV.I.

[190] *See* 17 CFR 242.613(j)(2).

[191] *See* CAT NMS Plan, *supra* note 3, Appendix D, Section 3 (stating that the Central Repository must be able to, among other things, assign a unique CAT-Reporter-ID to all reports submitted to the system based on sub–identifiers, (*e.g.,* MPIDs, ETPID, trading mnemonic) currently used by CAT Reporters in their order handling and trading processes).

[192] *See* CAT NMS Plan, *supra* note 3, Section 1.1 (defining ''CAT Reporter'' to mean each national securities exchange, national securities association and Industry Member that is required to record and report information to the Central Repository pursuant to SEC Rule 613(c)).

[193] *See, e.g.,* proposed Rule 17a–26(b) (Applicable Securities); proposed Rule 17a–26(d) (Timestamps).

[194] *See, e.g.,* FINRA Rule 6810(j).

[195] As described below, Transformed Identifier and Transformed Identifier Type are proposed to be defined in proposed Rule 17a–26(a)(42) and (43), respectively.

[196] *See* CAT NMS Plan, *supra* note 3, Section 1.1.

[197] Each defined term in proposed Rule 17a–26(a)(12) is defined elsewhere in proposed Rule 17a–26(a) and discussed in greater detail elsewhere in Part IV.A. *See* proposed Rule 17a–26(a)(16) (Customer Role End Date); proposed Rule 17a–26(a)(17) (Customer Role Start Date); proposed Rule 17a–26(a)(18) (Date FDID Closed); proposed Rule 17a–26(a)(19) (Date FDID Opened); proposed Rule 17a–26(a)(21) (Firm Designated ID).

[198] *See* CAT NMS Plan, *supra* note 3, Section 1.1.

receipt, consolidation, and retention of all information reported to the Commission or Designee pursuant to this section. Accordingly, with the adoption and implementation of proposed Rule 17a–26, the Commission or the Designee would become the recipient of, and responsible for, data collected by the Central Repository. The definition of the term Central Repository in Proposed Rule 17a–26(a)(13) is substantially identical to the definition of Central Repository in the CAT NMS Plan,[199] and SRO CAT Compliance Rules,[200] but refers to Rule 17a–26 instead of Rule 613 and the CAT NMS Plan. As discussed elsewhere, the Commission preliminarily intends for the reporting requirements to remain substantially the same.

Client Account

Proposed Rule 17a–26(a)(14) would define the term Client Account to mean, for the purposes of an Allocation and Allocation Report, any account or subaccount that is not owned or controlled by the Industry Member. This proposed definition is identical to the definition in the SRO CAT Compliance Rules.[201] Currently, pursuant to the Allocation Alternative Exemption, as implemented through SRO CAT Compliance Rules, an Allocation Report is required any time an Industry Member performs an Allocation to a Client Account, whether or not the Industry Member was the executing broker for the trade.[202] The Commission intends for proposed Rule 17a–26(i)(2)(vi) (discussed below in Part IV.I) to require Allocation Reports with the same substance and reported in the same situations as currently required.

Customer

Proposed Rule 17a–26(a)(15) would define the term Customer to mean: (i) the account holder(s) of the account at an Industry Member originating the order; and (ii) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). The proposed definition of Customer is identical as the definition in SRO CAT Compliance Rules,[203] Rule 613(j)(3) and the CAT NMS Plan.[204] As discussed below in Part IV.K, pursuant to the Reference Data Approach, Industry Members are required to submit to the Central Repository certain information related to their Customers, and the Commission intends to maintain those reporting requirements. Accordingly, the definition of Customer is proposed here to make it clear when those reporting requirements would apply under proposed Rule 17a–26.

Customer Role End Date

Proposed Rule 17a–26(a)(16) would define the term Customer Role End Date to mean the date the Customer is no longer associated with the relevant account for the order. This proposed definition is identical to the definition in the CAT NMS Plan.[205] As discussed in greater detail in Part IV.K below, Customer Role End Date is a definition related to Reference Data.

Customer Role Start Date

Proposed Rule 17a–26(a)(17) would define the term Customer Role Start Date to mean the date the Customer became associated with the relevant account for the order. This proposed definition is identical to the definition in the CAT NMS Plan.[206] As discussed in greater detail in Part IV.K below, Customer Role Start Date is a definition related to Reference Data.

Date FDID Closed

Proposed Rule 17a–26(a)(18) would define the term Date FDID Closed to mean the date the relevant account for the order was closed (or relationship or entity identifier was ended) at the Industry Member. This proposed definition is identical to the definition in the CAT NMS Plan.[207] As discussed in greater detail in Part IV.K below, Date FDID Closed is a definition related to Reference Data.

Date FDID Opened

Proposed Rule 17a–26(a)(19) would define the term Date FDID Opened to mean the date the relevant account for the order was opened; except, however, that (i) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will provide the Account Effective Date in lieu of the Date FDID Opened; and (ii) in those circumstances in which the relevant account was established prior to the time the Industry Member begins reporting to the Central Repository and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (A) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (B) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (C) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (D) where the relevant account is an Industry Member proprietary account. This proposed definition is substantively identical to the definition in the CAT NMS Plan, but replaces references to the CAT NMS Plan's implementation date and a reference to ''CAT'' with ''Central Repository.'' [208] As discussed in greater detail in Part IV.K below, Date FDID Opened is a definition related to Reference Data and is necessary for implementation of the Reference Data Approach in a manner consistent to what is currently done pursuant to the CAT NMS Plan.

Eligible Security

Proposed Rule 17a–26(a)(20) would define the term Eligible Security to mean (1) all NMS Securities and (2) all OTC Equity Securities.[209] This definition is identical to the definition in the CAT NMS Plan and the SRO CAT Compliance Rules.[210] Consistent with existing CAT reporting requirements, Rule 17a–26 would apply only to Reportable Events in Eligible Securities. This proposed definition continues to exclude from required reporting other, non-defined tradeable financial assets, such as forwards, futures, swaps, and debt securities. The applicable securities subject to the proposed rule are discussed in greater detail below in Part IV.B.

Firm Designated ID

Proposed Rule 17a–26(a)(21) would define the term Firm Designated ID to

[199] *See* CAT NMS Plan, *supra* note 3, Section 1.1 (defining ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and this Agreement).

[200] *See, e.g.,* FINRA Rule 6810(k) (defining ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to Rule 613 of SEC Regulation NMS and the CAT NMS Plan).

[201] *See, e.g.,* FINRA Rule 6810(l).

[202] *See, e.g.,* FINRA Rule 6830(a)(2)(F).

[203] *See, e.g.,* FINRA Rule 6810(n).

[204] *See* 17 CFR 242.613(j)(3); CAT NMS Plan, *supra* note 3, Section 1.1 (defining Customer to have the same meaning provided in Rule 613(j)(3)).

[205] *See* CAT NMS Plan, *supra* note 3, Section 1.1.

[206] *See id.*

[207] *See id.*

[208] *See id.*

[209] As described below, NMS Security and OTC Equity Security are proposed to be defined in proposed Rule 17a–26(a)(29) and (33), respectively.

[210] *See, e.g.,* CAT NMS Plan, *supra* note 3, Section 1.1; FINRA Rule 6810(r).

mean: (1) a unique and persistent identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, provided, however, such identifier may not be the account number for such trading account if the trading account is not a proprietary account; (2) a unique and persistent relationship identifier when an Industry Member does not have an account number available to its order handling and/or execution system at the time of order receipt, provided, however, such identifier must be masked; or (3) a unique and persistent entity identifier when an employee of an Industry Member is exercising discretion over multiple client accounts and creates an aggregated order for which a trading account number of the Industry Member is not available at the time of order origination where each such identifier is unique among all identifiers from any given Industry Member. This proposed definition is identical to the definition in the CAT NMS Plan and SRO CAT Compliance Rules.[211]

Consistent with existing reporting requirements under CAT NMS Plan and SRO CAT Compliance Rules, FDIDs would be required to be reported for the original receipt or origination of an order pursuant to proposed Rule 17a–26(h)(1)(i) and proposed Rule 17a–26(i)(1)(i), and as part of Reference Data submitted pursuant to proposed Rule 17a–26(k), discussed in greater detail below in Parts IV.H, IV.I, and IV.K, respectively. FDIDs are unique identifiers provided by an Industry Member and a single firm may not have multiple separate customers with the same identifier on any given date.

Foreign TID Country Code

Proposed Rule 17a–26(a)(22) would define the term Foreign TID Country Code to mean the country that issued the foreign identifier used to create the Transformed Identifier. The proposed definition is identical to the definition in the CAT NMS Plan.[212] As discussed in greater detail in Part IV.K below, Foreign TID Country Code is a definition related to Reference Data.

Foreign TID Type

Proposed Rule 17a–26(a)(23) would define the term Foreign TID Type to mean, for foreign customers, the type of foreign identifier used to create the Transformed Identifier (*e.g.,* passport, Legal Entity Identifier (''LEI''), or driver's license). The proposed definition is identical to the definition in the CAT NMS Plan.[213] As discussed in greater detail in Part IV.K below, Foreign TID Type is a definition related to Reference Data.

Industry Member

Proposed Rule 17a–26(a)(24) would define the term Industry Member to mean a member of a national securities exchange or a member of a national securities association that is required to record and report information pursuant to this section. This proposed definition is substantively identical to the definition of Industry Member in SRO CAT Compliance Rules, but would specify that only those persons required to record and report information under Rule 17a–26 would be ''Industry Members'' and replace references to the CAT NMS Plan and SRO CAT Compliance Rules with a reference to proposed Rule 17a–26.[214] Specifying that the definition of Industry Member applies only to those required to record and report information pursuant to proposed Rule 17a–26 would clarify that any members of a national securities exchange or a member of a national securities association that do not handle orders in Eligible Securities are not subject to CAT reporting requirements.

Industry Member Data

Proposed Rule 17a–26(a)(25) would define the term Industry Member Data to mean the information required to be recorded and reported pursuant to paragraphs (i)(1) and (i)(2) of proposed Rule 17a–26. The proposed definition is substantively identical to the definition of Industry Member Data in SRO CAT Compliance Rules [215] and differentiates ''Industry Member Data'' from other data submitted to or ingested by the Central Repository, such as data submitted by national securities exchanges and national securities associations.

Listed Option or Option

Proposed Rule 17a–26(a)(26) would define the term Listed Option or Option to have the meaning set forth in Rule 600(b) of Regulation NMS,[216] which is substantively identical to the definition in the CAT NMS Plan and the SRO CAT Compliance Rules, but with a cross-reference to Rule 600(b) of Regulation NMS instead of to Rule 600(b)(35) of Regulation NMS.[217]

Manual Order Event

Proposed Rule 17a–26(a)(27) would define the term Manual Order Event to mean a non-electronic communication of order-related information for which CAT Reporters must record and report the time of the event. This is identical to the definition of Manual Order Event in Section 1.1 of the CAT NMS Plan, and substantively identical to the definition of Manual Order Event in SRO CAT Compliance Rules, but with a reference to ''Industry Members'' replaced with ''CAT Reporters.'' [218] This definition continues to differentiate Manual Order Events from other reportable events, including as to clock synchronization and timestamp requirements for Manual Order Events that differ from other Reportable Events.[219]

Material Terms of the Order

Proposed Rule 17a–26(a)(28) would define the term Material Terms of the Order to include, the NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is identical to the definition of Material Terms of the Order in Section 1.1 of the CAT NMS Plan and SRO CAT Compliance

[211] *See, e.g.,* FINRA Rule 6810(t); CAT NMS Plan, *supra* note 3, Section 1.1.

[212] *See* CAT NMS Plan, *supra* note 3, Section 1.1.

[213] *See id.*

[214] *See, e.g.,* FINRA Rule 6810(u) (defining Industry Member to mean ''a member of a national securities exchange or a member of a national securities association that is required to record and report information pursuant to the CAT NMS Plan and this Rule 6800 Series''). The proposed definition is also substantively identical to the definition of ''Industry Member'' in the CAT NMS Plan, but the definition of ''Industry Member'' in Section 1.1 of the CAT NMS Plan has no reference to the CAT NMS Plan and SRO CAT Compliance Rules. *See* CAT NMS Plan, *supra* note 3, Section 1.1 (defining Industry Member to mean ''a member of a national securities exchange or a member of a national securities association).

[215] *See, e.g.,* FINRA Rule 6810(v). The definition of Industry Member Data in the SRO CAT Compliance Rules has the same substantive meaning as the definition set forth in Section 1.1. of the CAT NMS Plan, which refers to the information set forth in Section 6.4(d)(ii) of the CAT NMS Plan.

[216] *See* 17 CFR 242.600(b)(52).

[217] *See, e.g.,* FINRA Rule 6810(y); CAT NMS Plan, *supra* note 3, Section 1.1. The definition of ''Listed Option'' or ''Option'' in Section 1.1 of the CAT NMS Plan references Rule 600(b)(35) of Regulation NMS, but since the approval of the definition of the CAT NMS Plan the definition for ''listed option'' has been redesignated to Rule 600(b)(52). *See* 17 CFR 242.600(b)(52).

[218] *See, e.g.,* FINRA Rule 6810(z).

[219] *See infra* Parts IV.C (Clock Synchronization and Business Clocks) and IV.D (Timestamps).

Rules.[220] Consistent with existing CAT reporting requirements, proposed Rule 17a–26 will continue to require CAT Reporters to record and report to the Central Repository Material Terms of the Order with certain Reportable Events.

NMS Security

Proposed Rule 17a–26(a)(29) would define the term NMS Security to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This definition is identical to the definition in the CAT NMS Plan and SRO CAT Compliance Rules.[221] NMS Securities are one of the types of Eligible Securities that would continue to be required to be reported to the CAT.

Options Exchange

Proposed Rule 17a–26(a)(30) would define the term Options Exchange to mean a registered national securities exchange or automated trading facility of a registered securities association that trades Listed Options. This is identical to the definition in the CAT NMS Plan.[222] The term Options Exchange is, consistent with reporting under the CAT NMS Plan now, relevant to implementation of previously granted exemptive relief allowing Options Market Makers, defined below, to report only quote sent time for certain Reportable Events, with Options Exchanges required to report the quote sent time to the Central Repository on behalf of the Options Market Maker.[223]

Options Market Maker

Proposed Rule 17a–26(a)(31) would define the term Options Market Maker to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This definition is identical to the definition in the CAT NMS Plan and SRO CAT Compliance Rules.[224] Like the term Options Exchange above, this term will continue to be relevant to previously granted exemptive relief allowing Options Market Makers to report only quote sent time for certain Reportable Events.[225]

Order or Order

Proposed Rule 17a–26(a)(32) would define the term Order or order, with respect to Eligible Securities, to include: (i) any order received by an Industry Member from any person; (ii) any order originated by an Industry Member; or (iii) any bid or offer. This is substantively identical to the definition of ''Order'' or ''order'' in Rule 613(j)(8), the CAT NMS Plan, and SRO CAT Compliance Rules,[226] except with ''Industry Member'' replacing ''member of a national securities exchange or national securities association.'' [227] The definition of order will continue to relate to the scope of reporting obligations under proposed Rule 17a–26.

OTC Equity Security

Proposed Rule 17a–26(a)(33) would define the term OTC Equity Security to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This proposed definition is identical to the definition in the CAT NMS Plan and the SRO Compliance Rules,[228] and will differentiate OTC Equity Securities from other Eligible Securities, as reporting requirements for Industry Members that trade OTC Equity Securities can differ from reporting requirements from other Eligible Securities.[229]

Received Industry Member Data

Proposed Rule 17a–26(a)(34) would define the term Received Industry Member Data to mean the information required to be recorded and reported pursuant to paragraph (i)(2) of this section. This definition is substantively identical to the definition of the term Received Industry Member Data in the SRO CAT Compliance Rules, except it refers to paragraph (i)(2) of proposed Rule 17a–26.[230] The definition will continue to differentiate data that is received by an Industry Member versus data that is recorded by an Industry Member and is thus subject to a different reporting deadline.

Recorded Industry Member Data

Proposed Rule 17a–26(a)(35) would define the term Recorded Industry Member Data to mean the information required to be recorded and reported pursuant to paragraph (i)(1) of proposed Rule 17a–26. This definition is substantively identical to the definition of the term Recorded Industry Member Data in the SRO CAT Compliance Rules, except it refers to paragraph (i)(1) of proposed Rule 17a–26.[231] The definition is used to differentiate data that is recorded by an Industry Member versus data that is received by an Industry Member, and thus subject to a different reporting deadline pursuant to proposed Rule 17a–26(f)(2)(i).

Reference Data

Proposed Rule 17a–26(a)(36) would define the term Reference Data to mean CCID Generation Data, CCID Transaction Enrichment Data, customer type, account type, clearing broker, branch office, registered representative, and individual's role in the account. The proposed definition is identical to the definition of Reference Data in the CAT NMS Plan.[232] As discussed in greater detail in Part IV.K below, this definition will continue to relate to the Reference Data Approach in a manner consistent to the current CAT NMS Plan.

Reportable Event

Proposed Rule 17a–26(a)(37) would define the term Reportable Event to include, but not be limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is identical to the definition in the CAT NMS Plan and SRO CAT Compliance Rules.[233] Consistent with existing requirements, proposed Rule 17a–26 will continue to require each CAT Reporter to record and electronically report to the Central Repository certain details for each Reportable Event.

SRO

Proposed Rule 17a–26(a)(38) would define the term SRO to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the

[220] *See, e.g.,* FINRA Rule 6810(aa); CAT NMS Plan, *supra* note 3, Section 1.1.

[221] *See, e.g.,* FINRA Rule 6810(bb); CAT NMS Plan, *supra* note 3, Section 1.1.

[222] *See* CAT NMS Plan, *supra* note 3, Section 1.1.

[223] This is discussed in greater detail below in Parts IV.H.3 and IV.I.3.

[224] *See, e.g.,* FINRA Rule 6810(ee); CAT NMS Plan, *supra* note 3, Section 1.1.

[225] This is discussed in greater detail below in Parts IV.H.3 and IV.I.3.

[226] *See, e.g.,* FINRA Rule 6810(ff); CAT NMS Plan, *supra* note 3, Section 1.1.

[227] *See* 17 CFR 242.613(j)(8); FINRA Rule 6810. Section 1.1 of the CAT NMS Plan defines ''Order'' or ''order'' to mean, with respect to Eligible Securities, the meaning set forth in Rule 613(j)(8).

[228] *See, e.g.,* FINRA Rule 6810(gg); CAT NMS Plan, *supra* note 3, Section 1.1.

[229] *See* proposed Rule 17a–26(i)(4) (reporting requirements for Industry Members that operate an ATS that trades OTC Equity Securities).

[230] *See, e.g.,* FINRA Rule 6810(kk); CAT NMS Plan, *supra* note 3, Section 1.1.

[231] *See, e.g.,* FINRA Rule 6810(ll); CAT NMS Plan, *supra* note 3, Section 1.1.

[232] *See* CAT NMS Plan, *supra* note 3, Section 1.1.

[233] *See, e.g.*, FINRA Rule 6810(mm); CAT NMS Plan, *supra* note 3, Section 1.1.

Exchange Act (15 U.S.C. 78c(a)(26)). This proposed definition is substantively identical to the definition of SRO in Section 1.1 of the CAT NMS Plan and SRO CAT Compliance Rules, except that a citation to the Exchange Act provision is proposed to be added.[234] Consistent with existing CAT reporting requirements, proposed Rule 17a–26 will continue to reference SRO rules and the obligations Industry Members may or may not have pursuant to those SRO rules.[235]

SRO-Assigned Market Participant Identifier

Proposed Rule 17a–26(a)(39) would define the term SRO-Assigned Market Participant Identifier to mean an identifier assigned to an Industry Member by an SRO, or an identifier used by an SRO. This definition is substantively identical to the definitions in the CAT NMS Plan and the SRO CAT Compliance Rules,[236] but replaces references to the ''Participant'' with ''SRO.''

This definition clarifies the reporting requirements of Rule 17a–26(h) and (i), which allow for the reporting of existing SRO identifiers by CAT Reporters to facilitate the assignment of a unique CAT-Reporter-ID to each CAT Reporter associated with an order or Reportable Event. As proposed, CAT Reporters could, like today, continue to use existing SRO-Assigned Market Participant Identifiers (*e.g.,* market participant identifiers, mnemonics, or user acronyms) when reporting order information to the Commission or the Designee. For the Central Repository to link SRO-Assigned Market Participant Identifiers to unique CAT-Reporter-IDs used to identify Industry Members, pursuant to proposed Rule 17a–26(h)(2), national securities exchanges and national securities associations would be required to submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members or itself and information to identify each such Industry Member.

Technical Specifications

Proposed Rule 17a–26(a)(40) would define the term Technical Specifications to mean technical specifications that provide detailed instructions regarding the submission of data to the Commission or the Designee for entry into the Central Repository and that are made available on a publicly available website maintained by the Commission or the Designee. This definition is similar in part to Section 6.9(a) of the CAT NMS Plan, which states that Technical Specifications will, among other things, be published by the Plan Processor and made available on a publicly available website to be developed and maintained by the Plan Processor. Unlike that provision, proposed Rule 17a–26(a)(40) would not reference Appendices of the CAT NMS Plan or discuss the need for a supermajority vote by the CAT NMS Plan Operating Committee.[237]

The definition specifies the matters the Technical Specifications are to address and makes clear that they are to be made available on a public website as they are today. The Commission expects to, initially, maintain existing requirements for the Technical Specifications if proposed Rule 17a–26 is adopted. This includes the content of the Technical Specifications, which Section 6.9(b) of the CAT NMS Plan specifies shall include: (i) the specifications for the layout of files and records submitted to the Central Repository; (ii) the process for the release of new data format specification changes; (iii) the process for industry testing for any changes to data format specifications; (iv) the procedures for obtaining feedback about and submitting corrections to information submitted to the Central Repository; (v) each data element, including permitted values, in any type of report submitted to the Central Repository; (vi) any error messages generated by the Plan Processor in the course of validating the data; (vii) the process for file submissions (and re-submissions for corrected files); (viii) the storage and access requirements for all files submitted; (ix) metadata requirements for all files submitted to the CAT System; (x) any required secure network connectivity; (xi) data security standards, which shall, at a minimum: (A) satisfy all applicable regulations regarding database security, including provisions of Regulation Systems Compliance and Integrity under the Exchange Act (''Reg SCI''); (B) to the extent not otherwise provided for under this Agreement (including Appendix C to the CAT NMS Plan), set forth such provisions as may be necessary or appropriate to comply with SEC Rule 613(e)(4); and (C) comply with industry best practices; and (xii) any other items reasonably deemed appropriate by the Plan Processor and approved by the Operating Committee.

While the Commission intends to initially maintain the Technical Specifications upon implementation of proposed Rule 17a–26, if it should be adopted, the Commission is aware of Industry Member suggestions and concerns with the current Technical Specifications, and the Commission encourages continued collaboration between CAT LLC, FINRA CAT, the Participants and Industry Members in addressing these suggestions and concerns.[238] The Commission anticipates, if proposed Rule 17a–26 is adopted, that it and/or the Designee will collaborate with the SROs and Industry Members in addressing issues and suggestions for changes to the Technical Specifications, and understands that some of the outstanding issues and suggestions raised in comment letters may be addressed by updates to the Technical Specifications before proposed Rule 17a–26 is adopted.

Trading Day

Proposed Rule 17a–26(a)(41) would define the term Trading Day to mean, for purposes of reporting by Industry Members, as the period beginning immediately after 4:15 p.m. and no fractions of a second Eastern Time on one trade date and ending at exactly 4:15 p.m. and no fractions of a second Eastern Time on the next trade date, except that a Trading Day which is also an early close will end 15 minutes after market close. The proposed definition would also state that the term Trading Day shall mean, for purposes of reporting by national securities exchanges and national securities associations, as the period beginning at 8:00 p.m. Eastern Time on the calendar day immediately preceding regular trading hours (as defined in Rule 600(b) of Regulation NMS) and ending at 8:00 p.m. Eastern Time on the same calendar day as regular trading hours (as defined in Rule 600(b) of Regulation NMS). The proposed definition would state that weekends or any day that all equities or options national securities exchanges are closed or regular trading hours (as defined in Rule 600(b) of Regulation

[234] *See, e.g.,* FINRA Rule 6810(nn); CAT NMS Plan, *supra* note 3, Section 1.1.

[235] *See* proposed Rule 17a–26(i)(2)(v).

[236] *See, e.g.,* FINRA Rule 6810(oo); CAT NMS Plan, *supra* note 3, Section 1.1.

[237] *See* CAT NMS Plan, *supra* note 3, Section 6.9(a).

[238] *See, e.g.,* FIF Letter, *supra* note 86, at 15–16 (discussing trading session and time in force fields), 18 (discussing alignment with FIX and other reporting protocols, and reporting based on books and records), 18–21 (discussing options trading floor reporting scenarios), 21–22 (discussing pre-IPO and pre-corporate action orders); Robinhood Letter, *supra* note 67, at 10 (stating that ''CAT reporting obligations should align directly with the primary business records that broker-dealers are required to generate and maintain under Exchange Act Rules 17a–3 and 17a–4,'' and that ''firms are sometimes forced to fabricate or derive values for CAT fields that have no direct counterpart in their actual books and records'').

NMS) do not occur are not considered a Trading Day.

The definition of ''Trading Day'' in the CAT NMS Plan and SRO CAT Compliance Rules leaves discretion to the Operating Committee to determine what Trading Day means.[239] Proposed Rule 17a–26(a)(41) would define Trading Day based on the existing determination of the Operating Committee, as articulated in technical specifications approved by the Operating Committee.[240] The definition of Trading Day will continue to be relevant for the timing of recording and reporting, and more specifically deadlines for reporting information to the Central Repository pursuant to proposed Rule 17a–26(f), discussed below in Part IV.F.

Transformed Identifier or TID

Proposed Rule 17a–26(a)(42) would define the term Transformed Identifier or TID to mean a transformed version of the input used to identify unique Customers, where such inputs may include, but are not limited to, individual tax payer identification number (''ITIN'') or social security number (''SSN''), Employer Identification Number (''EIN,'' including QI–EIN, WP–EIN, and WT–EIN), or certain foreign identifiers. This definition is substantively identical to the definition in the CAT NMS Plan but removes certain acronyms.[241] As discussed in greater detail in Part IV.K below, this definition will continue to relate to the Reference Data Approach.

Transformed Identifier Type or TID Type

Proposed Rule 17a–26(a)(43) would define the term Transformed Identifier Type or TID Type to mean type of identifier used to create the Transformed Identifier (*e.g.,* SSN/ITIN, EIN or foreign identifier). This definition is identical to the definition in the CAT NMS Plan.[242] As discussed in greater detail in Part IV.K below, this definition will continue to relate to the Reference Data Approach.

Existing Definitions Not Included

The Commission is proposing to only include existing definitions in the CAT NMS Plan and SRO CAT Compliance Rules necessary to maintain existing reporting requirements. From the CAT NMS Plan, among other definitions that the Commission is not proposing in a Commission reporting rule, are definitions relating to the initial process of soliciting bids for and choosing a Plan Processor,[243] the initial implementation of the CAT,[244] management of the CAT NMS Plan itself and operation of the CAT under the CAT NMS Plan,[245] and definitions that are otherwise not necessary.[246] From SRO CAT Compliance Rules, the terms CAT, CAT NMS Plan, Compliance Threshold, Customer Account Information, Customer Identifying Information, Data Submitter, Error Rate, Initial Plan Processor, Introducing Industry Member, NMS Stock, Operating Committee, Plan Processor, and Small Industry Member are not in proposed Rule 17a–26(a).[247] These terms are not being proposed in the new reporting rule because they either relate to the Regulation NMS Plan structure that would no longer exist or are related terms that would no longer be needed under a Commission reporting rule,[248] relate to the timing of implementation and reporting that has passed,[249] relate to the existing funding model of the CAT,[250] relate to existing error thresholds applicable to Industry Members,[251] or relate to older customer information reporting requirements that have been replaced by the Reference Data Approach.[252] The Commission understands that these terms within the CAT NMS Plan and SRO CAT Compliance Rules would not be required for proposed Rule 17a–26 to maintain existing reporting requirements, but requests comment on whether or not that is true below.

Request for Comment

The Commission requests comment on proposed Rule 17a–26(a). Specifically, the Commission solicits comment on the following:

14. Should any other definitions be added to proposed Rule 17a–26(a)? Does proposed Rule 17a–26(a) have the necessary definitions from Rule 613, the CAT NMS Plan, SRO CAT Compliance Rules, and any other documents related to current CAT reporting such as technical specifications and FAQs? Should any existing definitions that are intentionally excluded, as discussed

[239] Section 1.1 of the CAT NMS Plan defines ''Trading Day'' to have such meaning as is determined by the Operating Committee, and states that, for the avoidance of doubt, ''the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.'' *See also* FINRA Rule 6810(qq).

[240] *See* CAT Reporting Technical Specifications for Industry Members, Version 4.2.0r1, dated June 26, 2026, *available at: https://catnmsplan.com/sites/default/files/2026-06/06.26.26_CAT_Reporting_Technical_Specifications_for_Industry_Members_v4.2.0r1_CLEAN.pdf* (''Industry Member Technical Specifications''), at 294; CAT Reporting Technical Specifications for Plan Participants, dated Sept. 17, 2026, *available at: https://catnmsplan.com/sites/default/files/2026-09/09.17.2026-CAT_Reporting_Technical_Specifications_for_Participants-4.4.0.pdf* (''Participant Technical Specifications''), at Appendix D. *See also* CAT FAQ C1, ''How has the Operating Committee defined 'Trading Day,''' *available at: https://www.catnmsplan.com/faq/c1.* The Industry Member Technical Specifications state that ''the Trading Day definition for Participants . . . starts on 1 millisecond from 12:00 a.m. of T, and ends at 12:00 a.m. of T+1,'' but this is inconsistent with what is in the Participant Technical Specifications, which states that ''CAT Trading Day means the period beginning at 8:00 p.m. Eastern Time on the calendar day immediately preceding Regular Trading Hours and ending at 8:00 p.m. Eastern Time on the same calendar day as Regular Trading Hours.'' *See* Industry Member Technical Specifications, at 294 n.14; Participant Technical Specifications, at 282. Proposed Rule 17a-26(a)(41) would be consistent with the Participant Technical Specifications.

[241] *See* CAT NMS Plan, *supra* note 3, Section 1.1.

[242] *See id.*

[243] *See* CAT NMS Plan, *supra* note 3, Section 1.1 (defining Bid, Bidder, Bidding Participant, Initial Plan Processor, Non-SRO Bid, Qualified Bid, Qualified Bidder, RFP, Selection Committee, Selection Plan, Shortlisted Bid, Shortlisted Bidder).

[244] *See* CAT NMS Plan, *supra* note 3, Section 1.1 (defining Effective Date, Financial Accountability Milestone, FINRA, Fiscal Year, FS–ISAC, Full Availability and Regulatory Utilization of Transaction Database Functionality, Full Implementation of CAT NMS Plan Requirements, Full Implementation of Core Equity Reporting Requirements, Initial Industry Member Core Equity and Option Reporting, Primary Market Transaction, and Small Industry Member).

[245] *See* CAT NMS Plan, *supra* note 3, Section 1.1 (defining Advisory Committee, Affiliate, Affiliated Participant, Agreement, CAT Executing Broker, CAT NMS Plan, Certificate, Chair, Chief Compliance Officer, Chief Information Security Officer, Code, Company, Company Interest, Compliance Rule, Compliance Subcommittee, Compliance Threshold, Conflict of Interest, Delaware Act, Disclosing Party, Error Rate, Fiscal Year, GAAP, Independent Auditor, Information, Latency, Majority Vote, Material Amendment, Material Contract, Material Subcontractor, Material Systems Change, NMS Plan, Officer, Operating Committee, Other SLAs, Participant, Participation Fee, Payment Date, Permitted Legal Basis, Permitted Person, Permitted Transferee, Person, Pledge, Prime Rate, Proceeding, Receiving Party, Registered Person, Representatives, SLA, Subcommittee, Supermajority Vote, Tax Matters Partner, Transfer, Voting Senior Officer).

[246] *See* CAT NMS Plan, *supra* note 3, Section 1.1 (defining CAT, CAT Data, CAT System, Commission or SEC, Exchange Act, Exemptive Request Letters, FINRA, FS–ISAC, Last Sale Report, National Best Bid and National Best Offer, Participant Data, Plan Processor, Raw Data, Securities Information Processor or SIP, and SIP Data).

[247] *See, e.g.,* FINRA Rule 6810.

[248] *See, e.g.,* FINRA Rule 6810 (defining CAT, CAT NMS Plan, Operating Committee, Plan Processor, Data Submitter).

[249] *See, e.g.,* FINRA Rule 6810 (defining Initial Plan Processor, Introducing Industry Member, Small Industry Member).

[250] *See, e.g.,* FINRA Rule 6810 (defining NMS Stock).

[251] *See, e.g.,* FINRA Rule 6810 (defining Compliance Threshold and Error Rate).

[252] *See, e.g.,* FINRA Rule 6810 (defining Customer Account Information, Customer Identifying Information). *See also infra* Part IV.K (Reference Data Reporting).

above, be carried over into the proposed rule? If yes, which one(s) and why?

15. Are the definitions proposed by Rule 17a–26, when intended, consistent with the definitions of the terms in Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? If not, how so? Should any of these definitions be modified? If so, how so and why?

16. Are any of the definitions in proposed Rule 17a–26 unnecessary? If so, why?

17. Is the proposed definition of Account Effective Date in proposed Rule 17a–26(a)(1) consistent with the definition of Account Effective Date in the CAT NMS Plan and SRO CAT Compliance Rules? Why or why not?

18. Should any changes be made to the proposed definition of Material Terms of the Order in proposed Rule 17a–26(a)(28)?

19. Is the proposed definition for Technical Specifications in proposed Rule 17a–26(a)(40) appropriate? Should Technical Specifications be a defined term? Why or why not? Is the proposed definition consistent with the content of technical specifications currently promulgated by the Plan Processor? Why or why not? Should any changes be made to the proposed definition?

20. Is the proposed definition for Trading Day in proposed Rule 17a–26(a)(41) consistent with the definition of Trading Day as defined in technical specifications currently promulgated by the Plan Processor? If not, what changes should be made to the proposed definition?

B. Applicable Securities

Proposed Rule 17a–26(b) would establish the applicable securities that are to be recorded and reported to the Commission or the Designee pursuant to Rule 17a–26. Specifically, Rule 17a–26(b) would state that: (1) each national securities exchange shall record and report to the Central Repository the information set forth in paragraph (h) of this section for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange; (2) each national securities association shall record and report to the Central Repository the information set forth in paragraph (h) of this section for each Eligible Security for which transaction reports are required to be submitted to a national securities association; (3) each Industry Member shall record and report to the Central Repository the information set forth in paragraph (i) of this section for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange; and (4) each Industry Member shall record and report to the Central Repository the information set forth in paragraph (i) of this section for each Eligible Security for which transaction reports are required to be submitted to a national securities association. These provisions are modeled after and substantively identical to provisions in the CAT NMS Plan and SRO CAT Compliance Rules.[253] However, the proposed provision references paragraphs of proposed Rule 17a–26 instead of using the terms ''Participant Data'' and ''Industry Member Data'' (which are not defined in proposed Rule 17a–26), and replaces references to FINRA with ''a national securities association.''

Proposed Rule 17a–26(b) defines what are the applicable securities subject to the recording and reporting requirements of Rule 17a–26, namely NMS securities registered or listed for trading on an exchange or admitted to unlisted trading privileges on such exchange, and Eligible Securities (as defined by proposed Rule 17a–26(a)(20), *see supra* Part IV.A) subject to transaction reporting requirements of a national securities association. This is consistent with both the Participant reporting requirements and requirement for SRO CAT Compliance Rules within the CAT NMS Plan,[254] and means that the CAT will require reporting for the same securities as currently required pursuant to the CAT NMS Plan and SRO CAT Compliance Rules. It is consistent with the definition of Eligible Securities in proposed Rule 17a–26(a) as well.

Some commenters on the Concept Release have suggested that the CAT be expanded to include additional securities, such as fixed income securities,[255] or raised concerns about tokenized securities or digital assets and CAT reporting.[256] The Commission acknowledges commenter concerns that the trading of tokenized securities or digital assets representing reportable securities may not be required to be reported to the CAT and that this could present regulatory challenges.[257] And the Commission recognizes that a blockchain or digital ledger may not involve the same data points required to be reported as to the CAT. Consistent with current CAT reporting obligations, under proposed Rule 17a–26, to the extent that a tokenized security or digital asset are Eligible Securities and reportable to the Commission or the Designee pursuant to proposed Rule 17a–26(b), reporting requirements would apply to those securities, unless exemptive or other relief were provided.[258]

It is not appropriate at this stage to propose any new additional securities be subject to CAT reporting requirements, such as fixed income securities, or explicitly expand the reporting obligations to ensure that transactions in tokenized securities are reported to the Commission or the Designee regardless of where such tokenized securities are traded (if not traded on a national securities exchange or reported to a national securities association) or by whom (persons or entities that are not SROs or Industry Members). As discussed above, to the extent possible, the Commission intends to maintain current CAT reporting

[253] *See, e.g.,* Nasdaq General 7, Section 3(c); CAT NMS Plan, *supra* note 3, Sections 6.3(c) and 6.4(c).

[254] *See* CAT NMS Plan, *supra* note 3, Section 6.3(c) and 6.4(c).

[255] *See, e.g.,* Letter from William Capuzzi, Chief Executive Officer, Apex Clearing Corporation, to Vanessa A. Countryman, Secretary, Commission (June 22, 2026), at 5, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-859919-2650328.pdf* (''Apex Clearing Letter'') (stating that the Commission should evaluate whether fixed-income transaction data can be brought into the CAT over time, not to eliminate redundancy, but to capture the efficiency of a single, comprehensive reporting platform across asset classes). The CAT NMS Plan has not been modified since it was initially approved to cover additional securities, but such a possibility was contemplated at the time. *See, e.g.,* CAT NMS Plan Approval Order, *supra* note 3, at 84777–78 (noting that EBS will continue to be necessary for data on asset classes ''not initially covered by CAT, such as fixed income, municipal, or other government securities'').

[256] *See, e.g.,* Nasdaq Letter I, *supra* note 32, at 11–12 (stating that ''[a]ny discussion of the CAT's future would be incomplete without considering tokenized securities''); SIFMA Letter, *supra* note 66, at 4–5 (recommending that the Commission explore approaches to innovation that ensure that regulators continue to have access to the transaction and market information needed to maintain fair and orderly markets); PTG Letter, *supra* note 83, at 4 (''[i]n keeping with investor protections and to avoid regulatory arbitrage, Commission rulemaking should be clear that the regulatory mandates of CAT apply to all forms of equity and options trading including tokenization and the move to 23x5 and 24x7 trading'').

[257] *See, e.g.,* Nasdaq Letter I, *supra* note 32, at 12; SIFMA Letter, *supra* note 66, at 4–5. *See also* FINRA Letter, *supra* note 11, at 1 (stating that ''market integrity and investor confidence require an effective audit trail encompassing *all* the trading locales for a particular security'') (emphasis in original).

[258] For example, the Commission issued an order granting temporary conditional exemptive relief to ''Tokenized Securities Venues'' (''TSVs'') which, among other things, exempts TSVs from the definition of ''exchange'' in section 3(a)(1) of the Exchange Act (the ''TSV Exemption''). *See* Securities Exchange Act Release No. 106402 (Sept. 17, 2026), 91 FR 60168 (Sept. 22, 2026). This order states that pursuant to the TSV Exemption, a TSV ''would not be considered a trading center or a market center under Regulation NMS,'' and ''thus the rules under Regulation NMS applicable to exchanges, ATSs, trading centers, and market centers would not apply to such TSV,'' including, among other rules, Rule 613. *See id.* at 60172. Thus, a TSV would have no reporting obligation under Rule 17a–26 because it is not a national securities exchange or national securities association.

requirements to avoid undue burdens and costs on industry as reporting transitions to a Commission rule. The expansion of CAT to more applicable securities, or expansion of CAT to apply to more market participants than SROs and broker-dealers, would be inconsistent with that goal.

Request for Comment

The Commission requests comment on the proposed provisions regarding applicable securities. Specifically, the Commission solicits comment on the following:

21. Is proposed Rule 17a–26(b), regarding applicable securities, consistent with Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? Should any changes be made to this provision to ensure that the securities subject to reporting under proposed Rule 17a–26 are the same as are currently required to be reported under Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? If so, what changes?

22. Should any changes be made with respect to the securities reportable to CAT? Should the securities subject to reporting pursuant to proposed Rule 17a–26 not be made consistent with the securities that are currently required to be reported under Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? If so, what changes are appropriate?

23. Should any changes be made to CAT reporting requirements in order to accommodate the reporting of trading of tokenized securities and digital assets that are Applicable Securities? If so, what changes are appropriate?

C. Clock Synchronization and Business Clocks

Proposed Rule 17a–26(c) would impose requirements regarding clock synchronization and Business Clocks, with some differences from what is currently required for national securities exchanges and national securities associations. The proposed rule proposes specific tolerances for timestamps that are consistent with current CAT NMS Plan and SRO CAT Compliance Rules, specifically: for national securities exchanges and national securities associations (100 microseconds), Industry Members (50 milliseconds), and Manual Order Events and Allocation Reports (1 second).[259] However, proposed Rule 17a–26(c) would extend existing requirements relating to daily synchronization, documentation, certification, and violation reporting, that currently apply to only Industry Members through SRO CAT Compliance Rules, to also apply to national securities exchanges and national securities associations. In addition, the proposed rules would differ insofar as synchronization logs would be allowed to be preserved for a shorter time period (three years instead of five years), certification of satisfaction of the synchronization requirements will be explicitly required to be made to the Commission or the Designee annually (rather than ''in accordance with the certification schedule established by the Operating Committee''), and violation reporting would not be ''pursuant to thresholds set by the Operating Committee pursuant to the CAT NMS Plan.'' [260]

Tolerances for CAT Reporters

Proposed Rule 17a–26(c)(1) would specify that for purposes of reporting to the Central Repository, each national securities exchange and national securities association must synchronize its Business Clocks at a minimum to within 100 microseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), consistent with industry standards, and each Industry Member must synchronize their respective Business Clocks at a minimum to within fifty (50) milliseconds of the time maintained by the NIST, and maintain such a synchronization. The provision would state that the tolerance provided for in proposed Rule 17a–26(c)(1) includes all of the following: the difference between the NIST atomic clock and the CAT Reporter's Business Clock, the transmission delay from the source, and the amount of drift of the CAT Reporter's Business Clock.

Proposed Rule 17a–26(c)(1) is consistent with current requirements and is designed to help ensure that clocks are synchronized within a specific level of granularity and that time drift does not exceed a defined level of deviation. The majority of trading of NMS Securities is done electronically, and computers necessarily have some rate of deviation when keeping time. Proposed Rule 17a–26(c) is designed to strike an appropriate balance between the need for accurately timestamped reported events and the burden of maintaining clock synchronization and the amount of deviation allowed in timekeeping. Effective clock synchronization is essential to maintaining an accurately time-sequenced audit trail, particularly one where time stamps will be in millisecond increments or less, especially in the modern market where order events occur within microseconds. The ability to sequence market events is crucial to the efficacy of detecting and investigating some types of manipulation, particularly those involving high frequency trading. Any drift of such a system's clock relative to the clocks of other systems may of course hinder the time-sequencing of cross-system events, but any drift between Business Clocks would not preclude the ability of regulators from performing a detailed, accurate time-sequenced analysis of all the orders, cancellations, modifications, and executions performed by a specific system of interest.

The proposed clock synchronization standards of 50 milliseconds for broker-dealers and the finer 100 microsecond standard for national securities exchanges and national securities associations are based on current requirements in the CAT NMS Plan and SRO CAT Compliance Rules. In approving the CAT NMS Plan, the Commission noted that the Participants considered various clock synchronization options, ranging from microseconds to one second, before settling on a 50 millisecond standard, which the Participants believed represented the then current industry standard for Industry Members.[261] The Participants stated that, based on their analysis, imposing a finer clock synchronization standard for Industry Members as part of the initial implementation of the CAT would significantly increase the cost of compliance for some segments of the Industry.[262] With respect to the national securities exchanges and national securities associations themselves, the Participants represented that they all operated pursuant to a clock synchronization standard that is within 100 microseconds of the time maintained by NIST.[263]

One commenter on the Concept Release objected to the 50 millisecond standard for Industry Members, stating that the tolerance ''makes the CAT data useless,'' and that ''[a] wide latency tolerance mussed up data that one cannot roll the data forward and backward to see which trade message came in first, second, third, or a hundred thousandth,'' and ''[i]n turn, [the CAT] is not suitable for Best Ex, surveillance, or regulatory market

[259] *See* CAT NMS Plan, *supra* note 3, at Section 6.8(a)(i); FINRA Rule 6820(a)(4).

[260] *See, e.g.,* FINRA Rule 6820.

[261] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84785.

[262] *See id.*

[263] *See id.*

monitoring purposes.'' [264] The Commission disagrees that the clock synchronization requirements have made the CAT useless. While a reduced tolerance may lead to a greater ability to confidently sequence otherwise unlinked order events in perfect sequence, the existing requirements are sufficient for regulatory needs and strike an appropriate balance between precision and the risks of transition to a significantly less tolerant synchronization standard at this time.

Tolerances for Manual Order Events and Allocation Reports

Proposed Rule 17a–26(c)(1)(A) would establish different clock synchronization requirements for Manual Order Events and Allocation Reports. Specifically, notwithstanding the requirements of proposed Rule 17a–26(c)(1), proposed Rule 17a–26(c)(1)(A) would state that each national securities exchange, national securities association, and Industry Member must synchronize their Business Clocks used solely for Manual Order Events and Business Clocks used solely for the time of allocation on Allocation Reports to within one second of the time maintained by the NIST atomic clock, consistent with industry standards, and maintain such synchronization.

Proposed Rule 17a–26(c)(1)(A) is consistent with the CAT NMS Plan and SRO CAT Compliance Rules, which also allow for the reporting of Manual Order Events and Allocation Reports to a one-second clock synchronization standard. For manual systems and manual events, the timing is inherently less precise and a one-second clock synchronization standard is reasonable. For Allocation Reports, a one-second clock synchronization standard is reasonable because the regulatory benefit of the timing of an allocation does not require millisecond precision, and unlike other CAT order events that require linkage, allocations are not time-critical. Maintaining these clock synchronization standards, as well as the standards in Rule 17a–26(c)(1), will mean that CAT Reporters can continue to synch clocks as they do now and will avoid having to make systems or reporting changes to meet new standards.

As discussed above, certain requirements that are only imposed on Industry Members by SRO CAT Compliance Rules today would be extended to apply to national securities exchanges and national securities associations as well. Proposed Rule 17a–26(c)(1)(B) would require that Business Clocks be synchronized every business day before market open to ensure that timestamps for Reportable Events are accurate, and that to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and resynchronized, as necessary, throughout the day. While the CAT NMS Plan requires Participants to synchronize its Business Clocks at a minimum to within 100 microseconds of the time maintained by NIST, it does not explicitly require Participants to synchronize their Business Clocks every business day before market open or resynchronize those clocks, as necessary, throughout the day.[265] Requiring all CAT Reporters to regularly resynchronize their Business Clocks should help ensure that they are in compliance with the standards in Rule 17a–26(c)(1) both at the start of each trading day and throughout each trading day, which is essential in ensuring that the timestamps applied to reportable events are accurate and within synchronization requirements, as Business Clocks could drift or become less consistent with the time maintained by NIST overnight or over a trading day.

Proposed Rule 17a–26(c)(2) would impose documentation requirements related to clock synchronization and Business Clocks, consistent with existing requirements in SRO CAT Compliance Rules for Industry Members, except for shortening the required period logs are to be maintained from five years to three years, and proposing to apply these documentation requirements to all CAT Reporters. Specifically, proposed Rule 17a–26(c)(2) would require national securities exchanges, national securities associations, and Industry Members to document and maintain their synchronization procedures for Business Clocks, including keeping a log of the times when they synchronize their Business Clocks and the results of the synchronization process. Proposed Rule 17a–26(c)(2) would specify that the log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in proposed Rule 17a–26(c) and that such log must include results for a period of not less than three years ending on the then current date, or for the entire period for which the national securities exchange, national securities association, or Industry Member has been required to comply with Rule 17a–26 if less than three years. Proposed Rule 17a–26(c)(3) would require each national securities exchange, national securities association, and Industry Member subject to proposed Rule 17a–26 to certify that its Business Clocks satisfy the synchronization requirements set forth in proposed Rule 17a–26(c)(1) on an annual basis. Consistent with the existing requirements in SRO CAT Compliance Rules for Industry Members, pursuant to the proposal, CAT Reporters would maintain the certification as part of their books and records.

The proposed requirement that all CAT Reporters maintain documentation for their synchronization procedures for Business Clocks, including a log of the times when they synchronize their Business Clocks and the results of the synchronization process should help ensure that all CAT Reporters maintain a record of clock synchronization should review be required. As noted above, this is currently imposed on only Industry Members pursuant to SRO CAT Compliance Rules.[266] Requiring such log to document synchronization times and results for a period of up to three years is appropriate because it is consistent with the amount of time CAT Data is currently required to be stored by the Plan Processor pursuant to the CAT NMS Plan. The three year requirement differs from the current five year requirement imposed on Industry Members pursuant to SRO CAT Compliance Rules, and does not foreclose the ability of Industry Members to maintain that amount of logs if they choose to do so.

Proposed Rule 17a–26(c)(3) will require certification from each national securities exchange, national securities association and broker-dealer subject to Rule 17a–26 that its Business Clocks satisfy the synchronization

[264] *See* Data Boiler Letter, *supra* note 66, at 9 and 26.

[265] *See* CAT NMS Plan, *supra* note 3, at Section 6.8(a)(i); FINRA Rule 6820(a)(4). While the CAT NMS Plan does not explicitly require Participants to do the same as what is required by SRO CAT Compliance Rules of Industry Members, it is likely that the majority if not all Participants have policies and procedures that require such synchronization. *See* Participant Technical Specifications, *supra* note 240, at 259 (stating that ''in order to ensure the accuracy of timestamps for Reportable Events, Participants are anticipated to adopt policies and procedures to verify such required synchronization each Trading Day (1) before the market opens, and (2) periodically throughout the Trading Day'').

[266] *See* CAT NMS Plan, *supra* note 3, at Section 6.8(a)(i); FINRA Rule 6820(b). The CAT NMS Plan does not explicitly require Participants to maintain logs of clock synchronization, although it is possible that the majority if not all Participants currently keep documentation related to clock synchronization. *See* Participant Technical Specifications, *supra* note 240, at 259 (stating that ''Participants are recommended to keep documentation which provides details of their Business Clock synchronization process, and the resulting log files from the implementation of such processes'').

requirements set forth in Rule 17a–26(c)(1) on an annual basis. Currently, Industry Members are required to complete an annual clock synchronization certification form, certifying that the Industry Member satisfies the synchronization requirements of the SRO CAT Compliance Rules for the prior calendar year.[267] Consistent with those existing requirements, CAT Reporters would maintain the certification required by proposed Rule 17a–26(c)(3) as part of their books and records. Requiring an annual certification from all CAT Reporters should help ensure that each CAT Reporter is maintaining Business Clocks with synchronization consistent with Rule 17a–26(c)(1).

Proposed Rule 17a–26(c) would also include violation reporting requirements for clock synchronization and Business Clocks, based in part on existing requirements in SRO CAT Compliance Rules. Proposed Rule 17a–26(c)(4) would require national securities exchanges, national securities associations, and Industry Members with Business Clocks to report to the Commission or the Designee violations of paragraph (1) of proposed Rule 17a–26(c). Proposed Rule 17a–26(c)(4) would also state that a national securities exchange, national securities association, or Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in Rule 17a–26(c)(1) without reasonable justification or exceptional circumstances may be considered in violation of this section. Currently, the SRO CAT Compliance Rules require violation reporting by Industry Members ''pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan,'' but proposed Rule 17a–26(c)(4) has no similar language. In addition, this proposed provision would extend the violation reporting requirements and pattern or practice provision that is currently in SRO CAT Compliance Rules to apply to all CAT Reporters and not just Industry Members. Proposed Rule 17a–26(c)(4) should continue to help ensure that CAT Reporters take great care in maintaining accurate Business Clocks and that the responsible party is made aware of any deviations from the requirements of proposed Rule 17a–26(c)(1).

Request for Comment

The Commission requests comment on the proposed provisions regarding clock synchronization and Business Clocks. Specifically, the Commission solicits comment on the following:

24. Except where specifically intended otherwise, should any changes be made to ensure that proposed Rule 17a–26(c) is consistent to the current synchronization and Business Clock requirements of Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? If so, what changes?

25. Are the proposed tolerances for Business Clocks appropriate? Is it appropriate for the requirements for Business Clocks to continue to differ between national securities exchanges and national securities associations (provided a 100 microsecond tolerance), and broker-dealers (provided a 50 millisecond tolerance)? Why or why not? Could Industry Members synchronize Business Clocks with a smaller tolerance without any substantive systems or process changes, or would modification of the tolerance necessarily require certain Industry Members to incur new costs?

26. Is it appropriate to require the same daily synchronization, documentation, certification, and violation reporting requirements on all CAT Reporters? Should timestamp requirements differ for any other reportable events in addition to Manual Order Events and Allocation Reports? Why or why not? Should any other changes be made to the clock synchronization and Business Clock provisions?

27. Should the proposed rule specify what needs to be included in the certification required by Proposed Rule 17a–26(c)(3)? If so, what information should the certification require? Should the Commission require CAT Reporters to use a specific form for the certification? If so, should the Commission use the same certification form that is currently required by the SROs' CAT Compliance Rules? Why or why not? Instead of requiring the certification to be maintained by CAT Reporters as part of their books and records, should the Commission require CAT Reporters to submit their certifications to the Commission or its Designee? Why or why not?

D. Timestamps

Proposed Rule 17a–26(d) would impose requirements regarding timestamps for reporting to the Central Repository. Specifically, Rule 17a–26(d) would require each CAT Reporter to record and report to the Central Repository with time stamps in milliseconds. Rule 17a–26(d)(1) would state that to the extent that a CAT Reporter's order handling or execution systems utilize time stamps in increments finer than milliseconds, such CAT Reporter shall record and report to the Central Repository with time stamps in such finer increment up to nanoseconds; provided, that CAT Reporters that capture timestamps in increments more granular than nanoseconds must truncate the timestamps after the nanosecond level for submission to Central Repository, rather than rounding such timestamps up or down. Proposed Rule 17a–26(d)(2) would provide for different timestamp requirements for Manual Order Events and Allocation Reports. Specifically, national securities exchanges, national securities associations, and Industry Members would be permitted to record and report: (i) Manual Order Events to the Central Repository in increments up to and including one second, provided that CAT Reporters shall be required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such CAT Reporter in milliseconds; and (ii) the time of allocation on Allocation Reports in increments up to and including one second.

The proposed requirements regarding timestamps are designed to be substantively identical to existing reporting requirements for CAT Reporters, pursuant to the CAT NMS Plan, SRO CAT Compliance Rules, and exemptive relief granted by the Commission. Rule 613 required the CAT NMS Plan to impose granularity requirements that reflect current industry standards and be at least to the millisecond.[268] With the exception of Manual Events and Allocation Reports, the CAT NMS Plan requires reporting in at minimum milliseconds, but states that if a Participant or Industry Member utilizes timestamps in increments finer than the minimum requirement, such CAT Reporter shall utilize such finer increment.[269]

However, due to conditional exemptive relief granted by the

[267] *See, e.g.,* CAT LLC, ''Clock Synchronization,'' *available at: https://www.catnmsplan.com/guidance/clock-synchronization* (stating, among other things, that ''Industry Members are required to complete the CAT Clock Synchronization Certification form by March 15th of each year''); CAT LLC, ''Consolidated Audit Trail ('CAT') Clock Synchronization Requirements,'' *available at https://catnmsplan.com/sites/default/files/2020-02/Clock_Synchronization-Notice_to_Industry_Members.pdf* (stating, among other things, that the Operating Committee determined that synchronization certifications should be made annually); CAT FAQ R7.

[268] *See* 17 CFR 242.613(d)(3).

[269] *See* CAT NMS Plan, *supra* note 3, Section 6.8(b) and at Appendix D, Section 3.

Commission in 2020,[270] and again in 2025,[271] the CAT has never accepted timestamps in increments more granular than nanoseconds from any CAT Reporters. Pursuant to this exemptive relief, both Participants and Industry Members were required to truncate timestamps in increments more granular than nanoseconds to nanoseconds for submission to the CAT, and the Central Repository will be required to accept timestamps on order events handled electronically to a nanosecond granularity.[272] This conditional exemptive relief was granted for a period of five years, and so absent further action, the conditional exemptive relief is scheduled to expire on April 8, 2030.[273]

In their request for exemptive relief in 2025, the Participants stated that absent such relief, the Plan Processor would impose costs of approximately $900,000 to $1,100,000 and additional costs would be imposed on Participants and Industry Members without any corresponding regulatory benefit.[274] As noted by the Participants, because of the 50 millisecond leeway given for clock synchronization for Industry Members (which as described in Part IV.C. above is intended to be maintained in the new reporting rule), any two separate clocks can vary by 100 milliseconds; therefore, requiring timestamps in finer granularity than nanoseconds would not improve the ability to sequence events with any reasonable degree of reliability or otherwise enhance regulatory use versus the status quo.[275] The Participants also noted that no Participant used timestamps with a finer granularity than nanoseconds at the time.[276] The Commission received one comment letter in support of the Participants' exemptive relief at the time, and no negative comment letters or feedback.[277] In addition, commenters on the Concept Release broadly supported permanent codification of temporary exemptive relief,[278] including specifically the timestamp granularity exemptive relief.[279]

The proposal would codify the timestamp granularity exemptive relief into the new CAT reporting rule. The Commission has previously stated that regulators need sufficiently granular timestamps to sequence events across orders and within order lifecycles, and that a lack of uniform and granular timestamps can limit the ability of regulators to sequence events accurately and link data with information from other data sources.[280] Because the national securities exchanges and national securities association do not utilize timestamps finer than nanoseconds, and the proposed clock synchronization requirements as described in Part IV.C. above require synchronization within 50 milliseconds,[281] codifying the exemptive relief and conditions would result in the collection of information that is at least as granular as existing data sources.

Proposed Rule 17a–26(d) would allow for an accurate sequencing of reportable events as may commonly occur within a single system, tied to a single clock, at levels of at least as granular as a millisecond. CAT Reportable Events can be adequately sequenced in the CAT without requiring timestamps in a finer granularity than nanoseconds, and with the approach in the proposed rule the Commission or the Designee would be able to preserve the reliability and accuracy of the data reported to the Central Repository while avoiding significant costs and work for both the Central Repository and CAT Reporters to modify timestamp requirements. Instead of having a reporting standard that expires, to the extent that industry standards change significantly enough to warrant modification to these timestamp requirements, the Commission could choose to amend the rule or grant exemptive relief as necessary to accommodate such developments.

Request for Comment

The Commission requests comment on the proposed provisions regarding the reporting requirements related to timestamps. Specifically, the Commission solicits comment on the following:

28. Are the proposed provisions consistent with Rule 613, the CAT NMS Plan, SRO CAT Compliance Rules, and the 2025 Timestamp Granularity Exemptive Relief Order? Should any changes be made to these provisions to ensure that the timing of recording and reporting under Rule 17a–26 is consistent with what is currently required for CAT Reporters?

29. Should the CAT be required to accept timestamps in the finest granularity used by CAT Reporters? Should timestamps more granular than nanoseconds be required to be truncated after the nanosecond level for submission to the CAT? Why or why not?

30. Should timestamp requirements differ for any other reportable events in addition to Manual Order Events and Allocation Reports? Why or why not?

E. Connectivity and Data Transmission

Proposed Rule 17a–26(e) would impose requirements regarding data transmission and connectivity, as well as describe requirements relating to CAT Reporting Agents. Proposed Rule 17a–26(e)(1) would state that each CAT Reporter shall transmit data as required under the rule to the Central Repository for consolidation and storage utilizing such method(s) and format(s) and according to such guidance as may be provided by the Commission and the Designee. Proposed Rule 17a–26(e)(2) would state that each CAT Reporter shall connect to the Central Repository using a secure method(s) and encrypted

[270] *See* Securities Exchange Act Release No. 88608 (Apr. 8, 2020), 85 FR 20743 (Apr. 14, 2020).

[271] *See* Securities Exchange Act Release No. 102980 (May 2, 2025), 90 FR 19334 (May 7, 2025) (''2025 Timestamp Granularity Exemptive Relief Order'').

[272] *See* 2025 Timestamp Granularity Exemptive Relief Order, *supra* note 271, at 19336.

[273] *See, e.g.,* FINRA Rule 6860(a) (stating that Industry Members that capture time stamps in increments more granular than nanoseconds must truncate the time stamps after the nanosecond level for submission to CAT, rather than rounding such time stamps up or down, until April 8, 2030).

[274] *See* letter from Brandon Becker, CAT NMS Plan Operating Committee Chair, to Vanessa Countryman, Secretary, Commission, dated March 24, 2025 (''2025 Timestamp Granularity Request Letter''), at 2, *available at: https://catnmsplan.com/sites/default/files/2025-03/03.24.25-CAT-Exemption-Request_Timestamp-Granularity.pdf.*

[275] *See id.,* at 4.

[276] *See id.*

[277] *See* 2025 Timestamp Granularity Exemptive Relief Order, *supra* note 271, at 19336; Letter from Howard Meyerson, Managing Director, Financial Information Forum, dated March 28, 2025 (''March 2025 FIF Letter''), *available at: https://www.sec.gov/comments/4-698/4698-585555-1689862.pdf.*

[278] *See, e.g.,* FIF Letter, *supra* note 86, at 11 (stating that FIF members recommend that the Commission make permanent any current exemption relating to CAT that is limited by a time period); Robinhood Letter, *supra* note 67, at 13 (stating that the Commission should publish a complete inventory of all currently active CAT exemptive reliefs and commit to a timeline for resolving each on a permanent basis); PTG Letter, *supra* note 83, at 3 (stating that ''temporary exemptive relief . . . should be made permanent and potentially broadened''); NYSE Letter I, *supra* note 32, at 7 (stating that ''the NYSE Exchanges are generally supportive of permanently extending and codifying all current exemptive relief'').

[279] *See, e.g.,* Robinhood Letter, *supra* note 67, at 13 (stating that the commenter opposes any effort to compress manual order timestamp requirements and stating that the nanosecond truncation relief should be permanently codified before its expiration); FINRA Letter, *supra* note 11, at 7 (stating that a Commission audit trail reporting rule should, among other things, leverage existing provisions including timestamp requirements).

[280] *See* 2025 Timestamp Granularity Exemptive Relief Order, *supra* note 271, at 19336; CAT NMS Plan Approval Order, *supra* note 3, at 84808–09, 84813.

[281] *See also* March 2025 FIF Letter, *supra* note 277, at 2 (stating that 50 milliseconds is 50 million times greater than a nanosecond and that the CAT NMS Plan requires clock synchronization by the CAT Plan Participants to within 100 microseconds, which is 100,000 times greater than a nanosecond).

internet connectivity, including but not limited to private line(s) and virtual private network connection(s) over public lines.

Proposed Rule 17a–26(e)(3) would state that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the reporting obligations of such Industry Member under this section. It would state that any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of this section, and that all written documents evidencing such agreement must be maintained by each party to the agreement. In addition, the proposed rule would state that, notwithstanding the existence of an agreement described in this paragraph, each Industry Member remains primarily responsible for compliance with the requirements of this section.

These proposed provisions are designed to be consistent with the existing CAT NMS Plan and SRO CAT Compliance Rules,[282] with certain modifications. Specifically, the SRO CAT Compliance Rules apply to Industry Members, and the proposed provisions regarding connectivity and data transmission are proposed to be modified to instead apply to all CAT Reporters. This is consistent with Section 4.1.1 of Appendix D of the CAT NMS Plan, which requires that CAT Reporters (and not just Industry Members) must connect to the CAT infrastructure using secure methods such as private lines or (for smaller broker-dealers) Virtual Private Network connections over public lines. In addition, the requirements related to CAT Reporting Agents mirror the requirements in current SRO CAT Compliance Rules.[283]

Proposed Rule 17a–26(e)(2) would require each CAT Reporter to use encrypted internet connectivity. While the SRO CAT Compliance Rules do not explicitly require usage of encrypted internet connectivity by CAT Reporters, the CAT NMS Plan requires that the CAT System must have encrypted internet connectivity.[284] The Commission understands that CAT Reporters already connect to the Central Repository using encrypted internet connectivity,[285] and thus imposing such a requirement would not modify existing practices with respect to CAT reporting or require any CAT Reporter to modify and update existing systems to meet this requirement.

The proposed provisions regarding data transmission, connectivity, and CAT Reporting Agents are designed to ensure that CAT data continues to be submitted to the Central Repository in a secure and encrypted format that will continue to allow the Commission or the Designee to ingest, process, and analyze the data effectively and securely. The requirements related to documenting and maintaining any agreements between Industry Members and their CAT Reporting Agent(s) are important to continue to ensure that each party to the agreement fully understands the respective functions and responsibilities of each party and provide regulators an ability to understand the agreement as understood by the parties if necessary. Under the proposed rule Industry Members that use CAT Reporting Agents will maintain primary responsibility for compliance with the requirements of Rule 17a–26, consistent with existing requirements.

Request for Comment

The Commission requests comment on the proposed provisions regarding connectivity, data transmission, and CAT Reporting Agents. Specifically, the Commission solicits comment on the following:

31. Are the proposed provisions consistent with Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? Should any changes be made to these provisions to ensure that these provisions are consistent with what is currently required pursuant to Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules?

32. Is it appropriate to propose that all CAT Reporters shall connect to the Central Repository using a secure method(s) and encrypted internet connectivity, including but not limited to private line(s) and virtual private network connection(s) over public lines? Should additional requirements be imposed on the security of CAT Reporter connections to the Central Repository? Should there be an explicit requirement that data submitted by CAT Reporters must be encrypted ''in flight''?

33. Should any additional requirements be imposed on CAT Reporting Agents or the CAT Reporters that enter into an agreement with a CAT Reporting Agent?

F. Timing of Recording and Reporting

Proposed Rule 17a–26(f) would impose requirements regarding the timing of recording and reporting data for purposes of reporting under Proposed Rule 17a–26. Specifically, Rule 17a–26(f)(1) would require that each CAT Reporter record contemporaneously with each applicable Reportable Event. For Industry Members, Rule 17a–26(f)(2)(i) would require the reporting of Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and 17a–26(f)(2)(ii) would require the reporting of Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data.[286] For national securities exchanges and national securities associations, Rule 17a–26(f)(3) would require them to report the data required by proposed Rule 17a–26(h) to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the national securities exchange or national securities association records such data. Rule 17a–26(f)(4) would state that CAT Reporters may, but are not required to, voluntarily report prior to the applicable 8:00 a.m. Eastern Time deadline.

Rule 17a–26(f) is based on Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules and is designed to maintain existing requirements regarding the timing of recording and reporting CAT Data. Rule 613(c)(3) and (4) required that the CAT NMS Plan require the contemporaneous recordation of reportable information and the reporting of information to the central repository by 8:00 a.m. the day following the recording or receipt of reportable information. Consistent with

[282] *See, e.g.,* FINRA Rule 6870.

[283] *See, e.g.,* FINRA Rule 6870(c).

[284] *See* CAT NMS Plan, *supra* note 3, Appendix D, Section 4.1.1. *See also id.* at Appendix D, Section 4.1.2 (stating that all CAT Data must be encrypted at rest and in flight).

[285] *See, e.g.,* FINRA CAT, FINRA CAT Connectivity Supplement for Industry Members, Version 1.18, dated June 12, 2026, *available at:* 06.12.2026-FINRA_CAT-Connectivity_Supplement_for_Industry_Members_v1.18.pdf, at 16 (stating that Industry Members and CAT Reporting Agents using public lines will only be able to access the Transaction/Reference Database Reporter Portals by establishing an authenticated, encrypted connection through the CAT Secure Reporting Gateway).

[286] The terms Received Industry Member Data and Recorded Industry Member Data are proposed to be defined in proposed Rule 17a–26(a). *See also supra* Part IV.A. Proposed Rule 17a–26(a)(34) would define the term Received Industry Member Data to mean the information required to be recorded and reported pursuant to paragraph (i)(2) of proposed Rule 17a–26. Proposed Rule 17a–26(a)(35) would define the term Recorded Industry Member Data to mean the information required to be recorded and reported pursuant to paragraph (i)(1) of proposed Rule 17a–26.

this requirement, the CAT NMS Plan includes Section 6.3(b), regarding the timing of recording and reporting of Participant information, and 6.4(b)(ii), requiring SRO CAT Compliance Rules to impose requirements on Industry Members.[287]

Proposed Rule 17a–26(f) is designed to maintain current requirements for the timing of recording and reporting of CAT data on national securities exchanges, national securities associations, and Industry Members. Imposing more rigorous reporting requirements could be costly and difficult to implement for CAT Reporters, and to the extent that CAT Reporters would prefer to report earlier than 8:00 a.m. Eastern Time, the proposed Rule, like the current CAT NMS Plan and SRO CAT Compliance Rules, specifically allows for the voluntary reporting of data prior to the applicable 8:00 a.m. Eastern Time deadline.[288] Based on Commission knowledge of the operation of the current CAT, the current 8:00 a.m. Eastern Time deadline strikes an appropriate balance between regulatory need and the burden of reporting data. Maintaining the current timing of recording and reporting requirements applicable to CAT Reporters should help ensure that the transition is less difficult for CAT Reporters.[289]

Request for Comment

The Commission requests comment on the proposed provisions regarding the timing of recording and reporting of data. Specifically, the Commission solicits comment on the following:

34. Are the proposed provisions consistent with Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? Should any changes be made to these provisions to ensure that the timing of recording and reporting under Rule 17a–26 is consistent with what is currently required?

G. Security Symbology

Proposed Rule 17a–26(g) would impose requirements regarding the security symbology used for CAT reporting. Proposed Rule 17a–26(g) would require: (1) for each exchange-listed Eligible Security, each CAT Reporter report to the Central Repository using the symbology format of the exchange listing the security; and (2) for each Eligible Security that is not exchange-listed, each CAT Reporter report to the Central Repository using such symbology format as established by the Commission or the Designee. These provisions are modeled after provisions in the SRO CAT Compliance Rules,[290] except that references to ''each Industry Member'' were modified to ''each CAT Reporter'' to include national securities exchanges and national securities associations, and modifying a reference to the Operating Committee of the CAT NMS Plan to instead refer to the Commission or the Designee.

Proposed Rule 17a–26(g) is designed to maintain current CAT reporting requirements because developing and implementing a new symbology approach now would add significant cost and complexity for CAT Reporters.[291] CAT Reporters now have years of experience reporting subject to the existing security symbology requirements of the SRO CAT Compliance Rules, and maintaining the same requirements should ease the transition of CAT reporting from one under the CAT NMS Plan to one directed to the Commission or the Designee. Allowing CAT Reporters to determine their reporting symbology would impose burdens on and add complexity for both CAT Reporters and the Commission or the Designee, as CAT Reporters would need to regularly submit symbology mappings and the Commission or the Designee would need to integrate that bespoke information and process it with data submitted by the CAT Reporter. Because symbol is a core Material Term of the Order it is important that it be accurately and consistently reported and processed, and maintaining existing security symbology requirements should reduce errors and ensure a more seamless transition.

Request for Comment

The Commission requests comment on the proposed provisions regarding symbology. Specifically, the Commission solicits comment on the following:

35. Are the proposed provisions consistent with Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules? Should any changes be made to these provisions to ensure that the security symbology used for reporting under Rule 17a–26 is consistent with what is currently required to be reported pursuant to Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules?

H. Recording and Reporting National Securities Exchanges and National Securities Associations Data

Proposed Rule 17a–26(h) would describe the recording and reporting obligations for national securities exchanges and national securities associations for each order and each Reportable Event, as applicable. The reporting requirements of proposed Rule 17a–26(h) are based on the reporting requirements for Participants in the CAT NMS Plan, in particular Section 6.3, and are designed to require the reporting of the same elements for orders and Reportable Events as is currently required today.

Proposed Rule 17a–26(h) would state that national securities exchanges and national securities associations are required to record and report data to the Central Repository as required by this section in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data, sufficient for an accurate, time-sequenced record of orders beginning with the receipt or origination of an order by a member of a national securities exchange or national securities association and further documenting the life of the order through the process of routing, modification, cancellation, and execution (in whole or in part) of the order. This language is designed to ensure, in conjunction with the rest of proposed Rule 17a–26(h), that the rule requires the reporting of information for each order and each Reportable Event, as applicable, in a manner consistent with existing reporting requirements and sufficient to maintain current processing and linkage procedures and provide regulators useful data.

1. Details of Orders and Reportable Events

Proposed Rule 17a–26(h)(1), which is based on current Section 6.3(d) of the CAT NMS Plan, would describe the elements required to be reported by national securities exchanges and national securities associations for the various parts of an order lifecycle consistent with what is currently required by the CAT NMS Plan. Proposed Rule 17a–26(h)(1) would state that each national securities exchange and national securities association shall record and electronically report to the Central Repository certain details for each order and each Reportable Event, as applicable, in the manner prescribed

[287] *See, e.g.,* Nasdaq General 7, Section 3(b).

[288] In addition, the Commission specifically rejected a real-time reporting requirement in approving Rule 613. *See* Rule 613 Adopting Release, *supra* note 1, at 45767.

[289] *See also* FIF Letter, *supra* note 86, at 37 (stating that ''FIF members generally do not object to retaining the current timeline of 8 a.m. on T+1 for the initial reporting of events to CAT'').

[290] *See, e.g.,* Nasdaq General 7, Section 3(c); CAT NMS Plan, *supra* note 3, Sections 6.3(c) and 6.4(c).

[291] In approving the CAT NMS Plan, the Commission previously rejected requests to modify the requirement that CAT Reporters report data using listing exchanges' symbology. *See* CAT NMS Plan Approval Order, *supra* note 3, at 84751.

by the Technical Specifications, for the following Reportable Events: (i) the original receipt or origination of an order; (ii) the routing of an order; (iii) the receipt of an order that has been routed; (iv) if an order is modified or cancelled; and (v) if the order is executed, in whole or in part.

Original Receipt or Origination of an Order

For the original receipt or origination of an order, proposed Rule 17a–26(h)(1)(i) would require the reporting of: (A) Firm Designated ID(s) for each Customer; (B) CAT-Order-ID; (C) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (D) date of order receipt or origination; (E) time of order receipt or origination (using timestamps pursuant to Rule 17a–26(d)); and (F) Material Terms of the Order. For the routing of an order, proposed Rule 17a–26(h)(1)(ii) would require the reporting of: (A) CAT-Order-ID; (B) date on which the order is routed; (C) time at which the order is routed (using timestamps pursuant to Rule 17a–26(d)); (D) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association routing the order; (E) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association to which the order is being routed; (F) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (G) Material Terms of the Order.

Receipt of an Order That Has Been Routed

For the receipt of an order that has been routed, proposed Rule 17a–26(h)(1)(iii) would require the following information: (A) CAT-Order-ID; (B) date on which the order is received; (C) time at which the order is received (using timestamps pursuant to Rule 17a–26(d)); (D) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association receiving the order; (E) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association routing the order; and (F) Material Terms of the Order.

Order Modification or Cancellation

If an order is modified or cancelled, proposed Rule 17a–26(h)(1)(iv) would require: (A) CAT-Order-ID; (B) date the modification or cancellation is received or originated; (C) time at which the modification or cancellation is received or originated (using timestamps pursuant to Rule 17a–26(d)); (D) price and remaining size of the order, if modified; (E) other changes in the Material Terms of the Order, if modified; and (F) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member, national securities exchange, or national securities association.

Order Execution, in Whole or in Part

If an order is executed, in whole or in part, proposed Rule 17a–26(h)(1)(v) would require the reporting of the following information: (A) CAT-Order-ID; (B) date of execution; (C) time of execution (using timestamps pursuant to Rule 17a–26(d)); (D) execution capacity (principal, agency or riskless principal); (E) execution price and size; (F) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association executing the order; and (G) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information.[292]

Other Information

Proposed Rule 17a–26(h)(1)(vi) would require information or events be reported as prescribed in the Technical Specifications, including for use by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach.

As noted above, proposed Rule 17a–26(h)(1) is designed to replicate existing reporting obligations for national securities exchanges and national securities associations, facilitating a potential transition from reporting to the current Plan Processor to reporting to the Commission or the Designee. It is not designed to add, subtract, or modify existing reporting obligations. These data elements being proposed in Rule 17a–26(h)(1) are required by the CAT NMS Plan to ensure there is sufficient information to create the lifecycle of an order and provide regulators with sufficient detail about an order to perform their regulatory duties. Proposed Rule 17a–26(h)(1) is designed to facilitate regulatory use of CAT Data, allowing for efficient and effective surveillance and analysis and enabling regulators to detect misconduct and perform market surveillance, among other things.

Proposed Rule 17a–26(h)(1) generally mirrors existing CAT NMS Plan provisions and proposed Rule 17a–26(h)(1)(vi) would codify into the rule the requirement that information or events be reported as prescribed in the Technical Specifications. Accordingly, national securities exchanges and national securities associations are required to, among other things, record and report information or data needed by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach. While linkage is not explicitly mentioned in Section 6.3 of the CAT NMS Plan, explicitly referencing that the data will be reported in a manner that allows for linkage would not impose any new or different reporting obligations on reporters, but instead would make clear that the Commission plans to continue current linkage practices and needs data to continue to be reported in a manner allowing for such linkage. Consistent with current practice, if proposed Rule 17a–26 is implemented, the Commission anticipates that linkage processing will continue in a manner similar to what is currently done today by FINRA CAT, including the linkage or creation of order event lifecycles using a ''daisy chain approach.'' [293] Linkage of order event lifecycles is a key benefit of the CAT, as assembling a consolidated audit trail from pre-CAT data sources was a cumbersome, complex, and time-consuming process that was prone to error.[294] Proposed Rule 17a–26(h)(1)(vi)

[292] The Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information is commonly referred to as the ''OPRA Plan.'' The OPRA Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. *See* Securities Exchange Act Release No. 17638 (Mar. 18, 1981), 22 SEC Docket 484 (Mar. 31, 1981). The full text of the OPRA Plan and a list of its participants are available at *https://www.opraplan.com/*. The OPRA Plan provides for the collection and dissemination of last sale and quotation information on options that are traded on the participant exchanges.

[293] As described in the CAT NMS Plan Approval Order, the ''daisy chain approach'' is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. *See* CAT NMS Plan Approval Order, *supra* note 3, at 84832 n.2222. According to this approach, CAT Reporters assign their own identifiers to each order event that the Plan Processor later replaces with a single identifier (the CAT-Order-ID) for all order events pertaining to the same order. *Id.*

[294] *See, e.g.,* Rule 613 Adopting Release, *supra* note 1, at 45728. *See also* FINRA Letter, *supra* note 11, at 5 (stating that order lifecycles allow ''regulators to efficiently and accurately access activity from all required reporters across the U.S. markets in covered securities,'' and that ''[a]s the SEC has recognized, this ability is critical for an effective market surveillance program''); NYSE Letter I, *supra* note 32, at 2 (stating that ''robust market surveillance requires timely access to a comprehensive data set that links retail orders to market makers, institutional participants, and execution venues,'' and that ''other private and

Continued

reflects the continuation of this practice, which avoids the need for alternative approaches to linkage such as requiring a unique order ID to be assigned by the first market participant that receives an order, and that order ID be passed to and used by any market participant that handles the order afterwards. This is consistent with current CAT reporting requirements under Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules. Proposed Rule 17a–26(h)(1)(vi) is not designed to add new reporting obligations or change existing reporting obligations.

2. Daily Identifier Information

Proposed Rule 17a–26(h)(2) would state that each national securities exchange and national securities association shall report to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members or itself and information to identify each (i) such Industry Member, including CRD number and LEI if such LEI has been obtained, and (ii) itself, including LEI, if such LEI has been obtained.[295] This proposed requirement is similar to what is required by Section 6.3(e) of the CAT NMS Plan, which also states that the Plan Processor will use the SRO-Assigned Market Participant Identifiers and identifying information to assign a CAT-Reporter-ID to each Industry Member or Participant for internal use across all CAT Data in the Central Repository.[296]

The requirement that each national securities exchange and national securities association shall report to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members or itself and information to identify each (i) such Industry Member, including CRD number and LEI if such LEI has been obtained, and (ii) itself, including LEI, if such LEI has been obtained, is designed to assist the Commission or the Designee in assigning an identifier to each CAT Reporter for internal use across all CAT Data in the Central Repository. This is consistent with current practice under the CAT NMS Plan,[297] and the ability to consistently and uniformly identify CAT Reporters is essential in maintaining an accurate audit trail.

3. OMM Quote Sent Time

Proposed Rule 17a–26(h)(3) would state that Reportable Events required by Options Market Makers pursuant to paragraphs (i)(1)(ii) and (i)(1)(iv) of this section shall be reported to the Central Repository by an Options Exchange in lieu of the reporting of such information by the Options Market Maker. Options Exchanges must report the time at which a quote in a Listed Option is sent to the Options Exchange, and, if applicable, any subsequent quote modifications and/or cancellation time when such modification or cancellation is originated by the Options Market Maker, as reported to the Options Exchange by the Options Market Maker pursuant to Rule 17a–26(i)(3).

Proposed Rule 17a–26(h)(3) would allow the Participants and Industry Members (in conjunction with proposed Rule 17a–26(i)(3), discussed below in Part IV.I.3) to continue reporting options market quotes to the CAT as they are currently reported pursuant to the CAT NMS Plan and SRO CAT Compliance Rules. When the Commission approved the CAT NMS Plan in 2016, it simultaneously granted exemptive relief which was incorporated into the CAT NMS Plan allowing for one-sided reporting of market maker quotations in Listed Options and imposing a requirement that Options Market Makers must submit to the relevant Options Exchange quote sent time and the time of quote modifications or cancellations, which would be reported to the Central Repository by the Options Exchange without change.[298] This approach remains reasonable in maintaining the same regulatory benefits as exist today, while avoiding additional burden on CAT Reporters.[299]

Request for Comment

The Commission requests comment on proposed Rule 17a–26(h). Specifically, the Commission solicits comment on the following:

36. Are the reporting requirements and data elements in proposed Rule 17a–26(h) consistent with the reporting requirements and data elements of the CAT NMS Plan? If not, how so? Is there any additional information or data element that should be included in Rule 17a–26(h), for example any data element that could help the Central Repository better link and recreate an order event lifecycle such as through a daisy chain approach?

37. Are any aspects of existing reporting by national securities exchanges and national securities associations not addressed or adequately described in the proposed rule, or, vice versa, are there requirements of proposed Rule 17a–26(h) that would suggest that the rule requires national securities exchanges and national securities associations to report specific information that is not currently required to be reported today? If so, what information?

38. Should any changes be made to the reporting requirements of national securities exchanges and national securities associations as described in proposed Rule 17a–26(h), and if so, what changes should be made?

39. Does proposed Rule 17a–26(h)(3) adequately incorporate existing reporting requirements with respect to Options Market Maker Quotes, and if not, what changes should be made to ensure that the provision is consistent with the CAT NMS Plan and SRO CAT Compliance Rule reporting requirements with respect to Options Market Maker Quotes?

I. Recording and Reporting Industry Member Data

Proposed Rule 17a–26(i) would describe the recording and reporting obligations for Industry Members for each order and each Reportable Event, as applicable. The reporting requirements of proposed Rule 17a–26(i) are based in large part on the reporting requirements for Industry Members found in SRO CAT Compliance Rules.[300] Rule 17a–26(i) is designed to require from Industry Members the reporting of the same elements for orders and Reportable Events as is currently required today.

Proposed Rule 17a–26(i) would state that Industry Members are required to record and report data to the Central

public sources of market data currently available cannot (even cumulatively) provide the information needed to create an audit trail that tracks an order through its entire lifecycle''); Healthy Markets Letter, *supra* note 43, at 14 (stating that ''[t]o identify abuses, understand the markets (including for rulemaking activities), and understand market events, the Commission must be able to stitch together message, quote, and trade information across all related products in all market venues,'' and ''it must be able to link related trading activities by different individuals and entities''); CalcGuard Letter, *supra* note 42, at 9 (stating that ''[w]ithout reliable linkage across lifecycle events, regulators may be able to observe individual activities without fully understanding the relationships between routing decisions, liquidity interactions and execution effectiveness'').

[295] SRO-Assigned Market Participant Identifier would be defined in proposed Rule 17a–26(a) to mean an identifier assigned to an Industry Member by a national securities exchange or national securities association, or an identifier used by a national securities exchange or national securities association. *See also supra* Part IV.A.

[296] *See* CAT NMS Plan, *supra* note 3, Section 6.3(e)(ii).

[297] *See, e.g., id.* at Section 6.3(e)(ii) (stating that the Plan Processor will use the SRO-Assigned Market Participant Identifiers and identifying information to assign a CAT-Reporter-ID to each Industry Member or Participant for internal use across all CAT Data in the Central Repository).

[298] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84748.

[299] *See id.,* at 84750.

[300] *See, e.g.,* FINRA Rule 6830 (Industry Member Data Reporting).

Repository as required by proposed Rule 17a–26 in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data, sufficient for an accurate, time-sequenced record of orders beginning with the receipt or origination of an order by a member of a national securities exchange or national securities association and further documenting the life of the order through the process of routing, modification, cancellation, and execution (in whole or in part) of the order. This language is designed to ensure, in conjunction with the rest of proposed Rule 17a–26(i), that the rule requires the reporting of information for each order and each Reportable Event, as applicable, in a manner consistent with existing requirements and sufficient to maintain existing processing and linkage procedures and provide regulators useful data.[301]

1. Recorded Industry Member Data

Proposed Rule 17a–26(i)(1) would provide that each Industry Member shall record and electronically report to the Central Repository certain details for each order and each Reportable Event, as applicable, in the manner prescribed by the Technical Specifications. Proposed Rule 17a–26(i)(1) is based on SRO CAT Compliance Rules, and the elements required to be reported pursuant to proposed Rule 17a–26(i)(1) are currently known as ''Recorded Industry Member Data'' under the CAT NMS Plan and SRO CAT Compliance Rules.[302]

Original Receipt or Origination of an Order

For the original receipt or origination of an order, proposed Rule 17a–26(i)(1)(i) would require Industry Members to report: (A) Firm Designated ID(s) for each Customer; (B) CAT-Order-ID; (C) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (D) date of order receipt or origination; (E) time of order receipt or origination (using timestamps pursuant to paragraph (d) of this section); (F) Material Terms of the Order; (G) the unique identification of any appropriate information barriers in place at the department within the Industry Member where the order was received or originated; (H) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules; (I) the nature of the department or desk that originated the order, or received the order from a Customer; and (J) the type of account holder for which the order is submitted.

In addition, for Industry Members that operate an ATS, proposed Rule 17a–26(i)(1)(ii)(K) would also require: (1) the ATS's unique identifier for the order type of the order; (2) the national best bid and national best offer (or relevant reference price) at the time of order receipt or origination, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price); (3) the identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (K)(2);[303] (4) the sequence number assigned to the receipt or origination of the order by the ATS's matching engine; and (5) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees).[304]

Routing of an Order

For the routing of an order, proposed Rule 17a–26(i)(1)(ii) would require Industry Members to report: (A) CAT-Order-ID; (B) date on which the order is routed; (C) time at which the order is routed (using timestamps pursuant to paragraph (d) of this section); (D) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (E) SRO-Assigned Market Participant Identifier of the Industry Member or national securities exchange or national securities association to which the order is being routed; (F) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed, and the unique identification of any appropriate information barriers in place at the department within the Industry Member to which the order was transmitted; (G) Material Terms of the Order; and (viii) for Industry Members that operate ATSs, the sequence number assigned to the routing of the order by the ATS's matching engine.

Receipt of an Order That Has Been Routed

For the receipt of an order that has been routed, proposed Rule 17a–26(i)(1)(iii) would require Industry Members to report: (A) CAT-Order-ID; (B) date on which the order is received; (C) time at which the order is received (using timestamps pursuant to paragraph (d) of this section); (D) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (E) SRO-Assigned Market Participant Identifier of the Industry Member or national securities exchange or national securities association routing the order; (F) Material Terms of the Order; (G) the unique identification of any appropriate information barriers in place at the department within the Industry Member which received the order; (H) the nature of the department or desk that received the order; and (I) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules.

In addition, for Industry Members that operate an ATS, proposed Rule 17a–26(i)(1)(iii)(J) would also require: (1) the ATS's unique identifier for the order type of the order; (2) the national best bid and national best offer (or relevant reference price) at the time of order receipt, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price); (3) the identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (J)(2);[305] (4) the sequence number assigned to the receipt or origination of the order by the ATS's matching engine; and (5) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees).[306]

Order Modification or Cancellation

For an order that has been modified or cancelled, proposed Rule 17a–

[301] *See also* FINRA Letter, *supra* note 11, at 7 (stating that ''an SEC direct reporting rule could mirror the current requirements relating to the timeliness, accuracy, integrity, and completeness of the data provided by reporters'').

[302] *See, e.g.,* FINRA Rule 6830(a)(1); CAT NMS Plan, *supra* note 3, Section 1.1.

[303] Proposed Rule 17a–26(i)(1)(i)(K)(*3*) would state that if for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used.

[304] Proposed Rule 17a–26(i)(1)(i)(K)(*5*) would state that if an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

[305] Proposed Rule 17a–26(i)(1)(iii)(J)(*3*) would state that if for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used.

[306] Proposed Rule 17a–26(i)(1)(iii)(J)(*5*) would state that if an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

26(i)(1)(iv) would require Industry Members to report: (A) CAT-Order-ID; (B) date the modification or cancellation is received or originated; (C) time at which the modification or cancellation is received or originated (using timestamps pursuant to paragraph (d) of this section); (D) price and remaining size of the order, if modified; (E) other changes in the Material Terms of the Order, if modified; (F) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member; (G) the unique identification of any appropriate information barriers at the department within the Industry Member which received or originated the modification; and (H) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules.

In addition, for Industry Members that operate an ATS, proposed Rule 17a–26(i)(1)(iv)(I) would require: (1) the ATS's unique identifier for the order type of the order; (2) the national best bid and national best offer (or relevant reference price) at the time of order modification or cancellation, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price); (3) the identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (I)(2);[307] (4) the sequence number assigned to the modification or cancellation of the order by the ATS's matching engine; and (5) each time the ATS's matching engine re-prices an order or changes the display quantity of an order, the time of such modification and the applicable new price or size.

Order Execution, in Whole or in Part

For an order that is executed, in whole or in part, proposed Rule 17a–26(i)(1)(v) would require Industry Members to record and report: (A) CAT-Order-ID; (B) date of execution; (C) time of execution (using timestamps pursuant to paragraph (d) of this section); (D) execution capacity (principal, agency or riskless principal); (E) execution price and size; (F) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; and (G) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information. In addition, for Industry Members that operate an ATS, proposed Rule 17a–26(i)(1)(v)(H) would require: (1) the national best bid and national best offer (or relevant reference price) at the time of execution, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price); (2) the identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (G)(1);[308] and (3) the sequence number assigned to the execution of the order by the ATS's matching engine.

Other Information

Proposed Rule 17a–26(i)(1)(vi) would require Industry Members to report information or events as prescribed in the Technical Specifications, including any information or data needed by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach or link Customer orders to representative orders created in firm accounts for the purpose of facilitating a Customer order.

As noted above, proposed Rule 17a–26(i)(1) is designed to replicate existing reporting obligations for Industry Members, facilitating a potential transition from reporting to the current Plan Processor to the Commission or the Designee. It is not designed to add, subtract, or modify existing reporting obligations. These proposed data elements are required by SRO CAT Compliance Rules, which were established pursuant to the CAT NMS Plan. These data elements are proposed to be required in proposed Rule 17a–26(i)(1) to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Proposed Rule 17a–26(i)(1) is designed to facilitate regulatory use of CAT Data, allowing for efficient and effective surveillance and analysis and enabling regulators to detect misconduct and perform market surveillance, among other things.

While most of proposed Rule 17a–26(i)(1) mirrors existing SRO CAT Compliance Rules, Proposed Rule 17a–26(i)(1)(vi) would codify into the reporting rule that Industry Members are required to, among other things, record and report information or events as prescribed by the Technical Specifications, including for use by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach or link Customer orders to representative orders created in firm accounts for the purpose of facilitating a Customer order. This provision would make explicit reporting requirements currently imposed on Industry Members and would not add new reporting obligations. Consistent with current practice, if proposed Rule 17a–26 is implemented, the Commission anticipates that linkage processing will continue in a manner similar to what is currently done today with CAT Data by FINRA CAT, including the linkage or creation of order event lifecycles using a daisy chain approach,[309] and linkage of Customer orders to representative orders.[310] The requirement for reporting sufficient for linkage of Customer orders to representative orders is in Appendix D of the CAT NMS Plan, which is enforced on Industry Members through SRO CAT Compliance Rules.[311] Proposed Rule 17a–26(i)(1)(vi) is designed to ensure that the rule requires reporting to allow the Commission or the Designee to perform linkage processing in a similar manner as is done by the Plan Processor today, including linkage of representative orders with Customer orders, consistent with current CAT reporting requirements under Rule 613, the CAT

[307] Proposed Rule 17a–26(i)(1)(iv)(I)(*3*) would also state that if for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used.

[308] Proposed Rule 17a–26(i)(1)(v)(H)(*2*) would further state that if for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used.

[309] *See supra* notes 293–294 and accompanying text.

[310] *See* CAT NMS Plan, *supra* note 3, at Appendix D, Section 3 (stating that the CAT ''must be able to create the lifecycle between . . . [c]ustomer orders to 'representative' orders created in firm accounts for the purpose of facilitating a customer order (*e.g.,* linking a customer order handled on a riskless principal basis to the street-side proprietary order''); Industry Member Technical Specifications, *supra* note 240,, at Appendix C: Representative Order Linkages (stating that the CAT NMS Plan requires that customer/client orders be linked to representative orders created in firm accounts for the purpose of facilitating the execution of a customer/client order).

[311] *See, e.g.,* FINRA Rule 6830(a)(1)(F) (requiring reporting of other information or additional events as may be prescribed pursuant to the CAT NMS Plan); CAT NMS Plan, *supra* note 3, at Appendix D, Section 3 (stating that the CAT ''must be able to create the lifecycle between . . . [c]ustomer orders to 'representative' orders created in firm accounts for the purpose of facilitating a customer order (*e.g.,* linking a customer order handled on a riskless principal basis to the street-side proprietary order)'').

NMS Plan, and SRO CAT Compliance Rules. Proposed Rule 17a–26(i)(1)(vi) is not designed to add new reporting obligations or change existing reporting obligations.

2. Received Industry Member Data

Proposed Rule 17a–26(i)(2) would provide, subject to other provisions of this section, that each Industry Member shall record and electronically report to the Central Repository certain information in the manner prescribed by the Technical Specifications. Proposed Rule 17a–26(i)(2) is based on SRO CAT Compliance Rules, and the elements required to be reported pursuant to proposed Rule 17a–26(i)(2) are currently known as ''Received Industry Member Data'' under the CAT NMS Plan and SRO CAT Compliance Rules.[312] The intent of proposed Rule 17a–26(i)(2) is to require the same recording and reporting of the same elements as currently reportable and reported to the CAT by Industry Members.

Pursuant to proposed Rules 17a–26(i)(2)(i) through (iv), each Industry Member shall record and report to the Central Repository the following, as applicable in the manner prescribed by the Technical Specifications: (i) if the order is executed, in whole or in part, the (A) SRO-Assigned Market Participant Identifier of the clearing broker, if applicable, and the (B) CAT-Order-ID of any contra-side order(s); (ii) if the trade is cancelled, a cancelled trade indicator; (iv) for original receipt or origination of an order, the CCID Generation Data for the relevant account of the order, and the CCID Transaction Enrichment Data for the relevant Customer of the order; and (iv) an Industry Member that operates an ATS must provide to the Central Repository: (A) a list of all of its order types twenty (20) days before such order types become effective and (B) any changes to its order types twenty (20) days before such changes become effective.[313]

Proposed Rule 17a–26(i)(2)(v) states that if an Industry Member is required to submit and submits a trade report for a trade, and, if the trade is cancelled, a cancellation, to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, and the Industry Member is required to report the corresponding execution and/or cancellation to the Central Repository: (A) the Industry Member is required to report to the Central Repository the trade identifier reported by the Industry Member to such FINRA facility for the trade when the Industry Member reports the execution of an order or cancellation of an order pursuant to this section, and such trade identifier must be unique; (B) if the order is executed in whole or in part, and the Industry Member submits the trade report to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the SRO-Assigned Market Participant Identifier of the clearing broker pursuant to this section; provided, however, if the Industry Member does not report the clearing number of the clearing broker to such FINRA facility for a trade, or does not report the unique trade identifier to the Central Repository as required by this section, then the Industry Member would be required to record and report to the Central Repository the clearing number of the clearing broker as well as information about the contra party to the trade; and (C) if the trade is cancelled and the Industry Member submits the cancellation to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the cancelled trade indicator pursuant to this section; provided, however, if the Industry Member does not report a cancellation for a cancelled trade to such FINRA facility, or does not report the unique trade identifier as required by this section, then the Industry Member would be required to record and report to the Central Repository a cancelled trade indicator as well as a cancelled trade timestamp.

Pursuant to proposed Rule 17a–26(i)(2)(vi), each Industry Member shall record and report to the Central Repository, as applicable in the manner prescribed by the Technical Specifications, an Allocation Report any time the Industry Member performs an Allocation to a Client Account, whether or not the Industry Member was the executing broker for the trade. Pursuant to proposed Rule 17a–26(i)(2)(vii), each Industry Member shall record and report to the Central Repository, as applicable in the manner prescribed by the Technical Specifications, for the original receipt or origination of an order to sell an equity security, whether the order is for a short sale effected by a market maker in connection with bona fide market making activities in the security for which the exception in Rule 203(b)(2)(iii) of Regulation SHO is claimed.

Like for Recorded Industry Member Data (proposed Rule 17a–26(i)(1)) above, proposed Rule 17a–26(i)(2) is designed to replicate existing reporting obligations for Industry Members, but for Industry Member Data that is received by an Industry Member. The proposal is not designed to add, subtract, or modify existing reporting obligations, but instead require the same reportable elements as are required today to help facilitate a potential transition from reporting to the current Plan Processor to the Commission or the Designee. These proposed data elements are required by SRO CAT Compliance Rules, which were established pursuant to the CAT NMS Plan. These data elements are proposed to be required in proposed Rule 17a–26(i)(2) to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties.

3. OMM Quote Sent Time

Proposed Rule 17a–26(i)(3) would state that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the information required by paragraphs (i)(1)(ii) and (i)(1)(iv) of this section. Instead, each Industry Member that is an Options Market Maker shall report to the Options Exchange the time at which its quote in a Listed Option is sent to the Options Exchange, and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker. This provision is based on current SRO CAT Compliance Rules and designed to be consistent with current reporting requirements for Options Market Makers.[314]

As discussed above in Part IV.H.3, proposed Rule 17a–26(i)(3) would allow Industry Members and Participants (in conjunction with proposed Rule 17a–26(h)(3)) to continue reporting options market quotes to the CAT in a manner consistent with what is currently reported pursuant to the CAT NMS Plan and SRO CAT Compliance Rules. Requiring Industry Members that are Options Market Makers to report certain timestamp information to Options Exchanges pursuant to proposed Rule 17a–26(i)(3), and requiring Options Exchanges to report this timestamp information pursuant to proposed Rule 17a–26(h)(3) without change, would mean that the information that

[312] *See, e.g.,* FINRA Rule 6830(a)(2); CAT NMS Plan, *supra* note 3, Section 1.1.

[313] However, proposed Rule 17a–26(i)(2)(iv) would further state that an identifier shall not be required for market and limit orders that have no other special handling instructions.

[314] *See, e.g.,* FINRA Rule 6830(a)(3).

regulators would have received if Options Market Makers reported full quotation information to the CAT would be identical to the information that they will receive under the proposed provisions. As the volume of options market maker quotes is larger than any other category of data reported to the CAT,[315] requiring the reporting of full quotation information by Options Market Makers at this time would result in the generation of tens to hundreds of billions of additional daily records and a substantial increase in costs for both Options Market Makers and the Commission or the Designee.

4. Bids and Offers of OTC Equity Securities Traded on an Alternative Trading System

Proposed Rule 17a–26(i)(4) would require each Industry Member that operates an ATS that trades OTC Equity Securities to report to the Central Repository: (i) the best bid and best offer for each OTC Equity Security traded on such ATS; (ii) an indication of whether each bid and offer for OTC Equity Securities was solicited or unsolicited; and (iii) the unpriced bids and offers for each OTC Equity Security traded on such ATS. Proposed Rule 17a–26(i)(4) is based on SRO CAT Compliance Rules,[316] and is designed to be consistent with current reporting requirements with respect to Industry Members that operate an ATS that trades OTC Equity Securities.

Proposed Rule 17a–26(i)(4) would require ATSs that trade OTC Equity Securities to report information about bids and offers about such OTC Equity Securities, providing regulators information regarding important trading venues and improving the regulatory value and utility of the CAT. Absent the proposed rule, the Commission or the Designee would not receive such bid or offer information, removing from regulatory oversight information that is currently available to regulators. Because the proposed requirement is consistent with existing reporting requirements under the CAT NMS Plan and SRO CAT Compliance Rules, ATSs that trade OTC Equity Securities will be able to maintain current reporting practices and would not be required to report any new or additional information than what is currently required by the analogous provision of the SRO CAT Compliance Rules.[317]

5. Industry Member Information

Proposed Rule 17a–26(i)(5) would state that each Industry Member shall submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository, and keep such information up to date as necessary. Proposed Rule 17a–26(i)(5) is based on existing SRO CAT Compliance Rules,[318] and is designed to be consistent with current CAT reporting obligations regarding reporting of Industry Member information. Industry Member information is essential for the regulatory utility of the CAT, as it will allow the Commission or the Designee the ability to reliably identify Industry Members with a unique CAT-Reporter-ID for internal use across all data within the Central Repository, and associate CAT-Reporter-IDs with SRO-Assigned Market Participant Identifiers required to be reported to the CAT pursuant to proposed Rule 17a–26(h)(2), discussed above in Part IV.H.2.

Request for Comment

The Commission requests comment on proposed Rule 17a–26(i). Specifically, the Commission solicits comment on the following:

40. Are the reporting requirements in proposed Rule 17a–26(i) consistent with the reporting requirements of the CAT NMS Plan and SRO CAT Compliance Rules? If not, how so?

41. Are any aspects of current reporting by Industry Members not addressed or adequately described in the proposed rule, or, vice versa, are there requirements of proposed Rule 17a–26(i) that would suggest that the rule requires Industry Members to report specific information that is not currently required to be reported today? If so, what information?

42. Should any changes be made to the reporting requirements of Industry Members as described in proposed in Rule 17a–26(i), and if so, what changes should be made?

43. Is it necessary or appropriate for proposed Rule 17a–26(i) to explicitly require that Industry Members are required to, among other things, record and report any information or data needed by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach or link Customer orders to representative orders created in firm accounts for the purpose of facilitating a Customer order? Why or why not?

44. Does proposed Rule 17a–26(i)(3) adequately incorporate existing reporting requirements with respect to Options Market Maker Quotes, and if not, what changes should be made to ensure that the provision is consistent with the CAT NMS Plan and SRO CAT Compliance Rule reporting requirements with respect to Options Market Maker Quotes?

J. Error Correction

Proposed Rule 17a–26(j)(1) would require CAT Reporters to report data to the Central Repository in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data. It would also state that any CAT Reporter having an obligation to report under proposed Rule 17a–26 that discovers an error in information previously reported pursuant to proposed Rule 17a–26 shall correct such error(s). It would also impose a deadline for correcting errors that have been identified, stating that for each CAT Reporter for which errors in CAT Reporter data submitted to the Central Repository have been identified, such CAT Reporter shall submit corrected data to the Central Repository by 8:00 a.m. Eastern Time on T+3.

Proposed Rule 17a–26(j)(2) would impose a requirement for policies and procedures related to error correction. It would state that each CAT Reporter shall establish, maintain, and enforce written policies and procedures that are reasonably designed to ensure that it complies with any obligations to report information pursuant to this section. In addition, the proposed rule would require each CAT Reporter to review and update its policies and procedures at least annually, and maintain a record of such review.

Proposed Rule 17a–26(j)(1) would impose the same T+3 deadline for initial error corrections as is currently required pursuant to the CAT NMS Plan and SRO CAT Compliance Rules.[319] Some commenters on the Concept Release suggested lengthening this timeframe,[320]

[315] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84748.

[316] *See, e.g.,* FINRA Rule 6830(f).

[317] *See, e.g., id.*

[318] *See, e.g.,* FINRA Rule 6850.

[319] *See* CAT NMS Plan, *supra* note 3, at Appendix D, Section 6.1; FINRA Rule 6830(e) (stating that ''[f]or each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3'').

[320] *See* FIF Letter, *supra* note 86, at 36 (stating that ''FIF members request that FINRA CAT consider the possibility of extending the current repair periods, as this would improve the quality of the CAT audit trail and reduce internal costs for reporting firms,'' and that ''FIF members understand that any proposal to extend the current repair periods would need to be implemented in a manner that does not increase CAT operating costs'').

but consistent with the goal of maintaining existing reporting requirements, the Commission is not proposing to modify this deadline at this time. The Commission is also aware of commenter concerns about maintaining an ability to repair CAT errors, including opposition to reducing the number of opportunities and effective timespans for Industry Members to repair linkage and other CAT errors,[321] and requests for more efficient means of correcting errors, such as allowing firms to remediate errors without resubmitting the entire record.[322] Maintaining existing obligations and timelines for error correction would allow the Commission or the Designee to, at minimum, maintain current processing and feedback practices with respect to errors, while maintaining the ability to make system changes to provide more feedback or make other changes to improve and facilitate the error correction process for CAT Reporters in the future.

Proposed Rule 17a–26(j) would differ in some respects from existing requirements with respect to error rates and error correction. Currently the CAT NMS Plan imposes a system error rate,[323] and the Participants have Industry Member-specific metrics established pursuant to SRO CAT Compliance Rules.[324] In contrast, proposed Rule 17a–26 will not have any specific compliance thresholds within the proposed rule. Instead, proposed Rule 17a–26(j) is designed to impose obligations to report accurate information to the CAT, and an obligation to correct any errors discovered after submission, while requiring the establishment, maintenance, and enforcement of written policies and procedures reasonably designed to ensure compliance with these obligations.

Proposed Rule 17a–26(j) states that CAT Reporters must report data to the CAT in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data because erroneous CAT Data limits the regulatory value of the information and regulatory utility of the CAT. Similarly, the proposed rule imposes an obligation on CAT Reporters to correct errors in previously reported information so that the accuracy, integrity, and completeness of such information is maintained. If CAT submissions are substantially late, inaccurate, unreliable, or incomplete, the regulatory benefits of collecting such information could be substantially diminished or eliminated. Timely information allows for more effective processing of such information and the ability for regulators to review information on a timely basis. Accuracy refers to the need for CAT data to accurately reflect the reportable event—if CAT data is inaccurate it does not accurately reflect the relevant order or order event and could lead to many different issues, including misleading or incorrect analysis by regulators. Integrity of CAT submissions and data is essential in ensuring that such information has not been altered and remains reliable. Finally, completeness is necessary for processing of CAT submissions and for regulatory purposes, as incomplete records could frustrate the ability of the CAT to process and link records and reduce the regulatory utility of the CAT.

The proposed rule maintains a deadline of reporting corrections for identified errors by 8:00 a.m. Eastern Time on T+3, which is consistent with existing requirements under the CAT NMS Plan. Even with a CAT Reporter's best efforts, initial submissions to the CAT could be ''erroneous'' and require correction. For example, proposed Rule 17a–26 imposes deadlines for initial CAT reporting that are similar to what is currently required, and a CAT Reporter may not have all of the information required for a fully complete and accurate submission by that deadline, or be informed after such deadline that there needs to be a correction or modification to the submission. The Commission anticipates that, like today, CAT submissions would be processed and validated with issues identified and relevant CAT Reporter(s) informed of what the error or issue is with the submission files.

Proposed Rule 17a–26(j)(2) would require the development of written policies and procedures by CAT Reporters that are reasonably designed to ensure that it complies with any obligations to report information pursuant to this section, which should help ensure that CAT Reporters are reporting in a consistent manner and in a way designed to help ensure the timeliness, accuracy, integrity and completeness of reporting. The proposed rule would require that such written policies and procedures be reasonably designed, which means that such policies and procedures may differ amongst CAT Reporters, as there are CAT Reporters of different sizes, different business practices, and other differences that would make any one specific approach to written policies and procedures impractical. Requiring that each CAT Reporter review and update these policies and procedures at least annually, and maintain a record of such review, should help ensure that such policies and procedures remain reasonably designed for complying with obligations to report information pursuant to proposed Rule 17a–26.

Request for Comment

The Commission requests comment on proposed Rule 17a–26(j). Specifically, the Commission solicits comment on the following:

45. Should any changes be made to the error correction requirements proposed in Rule 17a–26(j), and if so, what changes should be made?

[321] *See, e.g.,* FIF Letter, *supra* note 86, at 36 (stating that ''FIF members are opposed to reducing the number of opportunities and effective timespans for Industry Members to repair linkage and other CAT errors''); Robinhood Letter, *supra* note 67, at 11 (stating that ''[s]hortening the current T+3 window to T+1 or T+2 would be impractical and counterproductive); Apex Clearing Letter, *supra* note 255, at 7 (stating that ''[t]he T+3 error correction window, while reasonable for single-pipeline reporters, does not account for the additional diagnostic steps required when a clearing firm must coordinate across multiple reporting agents to identify the source of an error,'' and that ''[t]he Commission should consider whether clearing firms and other multi-vendor reporters should be afforded a longer correction window, such as T+5'').

[322] *See, e.g.,* Citadel Letter, *supra* note 83, at 3 (stating that ''FINRA CAT should allow firms to remediate errors associated with a given record without resubmitting the entire record,'' which would ''significantly reduce message volume, processing costs, and storage requirements while accelerating error resolution and improving data quality''); FIF Letter, *supra* note 86, at 37 (stating that in a scenario in which an Industry Member ''now needs to resubmit millions of historical CAT events,'' that ''[i]n place of the Industry Member resubmitting millions of historical CAT events in this scenario, CAT could make available a form for the Industry Member to report this scenario''). *See also* Apex Clearing Letter, *supra* note 255, at 8 (recommending that the Commission direct the Plan to enhance the report card system to provide more granular, actionable error detail).

[323] *See, e.g.,* CAT NMS Plan, *supra* note 3, Section 6.5(d) (stating that the Operating Committee shall set and periodically review a maximum Error Rate for data reported to the Central Repository, and that the initial maximum Error Rate shall be set to 5%). Rule 613 required that the CAT NMS Plan specify a maximum error rate, describe the basis for selecting such maximum error rate, explain how the plan sponsors will seek to reduce such maximum error rate over time, describe how the plan will seek to ensure compliance with such maximum error rate and, in the event of noncompliance, will promptly remedy the causes thereof, and require the central repository to measure the error rate each business day and promptly take appropriate remedial action, at a minimum, if the error rate exceeds the maximum error rate specified in the plan. *See* 17 CFR 242.613(e)(6)(i) and (ii).

[324] *See, e.g.,* FINRA Rule 6893 (stating that each Industry Member shall be required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT, and that these compliance thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee).

46. Is it appropriate to require policies and procedures reasonably designed to ensure compliance with proposed Rule 17a–26? Is it appropriate to require review and updates to these policies and procedures at least annually? Is there a better way to ensure compliance with reporting and error correction obligations of proposed Rule 17a–26? If yes, how so?

K. Reference Data Reporting

Proposed Rule 17a–26(k) would define what and how certain information regarding accounts and Customers (''Reference Data'') would be reported to the CAT, in a manner consistent with current requirements of the CAT NMS Plan. The provisions of proposed Rule 17a–26(k) are designed to capture the existing reporting requirements relating to Reference Data under the current CAT NMS Plan, including exemptive relief and Plan amendments previously approved by the Commission.

At the inception of CAT, customer information was required to be reported and maintained in CAT to enable regulators to more quickly and reliably identify the customers associated with potentially unlawful trading activity and to facilitate the reconstruction of important market events.[325] At the same time, the Commission has sought to balance these benefits against the risks associated with collecting and storing personally identifiable investor information. From the start, for example, personal customer information in CAT was stored separately from transaction data. In addition, due to exemptive relief and amendments to the CAT NMS Plan, certain sensitive PII, such as SSNs, has never been required to be reported to the CAT.

In 2020, in light of concerns raised by market participants, industry representatives and the Participants, the Commission granted exemptive relief that limited the personal customer information that must be reported to the CAT to name, address, and birth year (''CCID Exemption Order'').[326] The CCID Exemption Order also permitted the Participants to implement the CCID alternative or CCID process. Under the CCID alternative, the Plan Processor generates a unique CAT Customer-ID, or CCID, using a two-phase transformation process that avoids having SSNs/ITINs reported to or stored in the CAT. In the first transformation phase, a CAT Reporter transforms the SSN/ITIN into an interim transformed value. This transformed value, and not the SSN/ITIN, is submitted to a separate system within the CAT (''CCID Subsystem''), keeping it apart from other customer and account information. The CCID Subsystem then performs a second transformation to create the globally unique CCID for each Customer that is unknown to, and not shared with, the original CAT Reporter. The CCID is then sent to the customer and account information system (''CAIS'') of the CAT, where it is linked with the other customer and account information. The CCID may then be used by the Participants' regulatory staff and Commission staff in queries and analysis of CAT data.

The CCID approach was developed by the Participants in collaboration with Industry Members.[327] The ability to generate CCIDs preserves a core regulatory purpose of the CAT by allowing for the tracking of a specific order of a Customer throughout its entire lifecycle without the reporting or storage of social security numbers and other personally identifiable information in the CAT. The ability to link information about order events throughout the national market system to a unique customer identifier is one of the core regulatory advances of the CAT over the fragmented regulatory data sources that preceded it.

In February 2025, the Commission provided an exemption from the requirement to report other personal customer information not covered by the CCID Exemption Order, specifically names, addresses, and years of birth (collectively, ''Name, Address, and YOB'') for natural persons with SSNs or ITINs (the ''CAIS Exemption Order'').[328] The CAIS Exemption Order did not extend this relief to the reporting of customer information of foreign natural persons and legal entities. The Commission explained that it weighed the benefits of maintaining certain PII in the CAT differently in light of both the heightened security risks posed by the increased sophistication of bad actors and the prospect of relatively efficient indirect access to customer information.[329] The Commission concluded that the regulatory benefit of collecting the names, addresses and years of birth for natural persons reported with transformed SSNs no longer justified the associated risks.[330] The Commission emphasized, however, that the system of generating reliable CCIDs—the anonymized, unique customer identifiers contained in the CAT that are linked to each order event captured in the transaction database—would not be impacted.[331] Thus, if a regulator needs to determine the identity of the individual behind a particular CCID, the regulator would be able to use one or more of the Firm Designated IDs (''FDIDs'') associated with the CCID and contact the broker-dealer(s) who reported the FDID(s) and request the name, address and/or year of birth for the individual Customer.[332]

The Commission later approved an amendment to the CAT NMS Plan that eliminated all CAT NMS Plan requirements to report Names, Addresses, YOBs, SSNs/ITINs, and EINs to the CAT and to remove such previously reported customer information stored in the CAT,[333] as well as codified the Participants' current method of generating anonymized customer identifiers without requiring the receipt or storage of individual SSNs/ITINs in the CAT.[334]

On March 27, 2026, the Commission approved an amendment to the CAT NMS Plan that: (i) eliminated both the requirement to report Account Reference Data and Customer Reference Data to the CAT; (ii) eliminated CAIS from the CAT and instead established the ''Reference Database''; (iii) and allowed for the implementation of the ''Reference Data Approach,'' which utilizes a revised approach for the generation of CCIDs that minimizes the data needed for its creation.[335] Under the Reference Data Approach, certain

[325] *See* Rule 613 Adopting Release, *supra* note 1, at 45731, 45772.

[326] *See* Securities Exchange Act Release No. 88393 (Mar. 17, 2020), 85 FR 16152, 16156 (Mar. 20, 2020) (''CCID Exemption Order'').

[327] *See* Participant Letter, *supra* note 32, at 7 (stating that ''[t]he current approach to generating CCIDs was developed by CAT LLC's Chief Information Security Officer and the chief information security officer from each of the Participants, in consultation with security experts from member firms of SIFMA''); NYSE Letter I, *supra* note 32, at 7 (stating that ''CCIDs were developed in collaboration with Industry Members and represent a fundamental enhancement of the CAT over previous order and trade data collections,'' including ''permit[ting] the CAT to retain limited, anonymized customer information without the ostensible privacy concerns associated with the former CAIS system'').

[328] *See* Securities Exchange Act Release No. 102386 (Feb. 10, 2025), 90 FR 9642, 9643 (Feb. 14, 2025), *https://www.sec.gov/files/rules/sro/nms/2025/34-102386.pdf* (''CAIS Exemption Order'').

[329] *Id.* at 9644.

[330] *Id.* at 9644–45.

[331] *Id.* at 9645.

[332] *Id.*

[333] *See* Securities Exchange Act Release No. 104586 (Jan. 13, 2026), 91 FR 2164 (Jan. 16, 2026) (''CAIS Amendment Approval Order''). This effectively codified and expanded upon the prior exemptive relief from the requirement to report Names, Addresses, and YOBs for natural persons with social security numbers or tax-payer identification numbers. *See also* CAIS Exemption Order, *supra* note 328, at 9643.

[334] *See* CAIS Amendment Approval Order, *supra* note 333, at 2166.

[335] *See* Securities Exchange Act Release No. 105107 (Mar. 27, 2026), 91 FR 16284 (Apr. 1, 2026) (''2025 Cost Savings Amendment Approval Order'').

previously required information would not be reported to the CAT, such as Large Trader IDs (''LTIDs'') and LEIs, and the Reference Database would be limited to the storage of CCID Generation Data and CCID Transaction Enrichment Data, as defined in Part IV.A above, as well as account type, clearing broker, branch office, registered representative, and individual's role in the account. As noted above, proposed Rule 17a–26(k) is designed to be consistent with previously granted exemptive relief and amendments to the CAT NMS Plan, and more specifically, the elements required to be reported pursuant to the Reference Data Approach currently used by the Participants.

1. Required Reference Data Reporting

Proposed Rule 17a–26(k)(1) would list the data elements each Industry Member must submit to the Commission or the Designee for each of its Customers with an Active Account(s) prior to the Industry Member's commencement of reporting to the Commission or the Designee. Specifically, Industry Members would be required to report: (i) TID [336] and TID Type,[337] or for Customers for which a foreign identifier is used for the generation of the Transformed Identifier, TID, Foreign TID Country Code,[338] and Foreign TID Type; [339] (ii) Firm Designated ID; [340] (iii) Date FDID Opened; [341] (iv) Date FDID Closed; [342] (v) Customer Role Start Date; [343] (vi) Customer Role End Date; [344] (vii) customer type; (viii) account type; (ix) clearing broker; (x) branch office; (xi) registered representative; and (xii) individual's role in the account.

The proposed list of required Reference Data elements is designed to match what is currently required to be reported by Industry Members under the Reference Data Approach.[345] Under what is proposed by Rule 17a–26(k)(1), Industry Members would be required to collect and record certain identification information for their Customers (such as SSNs, ITINs, Employer Identification Numbers (''EINs'') or foreign identifiers), and instead of submitting such information to the Commission or the Designee directly, each Industry Member would submit: (1) the hashed version of each Customer's identification information, which would be referred to as the Transformed Identifier or TID, as well as (2) the type of identifier used to create the Transformed Identifier (*e.g.,* SSN/ITIN, EIN or foreign identifier), and such type of identifier would be referred to as the Transformed Identifier Type or TID Type.[346] The process for generating CCIDs from this information would be materially the same as the current process, using a combination of TID, TID Type, Foreign TID Type and Foreign TID Country Codes to generate CCIDs based on a combination of these field values.[347] The Commission or the Designee would maintain the ability to enrich Reportable Events for an order with the CCID for the relevant Customer using the FDID as the key and map CCIDs to FDIDs, which would allow regulators to associate a Customer with transaction data. With enriched Reportable Events, regulators could track the same CCID and Customer across different FDIDs and across different Industry Members.

The information required to be reported by proposed Rule 17a–26(k) would allow the Commission or the Designee to generate a unique CCID using the same two-phase transformation process that is currently used and which avoids having SSNs/ITINs or other personally-identifying information like names and addresses reported to or stored in the CAT. The information required by proposed Rule 17a–26(k)(1) greatly facilitates the regulatory and surveillance efforts of the Participants and the Commission by, among other things, enabling regulators to detect potentially unlawful trading activity and to identify those responsible for or victims of it.[348]

[336] TID would be defined in proposed Rule 17a–26(a)(42) to mean a transformed version of the input used to identify unique Customers, where such inputs may include, but are not limited to SSN/ITIN, EIN (including QI–EIN, WP–EIN, and WT–EIN), or certain foreign identifiers.

[337] TID Type would be defined in proposed Rule 17a–26(a)(43) to mean the type of identifier used to create the Transformed Identifier (*e.g.,* SSN/ITIN, EIN or foreign identifier).

[338] Foreign TID Country Code would be defined in proposed Rule 17a–26(a)(22) to mean the country that issued the foreign identifier used to create the Transformed Identifier.

[339] Foreign TID Type would be defined in proposed Rule 17a–26(a)(23) to mean, for foreign customers, the type of foreign identifier used to create the Transformed Identifier (*e.g.,* passport, LEI, or driver's license).

[340] Firm Designated ID would be defined in proposed Rule 17a–26(a)(21) to mean (1) a unique and persistent identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, provided, however, such identifier may not be the account number for such trading account if the trading account is not a proprietary account; (2) a unique and persistent relationship identifier when an Industry Member does not have an account number available to its order handling and/or execution system at the time of order receipt, provided, however, such identifier must be masked; or (3) a unique and persistent entity identifier when an employee of an Industry Member is exercising discretion over multiple client accounts and creates an aggregated order for which a trading account number of the Industry Member is not available at the time of order origination where each such identifier is unique among all identifiers from any given Industry Member. *See supra* Part IV.A.

[341] Date FDID Opened would be defined in proposed Rule 17a–26(a)(19) to mean the date the relevant account for the order was opened; except that (a) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will provide the Account Effective Date in lieu of the Date FDID Opened; and (b) in those circumstances in which the relevant account was established prior to the time the Industry Member begins reporting to the Central Repository and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account.

[342] Date FDID Closed would be defined in proposed Rule 17a–26(a)(18) to mean the date the relevant account for the order was closed (or relationship or entity identifier was ended) at the Industry Member.

[343] Customer Role Start Date would be defined in proposed Rule 17a–26(a)(17) to mean the date the Customer became associated with the relevant account for the order.

[344] Customer Role End Date would be defined in proposed Rule 17a–26(a)(16) to mean the date the Customer is no longer associated with the relevant account for the order.

[345] *See also* CAT NMS Plan, *supra* note 17, Section 1.1 (Definitions). The Commission is not proposing to collect any new personally identifiable information, or return to collecting certain personally identifiable information as suggested by a commenter on the Concept Release. *See* Healthy Markets Letter, *supra* note 43, at 14 (recommending ''restoring the collection of some personally identifiable information that has already been stripped out'').

[346] *See* 2025 Cost Savings Amendment Approval Order, *supra* note 335, at 16302. To be consistent with the Reference Data Approach, for foreign Customers, each Industry Member would be required to submit two items in addition to the TID and TID Type; Industry Members also would be required to submit (1) the Foreign TID Type, which is the type of foreign identifier used to create the TID (*e.g.,* passport, LEI, driver's license), and (2) the Foreign TID Country Code, which is the country that issued the foreign identifier used to create the TID. *See id.*

[347] *See id.* One commenter on the Concept Release suggested that storage of TID presents a vulnerability known as a ''rainbow table attack,'' and suggests modifying the CAT system such that TIDs are further encrypted to another value. *See* FIF Letter, *supra* note 86, at 36–37. The Commission encourages discussion of this issue with the Participants and Plan Processor but understands that the proposed solution to the commenter's issue would not require a change to the reporting rule and would instead require a change to how TIDs are ingested and then stored. *See id.* at 56–66 (describing a potential approach to addressing the commenter's concern about the storage of TID).

[348] *See also* FINRA Letter, *supra* note 11, at 12 (stating that ''FINRA has used CCID to enhance and better direct its oversight effort''); NYSE Letter I,

Continued

Proposed Rule 17a–26(k)(1) would require reporting of information necessary for the Commission or the Designee to have the ability to provide customer attribution of order and trade activity even if such trading activity spans multiple broker-dealers, and without this ability, the value and usefulness of the CAT would be significantly diminished.[349]

An absence of reporting requirements for the information required to generate CCIDs, or a similar customer-identifying value, would increase the necessity for regulators to obtain customer information directly from broker-dealers, in turn substantially increasing burdens and costs on both regulators and broker-dealers.[350] As a Participant stated in a comment letter on the Concept Release, ''the alternative means of associating transactional data with customer and account-level information—which is critical—is for a regulator to request this information directly from Industry Members,'' and that ''assembling an audit trail in this fashion is a highly manual, inefficient, and time-intensive process.'' [351] In addition, the usage of a customer-identifying value reduces ''false positives'' by allowing regulators to surveil and monitor the markets without onerous requests for information from broker-dealers.[352]

While some commenters on the Concept Release called for the elimination of CCIDs and increased reliance on EBS or ad hoc requests for customer identifying information from broker-dealers,[353] CAT LLC stated that, ''[b]ased on discussions with Industry Members, CAT LLC understands that most Industry Members support the continued existence of the CCID because the cost to firms of responding to the anticipated increased number of electronic blue sheet requests and other regulatory requests that would result from eliminating the CCID would be greater than any corresponding reduction in the CAT budget.'' [354] The maintenance of a customer-identifier within the CAT system is also important for development of a potential request-response system,[355] and the potential retirement of EBS for equities and options, which is favored by many commenters on the Concept Release.[356]

Some commenters on the Concept Release raised concerns about CCID for privacy reasons,[357] including the cybersecurity threat that maintaining

supra note 32, at 7 (stating that ''[i]t is widely accepted that the implementation of an anonymous customer identification methodology was—and remains—fundamental to the CAT's utility as a regulatory tool''); Cboe Letter, *supra* note 32, at 7 (stating that ''full, fair and equal access to customer and account identification must continue to be available to all SROs''); MEMX Letter, *supra* note 32, at 2 (stating that ''[c]ritically, the CAT contains order and trade information across all markets and also provides unique identifiers for end-customers as well as other information that regulators would not be able to obtain without the CAT, or that may not be generally available in existing surveillance tools'').

[349] The Commission disagrees with commenters on the Concept Release that state that CCID is not necessary for the core regulatory mission of CAT. *See, e.g.,* ASA Letter, *supra* note 46, at 1 (stating that ''CAIS and CCID data has never been necessary for the CAT to fulfill its core regulatory mission'') and at 6 (stating that ''[t]he Commission's stated objectives of improved market surveillance, event reconstruction, and market analysis do not require CAIS data or the CCID,'' and that ''[a]s the Commission is aware, order-level data tied to broker/account identifiers is sufficient for event reconstruction and market surveillance without using an identifier to link back to American investors'').

[350] *See* NYSE Letter I, *supra* note 32, at 7 (stating that CCIDs, ''and the ability to track customer activity across markets, brokers, and accounts,'' are ''needed for the NYSE Exchanges to comply effectively with their SRO obligations,'' and if CCIDs were eliminated or curtailed, ''NYSE Regulation would be reliant on detailed requests for information . . . to obtain customer-level data from its members,'' which ''would impose compliance costs on Industry Members that would offset or exceed any savings from eliminating CCIDs''); NYSE Letter II, *supra* note 33, at 4 (stating that ''[t]he overall costs to Industry Members . . . will *increase* without the use of CCIDs (or another anonymized unique customer identifier) and/or FDIDs'') (emphasis in original); FINRA Letter, *supra* note 11, at 13 (stating that ''CCID provides significant regulatory value and reduces additional data requests to the industry'').

[351] *See* NYSE Letter II, *supra* note 33, at 4. *See also* FINRA Letter, *supra* note 11, at 12–13 (stating that, ''[i]n some cases, CCID has allowed FINRA to identify related accounts engaged in problematic activity,'' and that ''absent CCID, could only have been connected through substantial investigative effort that would have required multiple information requests to firms outside of the audit trail'').

[352] *See, e.g.,* FINRA Letter, *supra* note 11, at 13 (stating that ''CCIDs have been used to contextualize trading activity that otherwise appeared to be suspicious based on less precise account-level identifiers—meaning FINRA can close this kind of activity out without sending firm requests''); Nasdaq Letter I, *supra* note 32, at 4 (stating that ''Nasdaq Regulation generally can rely on FDIDs and CCIDs to identify the respective broker-dealer and anonymized party responsible for a trade—shielding many brokers from informational requests that would otherwise be necessary to trace the origin of a potentially manipulative order'') (footnote omitted); NYSE Letter I, *supra* note 32, at 7 (stating that CCIDs ''are key to reducing false positives and expansive and burdensome investigative requests that increase Industry Members' overall cost environments'').

[353] *See, e.g.,* Private Investor Coalition, *supra* note 165, at 5 (recommending that ''the Commission evaluate whether the persistent CCID identifier is consistent with privacy best practices or whether it should be replaced with a system in which customer-level linkage is generated only at the time of a specific regulatory inquiry, using information provided by the relevant broker-dealer in response to a targeted request, rather than maintained on a standing basis in the CAT database''); ASA Letter, *supra* note 46, at 7 (stating that ''[t]he Commission can request customer information when it suspects a regulatory violation may have occurred by requesting it from broker-dealers who are required to respond to such requests within 24 hours,'' and that ''[b]roker-dealers already maintain the account-level records necessary to respond to a targeted regulatory inquiry, which makes order-level data tied to anonymized, firm-assigned account identifiers sufficient for trade reconstruction, market surveillance, and cross-market analysis''); Data Boiler Letter, *supra* note 66, at 27 (requesting to ''[d]itch the entire CAIS,'' and stating that, ''[u]pon identifying suspicious activities, then summon the account details from broker-dealers or through a vendor system on a case-by-case basis'').

[354] *See* Participant Letter, *supra* note 32, at 8.

[355] *See* FINRA Letter, *supra* note 11, at 13 (stating that ''FINRA has been considering how a request-response system might be developed and has begun to discuss the concept with industry members,'' and that ''[i]ndustry groups have also supported FINRA efforts towards a solution, and FINRA plans to engage the industry shortly for specific input on potential system design and operation'').

[356] *See, e.g.,* FIF Letter, *supra* note 86, at 38–43; Apex Clearing Letter, *supra* note 255, at 3–4 (recommending the Commission retire EBS in reliance on a request-response system utilizing CAT's existing CCID and FDID identifiers); Raymond James Letter, *supra* note 111, at 4 (stating that ''[r]egulators should use CAT and CAIS linkage data, including FDID and CCID information, to perform surveillance, pattern analysis, and trade reconstruction to the fullest extent possible before requesting additional customer identity information from firms''); SIFMA Letter, *supra* note 83, at 66 (stating that request-response system ''should allow all regulators (the Commission, FINRA, and other SROs) to efficiently'' use CCID–FDID mapping to contact broker-dealers securely and obtain relevant customer and account information via a secure, automated request-response system); SIFMA Letter, *supra* note 66, at 15 (requesting development of a request-response system and stating that regulators should be allowed to use CCID—FDID mapping such that they will be able to contact broker-dealers securely through a request-response system to notify broker-dealers of the FDID associated with a particular account). *See also* FINRA Letter, *supra* note 11, at 14 (noting that a request-response system would facilitate the retirement of EBS).

[357] *See* Private Investor Coalition, *supra* note 165, at 2 (stating that ''[w]hile CCID is not itself a name or social security number, it functions as an effective identifier when combined with other available data'' and that ''[t]he Commission should evaluate whether the CCID system provides meaningful privacy protection or whether it constitutes a persistent surveillance identifier for natural persons who are market participants''); Letter from Nick Morgan, Founder and President, Investor Choice Advocates Network, to Vanessa Countryman, Secretary, Commission (June 21, 2026), at 9, *available at https://www.sec.gov/comments/S7-2026-12/s7202612-856519-2636008.pdf* (''ICAN Letter'') (stating that ''CCID does not provide meaningful constitutional protection,'' and stating that it is ''[a] pseudonymous identifier tethered to a comprehensive, lifelong trading history,'' and ''is functionally no less identifying than a Social Security number: the totality of an individual's trading record—its timing, amounts, securities, order types, and patterns—constitutes a unique financial fingerprint that can be linked to a known identity through standard analytical techniques''); ASA Letter, *supra* note 46, at 5 (stating that ''[t]he CCID makes this surveillance qualitatively worse than mere data collection,'' and that ''[a] persistent identifier cannot be unrung,'' and ''[o]nce generated, the CCID follows the investor everywhere in the market''), Data Boiler Letter, *supra* note 66, at 14 (''We are suspicious about the focus of unique identifiers—CAT Customer-ID (CCID) and how it may be misused rather than fulfilling the Congress's original mandate for flash crash prevention'').

CCID could present.[358] The CCID process, combined with the elimination of PII reporting as described above in Part IV.K, preserves the regulatory benefits of the CAT while mitigating the privacy, security, and other risks associated with capturing and storing personal customer information like Names, Addresses and YOBs in the CAT. While pursuant to proposed Rule 17a–26(k)(1) (and consistent with current reporting requirements), Industry Members would still be required to transform SSNs/ITINs/government issued ID numbers into interim values and report those TIDs to the Commission or the Designee for each order, proposed Rule 17a–26 would not require the collection of government issued ID numbers, names, addresses, dates of birth, or similar identifying information by the Central Repository. In addition, the CAT NMS Plan imposes numerous requirements related to data security, access, and logging, that are reasonably designed to prevent a regulator from using CCIDs (and other CAT Data) for non-regulatory purposes,[359] and the Commission anticipates that if it were to adopt proposed Rule 17a–26, that substantially similar requirements would be applied by the Commission.

Commenters on the Concept Release also raised constitutional or other objections to the current approach to CCIDs.[360] The Commission, however, has authority under the Exchange Act to require reporting of trade and order data, including the records used to derive CCIDs, and the collection of that information does not implicate the First, Fourth, or Fifth Amendments, or otherwise violate the Constitution. One of these commenters also stated that the implementation of CCIDs is unlawful because it violates the E-Government Act, which the commenter stated requires federal agencies to conduct a privacy impact assessment before developing or procuring information technology that collects information and before initiating a new collection of information.[361] However, contrary to the commenter's assertion, because the information required to be collected under Rule 613 is collected by the CAT NMS Plan Processor, which is managed by the Participants and not by the Commission, a Privacy Impact Assessment has not previously been and is not now required.

The other six categories of information that would be required to be reported pursuant to proposed Rule 17a–26(k)(1), specifically customer type, account type, clearing broker, branch office, registered representative, and individual's role in the account, could also reduce the number of requests regulatory staff would have to make to Industry Members if regulators do not otherwise have access to such information. The ability to access information regarding customer type, account type, clearing broker, branch office, registered representative, and individual's role in the account, would assist regulators in effectively performing regulatory functions including investigations, enforcement, and surveillance without requiring regulators to directly obtain such information from Industry Members through Electronic Blue Sheet requests or other inquiries. Such information is also currently collected from Industry Members pursuant to the Reference Data Approach, and continuing to require this information, as well as other Reference Data to be reported to the Commission or the Designee, will not impose on Industry Members any new or additional reporting obligations.

2. Updates and Error Correction for Reference Data

Proposed Rule 17a–26(k)(2), (3), and (4) would define requirements relating to updates and error correction for Reference Data required by proposed Rule 17a–26(k)(1). Specifically, Rule 17a–26(k)(2) would require the submission of any updates, additions, or other changes to the information required by paragraph (k)(1) of this section, for each of its Customers with an Active Account on a daily basis. The provision would state that Industry Members submitting new or modified Reference Data must provide it to the Central Repository no later than 8:00 a.m. Eastern Time on T+1.

Proposed Rule 17a–26(k)(3) would require periodic updates to Reference Data. The provision would state that, on a periodic basis as designated by the Commission or the Designee, each Industry Member shall submit to the Central Repository a complete set of Firm Designated IDs, the Transformed Identifier, and other information required by paragraph (k)(1) of this section for each of its Customers with an Active Account.

Proposed Rule 17a–26(k)(4) addresses error correction requirements for Reference Data. It would state that CAT Reporters must report data to the Central Repository in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data, and that any CAT Reporter having an obligation to report under this section that discovers an error in information previously reported pursuant to paragraph (k)(1) of this section shall correct such error(s). The provision would also state that for each Industry Member for which errors in the information required by paragraph (k)(1) of this section, for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Commission, the Designee, or otherwise, such Industry Member shall submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3.

The requirements for daily and periodic updates, as well as error correction of Reference Data, are based in part on existing obligations imposed on Industry Members through SRO CAT Compliance Rules, which require daily updates, periodic updates, and error correction of customer information.[362] However, as compared to current SRO CAT Compliance Rules, these provisions have been modified for the Reference Data Approach, specifically so that Industry Members submitting new or modified Reference Data must provide it to the Central Repository no later than 8:00 a.m. Eastern Time on T+1. This timeline for Reference Data reporting is required by the CAT NMS

[358] *See* ASA Letter, *supra* note 46, at 6 (stating that the CCID is a cybersecurity threat multiplier and that ''[a] breach could leak highly-confidential information about trading strategies or positions, expose proprietary information about significant business relationships, compromise regulatory efforts, and allow cybercriminals to gain access to individuals' brokerage accounts'').

[359] *See, e.g.,* CAT NMS Plan, *supra* note 3, at Section 6.5. In addition, certain information is subject to even greater access controls than others, such as TIDs. *See* CAIS Amendment Approval Order, supra note 333, at 2168 (stating that the Participants state that ''TIDs are reported and stored in an isolated, secure database called the CCID Subsystem, separate from other information reported to CAIS and with very limited access by Plan Processor staff'') (citation omitted).

[360] *See, e.g.,* ASA Letter, *supra* note 46, at 7–10 (stating that the approach to CCIDs is independently unlawful on multiple constitutional and statutory grounds, including the Fourth Amendment, lack of statutory authority, non-delegation doctrine, the right to privacy, the First Amendment, and the E-Government Act); ICAN Letter, *supra* note 357, at 9 (stating that ''CCID does not provide meaningful constitutional protection''); New Civil Liberties Alliance Letter, *supra* note 47, at 2 (stating that CCID does not ''solve'' the Fourth Amendment problem and ''the CCID operates as a permanent financial tracking device, which only exacerbates the constitutional injury because it enables the Commission to link investors' trades across trading platforms and accounts,'' and ''[s]o, the manifold constitutional and legal infirmities associated with the CAT's collection of PII apply with even greater force to the CCID'').

[361] *See* ASA Letter, *supra* note 46, at 9–10 (citing E-Government Act of 2002, Pub. L. 107–347, sec. 208).

[362] *See, e.g.,* Nasdaq Rules General 7, Section 4(b), (c), and (d).

Plan but is not currently reflected in SRO CAT Compliance Rules.[363]

The requirements for daily updates, periodic updates, and error correction of Reference Data are designed to help ensure that the elements required to be reported pursuant to proposed Rule 17a–26(k)(1) are reported with timeliness, accuracy, integrity, and completeness, which is essential for the ability of regulators to reliably use such information for regulatory purposes. The proposed requirement would be consistent with the CAT NMS Plan and current practice, and would help ensure that CAT Reporters have an obligation to correct errors that are discovered in previously reported Reference Data as well as provide a deadline for such corrections.

Request for Comment

The Commission requests comment on proposed Rule 17a–26(k). Specifically, the Commission solicits comment on the following:

47. Is proposed Rule 17a–26(k), where intended, consistent with Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules reporting requirements related to the Reference Data Approach? Should any changes be made to ensure that Reference Data reporting requirements, where intended, are consistent with what is currently required to be reported pursuant to Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules?

48. Is it appropriate to maintain the Reference Data Approach as currently implemented pursuant to the CAT NMS Plan? Is there a better alternative that would allow for customer attribution of order and trade activity even if such trading activity spans multiple broker-dealers and minimize the need for ad hoc requests of additional information from broker-dealers?

49. Should any elements currently required to be reported to the CAT pursuant to the Reference Data Approach no longer be required to be reported? Would removal of these elements lead to additional requests to broker-dealers for additional information?

50. Should any additional elements be required to be reported under the Reference Data Approach, including to reduce the number of EBS or ad hoc requests for additional information? If so, what elements? Would the benefits of such additional elements justify the burden and costs of reporting?

L. Exceptions to Reporting Requirements

The Commission is proposing Rule 17a–26(l) to provide for exceptions to the reporting requirements of Rule 17a–26 that are generally consistent with exemptive relief previously granted by the Commission and CAT NMS Plan amendments previously approved by the Commission. Much of the information excepted from reporting requirements in this section of the rule has never been reported and never been collected by the Central Repository. Codification of these exceptions in the new reporting rule will help ensure that when the reporting obligation of CAT Reporters shifts to the Commission or the Designee, CAT Reporters are not unexpectedly required to report certain information that is currently not required to be reported to the CAT under the CAT NMS Plan and SRO CAT Compliance Rules.

Proposed Rule 17a–26(l) would state that notwithstanding any other provision of Rule 17a–26, certain categories of data shall not be required to be reported to the Commission or the Designee, and no CAT Reporter shall be required to report data to the Central Repository regarding certain categories of information. The following categories of information are either currently not reported pursuant to the CAT due to exemptive relief granted by the Commission or because the CAT NMS Plan was amended to except such information. Where such exemptive relief or CAT NMS Plan is time-limited, the Commission is proposing to permanently codify such reporting exceptions below. As noted above, commenters to the Concept Release broadly supported permanent codification of temporary exemptive relief.[364]

1. Floor and Certain Manual Activity

Proposed Rule 17a–26(l)(1)(i) would provide that, notwithstanding any other provision of proposed Rule 17a–26, no CAT Reporter shall be required to report data to the Central Repository regarding the following verbal and manual activity: (A) floor broker verbal announcements of firm orders on an exchange that are otherwise reported as systematized orders; (B) market maker verbal announcements of firm quotes on an exchange trading floor; (C) telephone discussions between an Industry Member and a client that may involve firm bid and offer communications; and (D) unstructured electronic and verbal communications that are not currently captured by Industry Member order management or execution systems (*e.g.,* electronic chats, text messages). Proposed Rule 17a–26(l)(1)(i) is based on Section 6.3(g) of the CAT NMS Plan, but, for floor broker verbal announcements and floor market maker verbal announcements, removes language imposing a July 31, 2030 deadline to the exception for reporting these orders.

While many unstructured verbal and manual communications on exchange floors and ''upstairs'' are reportable events under Rule 613 and the CAT NMS Plan,[365] the verbal and manual activity subject to the proposed exception in Rule 17a–26(l)(1)(i) has never been required to be reported to the CAT because it has always been subject to exemptive relief or Section 6.3(g) of the CAT NMS Plan, which was approved to be added to the CAT NMS Plan by the Commission in the Verbal Quotes Amendment Order. Proposed Rule 17a–26(l)(1)(i) is designed to keep this status quo, and assure CAT Reporters that this verbal and manual order and quote activity would continue to not be required to be reported to the Commission or the Designee.

As discussed in the Verbal Quotes Amendment Order, CAT LLC and a commenter have previously stated that costs of capturing and reporting the activity subject to proposed Rule 17a–26(l)(1)(i) would be substantial, in the billions of dollars.[366] Since the Verbal

[363] *See* CAT NMS Plan, *supra* note 3, Appendix D, Section 6.2.

[364] *See, e.g.,* FIF Letter, *supra* note 86, at 11 (stating that FIF members recommend incorporating previously-granted CAT exemptions into Rule 613 or the CAT NMS Plan, or alternatively, FIF members recommend that the Commission make permanent any current exemption relating to CAT that is limited by a time period); Robinhood Letter, *supra* note 67, at 12 (stating that rather than extend measures on a temporary, ad-hoc basis, the Commission should permanently codify temporary regulatory exemptions); PTG Letter, *supra* note 83, at 3 (stating that ''temporary exemptive relief . . . should be made permanent and potentially broadened''); NYSE Letter I, *supra* note 32, at 7 (stating that ''the NYSE Exchanges are generally supportive of permanently extending and codifying all current exemptive relief'').

[365] *See* Securities Exchange Act Release No. 103275 (June 16, 2025), 90 FR 26337 (June 20, 2025) (''Verbal Quotes Amendment Order''), at 26338; 26338 n.13 (stating that firm verbal quotes and orders, whether they occur on an exchange floor or ''upstairs,'' are reportable to CAT if they are a firm bid or offer). *Cf.* Participant Letter, *supra* note 32, at 9 (stating that ''CAT LLC reiterates its longstanding view that verbal activity on exchange floors was never contemplated by Rule 613 or the original CAT NMS Plan and should be permanently excluded from CAT reporting. Because no verbal activity has been reported to the CAT to date, eliminating this requirement would not result in the loss of any currently available information''); Cboe Letter, *supra* note 32, at 6–7 (stating that ''Cboe does not believe that verbal quotes were intended to be included within CAT or that any regulatory purpose is served by requiring the reporting of information about verbal activity on exchange trading floors to CAT'').

[366] *See* Verbal Quotes Amendment Order, *supra* note 365, at 26339. *See also* NYSE Letter I, *supra*

Quotes Amendment Order was issued, the Commission is not aware of any new specific Super Intelligence, natural language processing, or voice recognition technology with a feasible architecture to accurately capture and report the data subject to proposed Rule 17a–26(l)(1)(i). In the absence of an automated technological solution, which may still be costly or difficult to implement if it existed, reporting the data subject to proposed Rule 17a–26(l)(1)(i) would require substantial human intervention and result in significant costs incurred by the national securities exchanges and Industry Members.

While Section 6.3(g) of the CAT NMS Plan states that floor broker verbal announcements of firm orders on an exchange that are otherwise reported as systematized orders and market maker verbal announcements of firm quotes on an exchange floor are only not reportable to the Central Repository until July 31, 2030, proposed Rule 17a–26(l)(1)(i) would not include a similar deadline, which was established to provide the Participants and Industry Members sufficient time to design and update systems and processes to allow for the reporting of this floor activity. While the proposed rule would remove this requirement, the Commission continues to believe that the reporting of verbal activity on exchange floors has regulatory value as articulated in the Verbal Quotes Amendment Order,[367] that trades on floors can be large and an important trading method for market participants and as such should be included in CAT for effective regulatory oversight purposes,[368] and that more cost effective measures could be taken to capture and report floor broker orders verbalized in open outcry and firm market maker quotes verbalized in response.[369]

However, removal of the time limitation will help provide certainty to market participants, specifically the national securities exchanges and Industry Members that engage in floor-based trading activity, that reporting obligations with respect to floor based verbal order and quote activity, as currently understood, will not change on July 31, 2030, and avoid the substantial costs and time associated with updated systems and processes to accommodate such reporting.[370] The Commission no longer believes that the regulatory benefits of requiring such reporting justify the costs, especially in advance of a potential transition of reporting pursuant to Rule 613 and the CAT NMS Plan to reporting to the Commission or the Designee pursuant to proposed Rule 17a–26. Codifying the deadline would have required national securities exchanges and Industry Members to begin preparing for the reporting change, and would require the Commission or the Designee to implement changes to the technical specifications and system architecture of the CAT necessary to allow for the reporting of the information, which is not consistent with the goal of maintaining existing CAT reporting requirements during the transition. In addition, commenters on the Concept Release were supportive of permanently excepting floor-based verbal activity from CAT reporting requirements.[371]

Importantly, even if proposed Rule 17a–26(l)(1)(i) is adopted, regulators will still maintain the same insight into verbal and manual activity they currently maintain. Pursuant to proposed Rule 17a–26, Industry Members will still be obligated to report the same information related to verbal or manual orders and executions as they do today. For example, on exchange trading floors orders are electronically systematized for execution, and executions resulting from the verbal representation of floor broker orders and floor market maker responses will continue to be required to be reported to the CAT.[372] In addition, for verbal or manual trades made upstairs, executions will still be subject to reporting requirements in proposed Rule 17a–26 that mirror those of the CAT NMS Plan and SRO CAT Compliance Rules today, such as the requirement to report to CAT when the broker either creates an order when dealing with a customer, or accepts an order from another broker-dealer, and when the trade execution occurs.[373]

2. Certain Responses to Requests for Quotes

Proposed Rule 17a–26(l)(1)(ii) would provide that, notwithstanding any other provision of proposed Rule 17a–26, no CAT Reporter shall be required to report data to the Central Repository regarding bids and/or offers made in response to a request for a quote or other form of solicitation response provided in a standard electronic format that requires further action by the responder providing the quote in order to execute or cause a trade to be executed (''NIA Electronic RFQ Responses''). The proposed rule would also state that, however, Industry Members are still required to report other required information regarding the request for quote or solicitation process as required by paragraph (i) of this section. This proposed rule is designed to be consistent with exemptive relief granted by the Commission on January 23, 2026.[374]

As discussed in the NIA Electronic RFQ Responses Order, exclusion of this information from CAT reporting requirements is appropriate because the regulatory value of this information does not justify the difficulty and costs associated with collecting and reporting

note 32, at 8 (noting that CAT LLC has previously estimated the cost of Participant reporting for floor-based verbal activity at $64.35 million to $112.86 million per year with an additional one-time cost of $20 million to $30 million, which ''substantially outweigh'' any regulatory benefit); Cboe Letter, *supra* note 32, at 6–7 (stating that ''the costs associated with developing reporting technology and monitoring to ensure that any verbal activity reports are accurate would be substantial (if not impossible), and there is no reason to incur those costs and divert finite resources from projects with a clear regulatory benefit'').

[367] *See* Verbal Quotes Amendment Order, *supra* note 365, at 26341–43.

[368] *See id.* at 26342.

[369] *See id.* at 26342–43.

[370] *See supra* note 366.

[371] *See, e.g.,* Participant Letter, *supra* note 32, at 9 (stating that the ''distinction between verbal activity in the upstairs market versus on exchange floors lacks a meaningful basis and should not be continued,'' and ''[b]ased on discussions with Industry Members, CAT LLC believes that there is industry support for a permanent exemption and encourages the Commission to act quickly to implement permanent relief covering verbal activity on exchange floors''); NYSE Letter I, *supra* note 32, at 8 (requesting the floor-based verbal activity be permanently excluded from the CAT); Cboe Letter, *supra* note 32, at 6–7 (stating that ''the Commission should permanently exclude verbal activity on exchange trading floors from the CAT reporting requirements''); PTG Letter, *supra* note 83, at 3 (''relief around reporting verbal quotes . . . should be made permanent''); FIF Letter, *supra* note 86, at 21 (stating that ''FIF members request that the Commission incorporate the current exemption for verbal exchange floor quotes and orders into Rule 613 or the CAT NMS Plan (or otherwise make the current exemption permanent)''); FINRA Letter, *supra* note 11, at 12 (stating that, among other things, ''industry groups have asked for the extension of current exemptive relief involving verbal activity on exchange floors,'' and that ''FINRA generally supports consideration in these areas balanced with the goal of avoiding undue regulatory impact'').

[372] *See* Verbal Quotes Amendment Order, *supra* note 365, at 26339; *see also id.* at 26344 n.86 (stating that CAT LLC states that any cancellation or change to an order transmitted to an exchange floor broker must occur within the systematized order record).

[373] *See id.* at 26344. *See also* FIF Letter, *supra* note 86, at 21 (stating that under the ''exemption for verbal exchange floor quotes and orders . . . trade executions and associated orders are still reported to CAT''). Verbal activity on exchange floors will also remain subject to oversight of SRO regulatory staff. *See* NYSE Letter I, *supra* note 32, at 5 (stating that ''SROs already have means to access such information when needed'').

[374] *See* Securities Exchange Act Release No. 104662 (Jan. 23, 2026), 91 FR 3572 (Jan. 27, 2026) (''NIA Electronic RFQ Responses Order''). Prior to the NIA Electronic RFQ Responses Order, conditional and temporary exemptive relief was granted for NIA Electronic RFQ Responses. *See* Securities Exchange Act Release No. 34–100181, 89 FR 45715 (May 23, 2024).

such information.[375] Proposed Rule 17a–26(l)(1)(ii) would codify the previously granted exemptive relief in the new CAT reporting rule, avoiding any technological and process changes required to capture and report NIA Electronic RFQ Responses, which in turn avoids business disruptions, impacts to existing workflows, and costs associated with collecting and reporting such information. As noted above, commenters on the Concept Release were generally supportive of making exemptive relief permanent,[376] including specifically the exemptive relief provided for not immediately actionable electronic requests for quotes.[377] Consistent with the aim of maintaining current CAT reporting requirements, the Commission is not currently proposing further exceptions related to RFQ Responses, including reporting of the receipt of non-winning responses to an RFQ, as requested by a commenter to the Concept Release.[378]

Regulators will still have insight into request for quote and solicitation workflows where NIA Electronic RFQ Responses are used because any follow-up order activity subsequent to the transmission of NIA Electronic RFQ Responses that results in an execution will be required to be reported to the CAT, pursuant to proposed Rule 17a–26(i). In addition, proposed Rule 17a–26(l)(1)(ii) does not apply to responses to requests for quote or solicitations that do not meet the definition of NIA Electronic RFQ Responses (*e.g.,* a response to a request for a quote or other form of solicitation response provided in standard electronic format that requires *no* further action by the responder providing the quote in order to execute or cause a trade to be executed). Thus, for request for quote and solicitation workflows where responses to requests for quotes or solicitations meet the definition of an order,[379] and do not otherwise fall within the exception to reporting in proposed Rule 17a–26(l)(1)(ii), Rule 17a–26(i) will require the reporting of such responses.

3. Representative Order Linkage

Proposed Rule 17a–26(l)(1)(iii) would state that, notwithstanding any other provision of Rule 17a–26, no CAT Reporter shall be required to report data to the Central Repository regarding information necessary to link representative orders to Customer orders when an Industry Member does not have a systematic or direct link between their order management systems and execution management systems, however, Industry Members are still required to report other required information regarding the Customer and representative orders as required by this section. Proposed Rule 17a–26(l)(1)(iii) is designed to codify temporary conditional exemptive relief granted by the Commission that remains in effect currently.[380] Commenters on the Concept Release supported codifying this exemptive relief.[381]

As discussed above, in Part IV.I, proposed Rule 17a–26(i)(1)(iv) will explicitly require that Industry Members report, among other things, any information or data needed by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach or link Customer orders to representative orders created in firm accounts for the purpose of facilitating a customer order. This is intended to replicate the current requirement under the CAT NMS Plan to report information sufficient to link Customer orders to representative orders created in firm accounts for the purpose of facilitating a customer order. As noted above, Appendix D, Section 3 of the CAT NMS Plan states that the CAT ''must be able to create the lifecycle between . . . [c]ustomer orders to 'representative' orders created in firm accounts for the purpose of facilitating a customer order (*e.g.,* linking a customer order handled on a riskless principal basis to the street-side proprietary order).''

Proposed Rule 17a–26(l)(1)(iii) would continue to provide an exception to otherwise applicable reporting requirements, in particular proposed Rule 17a–26(i)(1)(iv), where an Industry Member does not have a systematic or direct link between their order management systems and execution management system. This proposed exception is designed to be consistent with current CAT reporting requirements,[382] but would make permanent the temporary conditional exemptive relief now in effect. Because of numerous exemptive relief orders issued by the Commission,[383] the information subject to the proposed exception to reporting requirements has never been required to be reported to the CAT. At this time, consistent with the goal of proposing a rule consistent with current CAT reporting requirements, the Commission is not proposing to modify the existing exception for representative order reporting, but welcomes further comment on whether or not changes to proposed Rule 17a–26(l)(1)(iii) could be made to address ongoing issues with representative order linkage reporting.[384]

Without proposed Rule 17a–26(l)(1)(iii) or the granting of similar exemptive relief, Industry Members would be required for the first time to report linkage between a customer order to a specific representative order for representative order scenarios in which Industry Members do not have a systematic or direct link between their order management systems and execution management systems. Requiring this reporting from Industry Members could result in substantial costs for Industry Members to modify and update their systems to allow for reporting of this information, and would

[375] *Id.* at 3573.

[376] *See supra* note 364.

[377] *See* NYSE Letter I, *supra* note 32, at 7 (stating that ''the NYSE Exchanges are generally supportive of permanently extending and codifying all current exemptive relief, including . . . exemptive relief provided for not immediately actionable electronic requests for quotes'').

[378] *See* FIF Letter, *supra* note 86, at 29–30 (recommending, among other things, that reporting of the receipt of non-winning responses to an RFQ should be optional).

[379] In addition, the NIA Electronic RFQ Responses that are subject to proposed Rule 17a–26(l)(1)(ii) are those that satisfy the definition of an ''order'' as defined by proposed Rule 17a–26(a). NIA Electronic RFQ Responses that do not meet the definition of an ''order'' are otherwise not required to be reported under proposed Rule 17a–26 and so an exception to reporting such responses is unnecessary. *See also* NIA Electronic RFQ Responses Order, *supra* note 374, at 3574.

[380] *See* Securities Exchange Act Release No. 104663 (Jan. 23, 2026), 91 FR 3601 (Jan. 27, 2026) (''2026 Representative Orders Exemptive Relief Order'').

[381] *See, e.g.,* Participant Letter, *supra* note 32, at 10 (stating a desire to ''permanently resolve'' longstanding issues related to representative order linkage); NYSE Letter I, *supra* note 32, at 7 (''the NYSE Exchanges are generally supportive of permanently extending and codifying all current exemptive relief''); FIF Letter, *supra* note 86, at 12 (stating that ''FIF members request that the Commission incorporate the current exemptive relief relating to representative order linkage into Rule 613 or the CAT NMS Plan (or otherwise make the current exemption permanent)''); Robinhood Letter, *supra* note 67, at 3 (stating that ''[w]ell-established, practical accommodations, such as representative order linkage relief . . . should be permanently codified''). *See also* FINRA Letter, *supra* note 11, at 12 (stating that ''industry groups have asked for the extension of current exemptive relief involving . . . representative order linkage,'' and that ''FINRA generally supports consideration in these areas balanced with the goal of avoiding undue regulatory impact'').

[382] *See* 2026 Representative Orders Exemptive Relief Order, *supra* note 380.

[383] *See id.,* at 3601, for a description of prior exemptive relief granted in 2020, 2022, 2023, and 2025.

[384] *See also* FIF Letter, *supra* note 86, at 12–14 (providing a ''highlight [of] some of the key points discussed'' in a draft request for exemption submitted to the Commission, and additional comments relating to representative order linkage); Participant Letter, *supra* note 32, at 10 (noting that some Industry Members have structured their order- and execution-management systems in a way that makes it impossible for these firms to report linkage data until after a representative order is executed).

also require the Commission or the Designee to provide updated Technical Specifications resolving the difficulty and complexity of representative order scenarios. The Commission preliminarily believes that the costs of reporting this information would not justify the regulatory benefit of requiring the information.

4. Port-Level Settings

Proposed Rule 17a–26(l)(1)(iv) would provide that, notwithstanding any other provision of proposed Rule 17a–26, no CAT Reporter shall be required to report data to the Central Repository, for Industry Members that route an order, applicable port-level settings that are used to communicate Material Terms of an Order and are not communicated by the Industry Member routing such order through a port that is configured to apply port-level settings, regardless of whether the port is an exchange port or a port maintained by an alternative trading system or a broker-dealer, however, the recipient of an order that utilizes a port-level setting must report any port-level setting that is a Material Term of the Order as part of the same order receipt record pursuant to paragraphs (h) and (i) of this section. Proposed Rule 17a–26(l)(1)(iv) is designed to codify exemptive relief granted on January 23, 2026 by the Commission.[385]

In the absence of proposed Rule 17a–26(l)(1)(iv), both the routing and receiving CAT Reporter would be required to report port-level settings that are Material Terms of the Order. Proposed Rule 17a–26(i) would require Industry Members to report the Material Terms of the Order for certain events in an order's lifecycle, including ''for original receipt or origination of an order,'' ''for the routing of an order,'' ''for the receipt of an order that has been routed,'' and for orders that are ''modified or cancelled.'' Proposed Rule 17a–26(a) further defines the ''Material Terms of the Order'' to include ''any special handling instructions.'' Thus, because port-level settings are used by Industry Members and Participants as one method of communicating various Material Terms of the Order, including, in some cases, special handling instructions, when port-level settings are used to communicate Material Terms of the Order, proposed Rule 17a–26 would otherwise require these port-level settings to be reported for that order by both senders and receivers.[386] Proposed Rule 17a–26(l)(1)(iv) would remove that obligation for the sending firm (but not the receiving Industry Member or SRO), consistent with the Port Level Settings Exemptive Order. Commenters on the Concept Release were broadly supportive of removing the obligation for two-sided reporting of port-level settings and maintaining the exemptive relief provided by the Port Level Settings Exemptive Order in general.[387]

As stated in the Port Level Settings Exemptive Order, although the two-sided reporting of port-level settings (those that are also material terms of the order) has regulatory benefits, including allowing regulators to more easily identify potential inaccuracies in reported CAT Data, the regulatory benefits are not sufficient to justify the implementation costs and technical difficulty of requiring accurate reporting of port-level settings by both the sender and receiver of an Order.[388] Unlike other material terms of orders, port-level settings are not managed by a sending firm on an order-by-order basis, but are instead applied by the receiving firm to all orders sent to a given port.[389] Thus, port-level settings are not generally part of standard order messages (*e.g.,* FIX messages) sent by firms, and these sending firms do not have the relevant data in their books and records.[390] To the extent that a sending firm wants to change port-level settings applied to its orders by the receiving firm, it may require manual processes such as usage of an online portal, email, or even a verbal request to the receiving firm.[391] As described by a letter in support for exemptive relief for the reporting of port-level settings, ensuring that both the sender and receiver of Orders with port-level settings have the same understanding with respect to port-level settings to ensure accurate reporting would likely require ''an enormous industry-wide data sharing and pre-linkage process,'' incurring substantial costs.[392]

The Commission continues to believe that imposing these costs on Industry Members would be not justified when regulators will still have information related to port-level settings on CAT records submitted by receiving firms. Consistent with the Port Level Settings Exemptive Order, proposed Rule 17a–26(l)(1)(iv) would continue to except Industry Members from any obligation to report the applicable port-level settings that are used to communicate Material Terms when an Industry Member routes an order through a port that is configured to apply port-level settings, regardless of whether the port is an exchange port or a port maintained by an alternative trading system or a broker-dealer. However, as with the Port Level Settings Exemptive Order, this proposed exception would not alter the obligation of the recipient of the order that utilizes a port-level setting to communicate a Material Term of the Order to report the port-level setting as part of the same order receipt record, pursuant to other provisions of proposed Rule 17a–26, in particular the reporting requirements in proposed paragraphs (h) and (i).[393]

[385] *See* Securities Exchange Act Release No. 104664 (Jan. 23, 2026), 91 FR 3557 (Jan. 27, 2026) (''Port Level Settings Exemptive Order'').

[386] In their comment letter on the Concept Release, the Participants note that the ''Participants and the Commission have long disagreed on reporting requirements for port-level settings,'' and that the Participants ''would welcome continued discussions with the Commission regarding how to rationalize and streamline reporting in this area.'' *See* Participant Letter, *supra* note 32, at 10–11. The Commission welcomes further comment regarding the proposed exception for port-level settings, and whether or not it adequately streamlines reporting of port-level settings.

[387] *See, e.g.,* FIF Letter, *supra* note 86, at 2 and 14 (expressing appreciation for the Port Level Settings Exemptive Order); NYSE Letter I, *supra* note 32, at 7 (stating that ''the NYSE Exchanges are generally supportive of permanently extending and codifying all current exemptive relief, including . . . exemptive relief for port-level settings''); Cboe Letter, *supra* note 32, at 7 (stating that ''Cboe supports the elimination of any requirement to provide two-sided reporting of port level settings''); Robinhood Letter, *supra* note 67, at 12 (stating that the Commission should permanently eliminate the sender-side port-level settings reporting requirement). *See also* FINRA Letter, *supra* note 11, at 12 (stating that ''industry groups have asked for the extension of current exemptive relief involving . . . port-level settings'' and that ''FINRA generally supports consideration in these areas balanced with the goal of avoiding undue regulatory impact'').

[388] *See* Port Level Settings Exemptive Order, *supra* note 385, at 3559. *See also* Control Now Letter, *supra* note 161, at 3 (stating that ''eliminating or significantly curtailing two-sided reporting in the name of cost reduction would sacrifice a proven error-detection mechanism and could undermine the data integrity that the CAT's regulatory value depends upon''); Robinhood Letter, *supra* note 67, at 3 (stating that the ''sender-side port-level settings reporting requirement . . . adds zero regulatory value'').

[389] *See* Port Level Settings Exemptive Order, *supra* note 385, at 3559.

[390] *See id. See also* Cboe Letter, *supra* note 32, at 7 (stating that a ''two-sided reporting requirement requires that broker-dealers create an order-by-order record of port level settings that does not currently exist—effectively requiring broker-dealers to reverse engineer those settings in a manner that undermines their purpose—and imposing that significant compliance burden on broker-dealers is not justified''); Control Now Letter *supra* note 161, at 3 (stating that ''certain material terms may only be reported by the recipient'').

[391] *See* Port Level Settings Exemptive Order, *supra* note 385, at 3559.

[392] *See id. See also* letter to Vanessa Countryman, Secretary, Commission, from Howard Meyerson, Managing Director, FIF, dated Oct. 20, 2025, at 9 (stating that the ''cost to build and maintain this, and the security issues created by it, would be extreme'').

[393] *See also* Cboe Letter, *supra* note 32, at 7 (stating that if ''information about port level settings is necessary in connection with a particular regulatory inquiry, that information can be obtained

Continued

5. Rejected Messages

Proposed Rule 17a–26(l)(2) would state that, notwithstanding any provision of this section, no national securities exchange or national securities association shall be required to record and electronically report to the Central Repository any order rejected by the national securities exchange or national securities association nor any Reportable Events related to such rejected order. Proposed Rule 17a–26(l)(2) would also state that for the avoidance of doubt, an order that is received by the national securities exchange or national securities association but not accepted by the national securities exchange or national securities association is an order rejected by the national securities exchange or national securities association for purposes of this paragraph. This provision is based on Section 6.3(h) of the CAT NMS Plan, and is designed to apply in an identical fashion to the reporting requirements of proposed Rule 17a–26.[394]

In the absence of proposed Rule 17a–26(l)(2), rejected messages received by national securities exchanges and national securities associations would be required to be reported pursuant to proposed Rule 17a–26. Specifically, proposed Rule 17a–26(h) would require national securities exchanges and national securities associations to record and electronically report to the Central Repository certain information for each order and each Reportable Event, including for the original receipt or origination of an order pursuant to proposed Rule 17a–26(h)(1)(i). As proposed, Rule 17a–26(a)(32) would define ''order'' to include: ''(i) any order received by an Industry Member from any person; (ii) any order originated by an Industry Member; or (iii) any bid or offer.'' Thus, these provisions require the reporting of all orders that are ''received,'' not just those orders that are received and ''accepted'' or processed by the national securities exchange or national securities association. For example, a message that contains all of the terms necessary for an order to be executed would constitute a ''received'' order that proposed Rule 17a–26(h)(1) would otherwise require to be reported regardless of whether such order was subsequently rejected.[395]

However, it is appropriate to maintain this exception from CAT reporting for certain rejected messages for much the same reasons as articulated in the 2025 Cost Savings Amendment Approval Order.[396] The costs avoided with the exclusion of these rejected messages from CAT reporting obligations are a reasonable trade-off for the limited regulatory loss from their exclusion. The costs avoided with the proposed exclusion include the cost of ingesting and processing such data and costs the national securities exchanges and national securities associations would collectively incur if they were to now be required to begin collecting, processing, and reporting these rejection events to the CAT. Proposed Rule 17a–26(l)(2) would apply only to the SROs' obligation to report specific data to the CAT, and would not apply to any information or records that the SROs are required to keep and preserve outside of the CAT, or affect the reporting requirements applicable to Industry Members.

Request for Comment

The Commission requests comment on the exceptions to reporting requirements found in proposed Rule 17a–26(l). Specifically, the Commission solicits comment on the following:

51. Is it appropriate to codify the exclusion of floor and certain manual activity from the reporting requirements of Rule 17a–26 as proposed in Rule 17a–26(l)(1)(i)? Is the provision consistent with existing reporting requirements under the CAT NMS Plan and exemptive relief granted by the Commission? Is it appropriate to make such exclusion permanent for verbalized floor market maker quotes and floor broker orders, even though the CAT NMS Plan would require such information be reported at a later date? Should any changes be made to the proposed exception?

52. Is it appropriate to codify the exception for certain responses to requests for quotes as described in proposed Rule 17a–26(l)(1)(ii)? Is proposed Rule 17a–26(l)(1)(ii) consistent with existing reporting requirements under the CAT NMS Plan and exemptive relief granted by the Commission? Should any changes be made to the proposed rule?

53. Is it appropriate to codify the active exemptive relief regarding representative order linkage as proposed in Rule 17a–26(l)(1)(iii)? Is the provision consistent with existing reporting requirements under the CAT NMS Plan and exemptive relief granted by the Commission? Should any changes be made to the proposed rule?

54. Is it appropriate to codify the exception for reporting of ''port-level settings'' as described in proposed Rule 17a–26(l)(1)(iv)? Is the provision consistent with existing reporting requirements under the CAT NMS Plan and exemptive relief granted by the Commission? Should any changes be made to the proposed rule?

55. Is it appropriate to codify the exclusion from reporting of certain rejected messages by national securities exchanges and national securities associations as proposed in Rule 17a–26(l)(2)? Is the provision consistent with current reporting requirements under the CAT NMS Plan? Should the exception for reporting of certain rejected messages be expanded to Industry Members? Why or why not?

56. Does proposed Rule 17a–26(l), in conjunction with proposed Rule 17a–26(h) and (i), adequately incorporate all aspects of exemptive relief currently applicable to CAT reporting? If not, what elements of existing exemptive relief are not in the proposed rule and should be incorporated into the proposed rule?

57. Should proposed Rule 17a–26(l) include any new exceptions to the reporting requirements of Rule 17a–26? If so, what should those exceptions be?

M. Recordkeeping

Proposed Rule 17a–26(m) would state that, notwithstanding the requirements of Rule 17a–1 and Rule 17a–4, each national securities exchange, national securities association, and Industry Member must maintain and preserve records of the information submitted under proposed Rule 17a–26 to the Commission or the Designee for a period of at least three (3) years, with the first two (2) years of records in an easily accessible place. For the avoidance of doubt, the recordkeeping requirements of Proposed Rule 17a–26(m) are intended to apply to the records of information submitted to the Central Repository, *i.e.* CAT submission files, and not the underlying trade or customer data or other information required to be maintained by national securities exchanges, national securities associations, and broker-dealers pursuant to other Rules, such as Rule

from the port setting records maintained at the receiving level'').

[394] Section 6.3(h) of the CAT NMS Plan states that, notwithstanding any provision of the CAT NMS Plan (including Appendix D), no Participant shall be required to record and electronically report to the Central Repository any order rejected by the Participant nor any Reportable Events related to such rejected order. It continues to state that for the avoidance of doubt, an order that is received by the Participant but not accepted by the Participant is an order rejected by the Participant for purposes of this paragraph.

[395] This is similar to how rejected orders would be required to be reported pursuant to the CAT NMS Plan and Rule 613, absent exemptive relief or Section 6.3(h) of the CAT NMS Plan. *See* 2025 Cost Savings Amendment Approval Order, *supra* note 335, at 16300.

[396] *See* 2025 Cost Savings Amendment Approval Order, *supra* note 335, at 16299–16300.

17a–1 for national securities exchanges and national securities associations, or Rule 17a–4 for broker-dealers. In other words, proposed Rule 17a–26(m) would not modify any other pre-existing recordkeeping obligations and instead creates new recordkeeping obligations as part of the adoption of Rule 17a–26.

Proposed Rule 17a–26(m) would modify existing recordkeeping requirements for national securities exchanges and national securities associations with respect to submissions to the CAT. Rule 613 and the CAT NMS Plan do not specify recordkeeping requirements for the information submitted to CAT for national securities exchanges and national securities associations, and so in the absence of a superseding provision like proposed Rule 17a–26(m), the recordkeeping requirements of Rule 17a–1 apply, requiring every national securities exchange and national securities association to keep and preserve such information for a period of not less than five years, the first two years in an easily accessible place. Proposed Rule 17a–26(m) would specify that for the information submitted under proposed Rule 17a–26 to the Commission or the Designee, national securities exchanges and national securities associations would need to preserve such information for a period of at least three (3) years, with the first two (2) years of records in an easily accessible place, instead of the period of not less than five years in Rule 17a–1.

Proposed Rule 17a–26(m) would be generally consistent with the existing recordkeeping requirements of broker-dealers imposed by SRO CAT Compliance Rules. The SRO CAT Compliance Rules require that each Industry Member maintain and preserve records of the information required to be recorded under SRO CAT Compliance Rules for the period of time and accessibility specified in Rule 17a–4(b).[397] Rule 17a–4(b) imposes a recordkeeping requirement applying to a ''period of not less than three years, the first two years in an easily accessible place,'' [398] which is consistent with the proposed duration in proposed Rule 17a–26(m).

The proposal would make the recordkeeping requirements for CAT data submissions the same across all types of CAT Reporters, and to make the recordkeeping requirement a period of three (3) years with the first two (2) years of records in an easily accessible place. As noted above, proposed Rule 17a–26(m) is not designed to eliminate or modify non-CAT submission related recordkeeping requirements, and to the extent that regulators need access to the underlying Customer, order and trade data that are part of CAT submissions, CAT Reporters are subject to other existing recordkeeping obligations, and regulators have other means of requesting and reviewing such information.[399] In addition, the regulatory value of requiring CAT Reporters to maintain duplicates of CAT data submission information would be limited to the extent that such information was no longer maintained by the Central Repository.[400]

Request for Comment

The Commission requests comment on the proposed provisions regarding recordkeeping requirements. Specifically, the Commission solicits comment on the following:

58. Is proposed Rule 17a–26(m) regarding recordkeeping sufficiently clear and understandable? If not, what changes should be made to the proposed rule?

59. Is proposed Rule 17a–26(m) necessary or appropriate? Or should the existing provisions regarding recordkeeping by national securities exchanges, national securities associations, and broker-dealers be amended to require records of the information reported to the CAT?

60. For records of the information reported to the CAT, is it appropriate to make the recordkeeping requirements for national securities exchanges and national securities associations consistent with the existing recordkeeping requirements for broker-dealers? Should all CAT submissions be subject to a shorter or longer retention period, such as two years or five years? Should any changes be made to the proposed rule?

V. Economic Analysis

A. Introduction

Section 3(f) of the Exchange Act requires the Commission, whenever it engages in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action would promote efficiency, competition, and capital formation.[401] In addition, Section 23(a)(2) of the Exchange Act requires the Commission, when making rules under the Exchange Act, to consider the impact such rules would have on competition.[402] Exchange Act Section 23(a)(2) prohibits the Commission from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. The discussion below addresses the likely economic effects of the proposed rule, including the likely effect of the proposed rule on efficiency, competition, and capital formation.

Effective oversight of the national market system requires regulators to be able to reconstruct the lifecycle of an order across the disparate trading centers and broker-dealers that may interact with the order as it is filled. The information needed to do so is generated by and dispersed across numerous market participants, such as national securities exchanges, alternative trading systems, and broker-dealers trading directly with customers. This dispersion gives rise to two problems that limit both the incentive and the practical ability of any group of market participants to assemble such a record without regulatory intervention.

First, even if a group of market participants coordinated to assemble their own order and trade data into a consolidated record, they would capture only a portion of the benefits of doing so. This is because many of those benefits, such as improved detection and deterrence of cross-market manipulation, insider trading, and other misconduct, extend broadly to other market participants and investors who would not contribute to the cost of producing that record. Because these surveillance benefits extend broadly to market participants and investors who did not contribute to building the

[397] *See, e.g.,* FINRA Rule 6890. This specific rule of the SRO CAT Compliance Rules is based on FINRA Rule 7440(a)(5), which set forth recordkeeping requirements related to OATS. *See* Securities Exchange Act Release No. 80255 (Mar. 15, 2017), 82 FR 14563, at 14574 (Mar. 21, 2017) (order approving the FINRA Rule 6800 Series (Consolidated Audit Trail Compliance Rule)).

[398] *See* 17 CFR 240.17a–4(b).

[399] *See, e.g.,* 17 CFR 240.17a–1 and 17 CFR 240.17a–4. In addition, proposed Rule 17a–26(m) would not override other potential reasons that a CAT Reporter may be required to maintain and preserve CAT records for a period greater than three-years, such as a litigation hold or court order.

[400] Currently, the CAT as operated by the Participants pursuant to the CAT NMS Plan is only required to retain CAT Data for trade data up to three (3) years old. *See, e.g.,* CAT NMS Plan, *supra* note 3, Section 6.5(b)(i) (stating that consistent with Appendix D of the CAT NMS Plan, the Central Repository shall retain CAT Data for a period of not less than three (3) years, and in a convenient and usable standard electronic data format that is directly available and searchable electronically without any manual intervention by the Plan Processor, subject to the exceptions in Section 3.4, Section 6.3 and Section 6.4 of Appendix D). Proposed Rule 17a–26(m) would make CAT Reporter recordkeeping requirements consistent with this retention period.

[401] 15 U.S.C. 78c(f).

[402] 15 U.S.C. 78w(a)(2).

record, and the venues and broker-dealers producing it cannot withhold those benefits from non-contributors, no single participant or group of participants will generally have an incentive to invest in building a consolidated audit trail sized to its full market-wide value, and a purely private market is therefore likely to underproduce such a record relative to the socially optimal level.

Second, even if market participants recognized the collective value of a consolidated record, they would also face substantial coordination costs in establishing common reporting standards and assembling data across competing venues with different systems, formats, and commercial incentives, making it unlikely that such an outcome would emerge voluntarily. As a result, without being required by regulation, consolidated cross-market order data is likely to be independently produced by market participants at a level below the amount warranted by its broader regulatory and market-wide benefits.

Regulators attempted to address this problem before the adoption of the CAT by requiring market participants to report order and trade information through various mandatory audit trails and data sources. These earlier regulatory efforts, however, were fragmented, incomplete, and difficult to use in combination with one another, leaving regulators without the comprehensive, cross-market view needed for effective oversight of modern markets. Before the CAT, regulators relied on a patchwork of sources to reconstruct activity across markets, including OATS, COATS, the Electronic Blue Sheet system, trade reporting facilities, and requests to individual market participants, among others. Although each source provided useful information, none provided a complete cross-market record, and combining information across these sources could be cumbersome, time-consuming, prone to error, and may have, at times, prevented regulators from identifying violative activity by a customer trading through multiple broker-dealers.[403]

The Commission adopted Rule 613 in 2012 to improve the accuracy, completeness, accessibility, and timeliness of cross-market audit trail data by requiring the creation of the CAT.[404] Rule 613 set up the CAT through a structure in which the responsibility for operating the CAT, the responsibility for funding it, and the use of its data are divided among different entities.

For example, under the current structure, the Participants have ended up in disputes over the funding model for the CAT, both among themselves and with market participants, resulting in uncertainty, litigation, and distraction.

The Proposal would rescind Rule 613 and replace it with proposed Rule 17a–26, use appropriated funds to support the CAT,[405] and maintain substantially the same reporting requirements that exist today. These changes would resolve certain recurring disputes surrounding CAT cost allocation described above, by removing a point of contention among market participants, namely, how to fund the CAT under the CAT NMS Plan.

The proposed joint rescission of Rule 613 and implementation of Rule 17a–26 are designed to leave reporting obligations substantially unchanged. The Commission's goal with this Proposal is to address concerns regarding CAT governance and funding while preserving the regulatory benefits of the CAT described above.

Several components of the restructuring described in Part II.C would occur outside this rulemaking, including rescission of the CAT NMS Plan and related SRO compliance rules, the transfer of CAT assets, the use of Congressionally appropriated funds, and any agreement with a designee. To the extent the economic effects of the proposed rule depend on those actions, the analysis below identifies the assumptions on which the analysis relies. The Commission also identifies areas in which available information does not permit an effect to be quantified and requests comment and data that could inform those estimates.

B. Baseline

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the proposed rule are measured consists of the current reporting regime under the CAT NMS Plan, all amendments and exemptive reliefs to the CAT NMS Plan, and current practices as they relate to reporting to the CAT and market surveillance using the CAT. The economic analysis appropriately considers existing regulatory requirements, including recently approved amendments and exemptive reliefs, as part of its economic baseline against which the costs and benefits of the proposed rule are measured.

1. Current Capabilities and Content of the CAT

The Proposal relates to several aspects of the CAT's capabilities and data requirements, as well as the parties affected by them. These capabilities and requirements include data retention periods, lifecycle linkages and reporting requirements, clock synchronization, reporting timelines, error rates, and error corrections. Affected parties, other than the Commission, include the Participants [406] (the parties directly obligated by Rule 613 and the CAT NMS Plan), Industry Members,[407] and investors. Investors are the ultimate beneficiaries of the CAT, while Industry Members are affected through the CAT reporting rules adopted by SROs. As described in Part II, the Commission and the Participants currently use CAT Data for a range of regulatory functions, including market surveillance, investigations, examinations, market reconstruction, and market structure and economic analysis.[408] The extent to which the Proposal preserves CAT Data's support for these functions is therefore assessed relative to the current baseline. This section discusses the current state of these capabilities and requirements and then briefly discusses the affected parties.

a. Retention Period

The current retention period for CAT data is three years, with shorter retention periods for certain data.[409] Specifically, the retention period for options market maker quote data and Options SIP data is six months,[410] and interim operational data are not retained beyond 15 days.[411] In addition, CAT submission data must be retained by the Participants for a period of not less than five years, and by Industry Members for a period of not less than three years.[412]

[403] *See supra* note 13.

[404] *See supra* note 13.

[405] That is, the Commission anticipates using Congressionally appropriated funds to pay the Commission's costs relating to use, operation, and maintenance of the CAT system, with those appropriations recovered from each national securities exchange and national securities association through transaction fees and assessments collected under Section 31 of the Exchange Act.

[406] *See* notes 3–4 and associated text for a description of the national securities exchanges and national securities association that are collectively referred to as the ''Participants.''

[407] *See* CAT NMS Plan, *supra* note 3, at Section 1.1 (defining ''Industry Member'' as ''a member of a national securities exchange or a member of a national securities association'').

[408] *See supra* Part II.B.1. and Part IV for discussions of the current uses of CAT.

[409] *See* CAT NMS Plan, *supra* note 3, Appendix D Section 1.4.

[410] *Id.* at Appendix D Section 3.4.

[411] *Id.* at Appendix D Section 6.4.

[412] *See* 17 CFR 240.17a–1(a)–(b) and 17 CFR 240.17a–4(b)(4).

The first two years of data held by CAT Reporters must be in an easily accessible place.[413] These recordkeeping obligations separately apply to CAT submission files, meaning the records of information submitted to the Central Repository, rather than to the underlying trade or customer records themselves. Those underlying records are subject to separate maintenance and preservation requirements under Rule 17a–1 for national securities exchanges and national securities associations and under Rule 17a–4 for broker-dealers.[414]

b. Lifecycle Linkages

Much of the data in the CAT is presented as events in lifecycles. Lifecycles allow regulators to analyze how an order was routed, from initiation of an order until ultimate execution or cancellation. Regulators with a specific regulatory purpose can analyze a particular customer's trading activity across accounts via a CCID.[415] Each link in the lifecycle carries a timestamp along with an event. Lifecycle linkages are currently managed by the Plan Processor.[416] In particular, CAT Reporters send information to the Plan Processor, which then links the transactions to form a lifecycle. Lifecycles are formed using a ''daisy chain'' approach, linking distinct events from several reporters to create a single lifecycle. The ''daisy chain'' approach relies on the reporter routing an order and a reporter accepting an order to report the same details about the order.[417] There are many key details that are part of a lifecycle.[418] Some data is reported by Industry Members, while other data is reported by the Participants.[419] In addition, some information is collected and reported but not linked to lifecycles, including SIP Data and options market maker quotes.[420]

Some data, including bids or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format that is not ''immediately actionable'' [421] and certain data on port-level settings that communicate Material Terms of the Order,[422] are not provided due to exemptive relief. In addition, data on ''floor'' verbal activity is not reportable to the CAT until July 31, 2030.[423] Linkages do not need to be made between customer orders and representative orders for scenarios in which Industry Members do not have a systematic or direct link between their order management systems and execution management systems until January 1, 2028.[424] The Commission has also provided exemptive relief and approved amendments to the CAT NMS Plan to enable the SROs to remove personally-identifiable information (''PII'') from the CAT, meaning that regulators have continued to rely on alternative data sources (including the EBS system) for regulatory purposes more than anticipated by the Commission when it approved the CAT NMS Plan in 2016.[425]

c. Clock Synchronization

In order to capture the precise timing of events reported, the CAT NMS Plan requires the synchronization of Business Clocks by the Participants and Industry Members through the compliance rules set by the Participants.[426] Precise standards are important because the automated trading that is prevalent on equity and options exchanges results in market participants reacting to market events on microsecond timescales.[427] Therefore, an accurate reconstruction depends on knowing, as best as possible, which of two events occurring in the same second came first, for example. In addition, under exemptive relief provided by the Commission that will expire on April 8, 2030, information must be reported in milliseconds, unless a CAT Reporter can provide finer time increments, and then only up to nanoseconds.[428]

SROs must currently comply with requirements involving clock synchronization. In addition, there are clock synchronization requirements for Industry Members that are enforced through SRO rules. The clock synchronization requirement for SROs is to synchronize Business Clocks at a minimum to within 100 microseconds of the time maintained by NIST, consistent with industry standards. This requirement does not apply to Business Clocks used solely for Manual Order Events. The requirements for Industry Members are more extensive. SROs have adopted rules with respect to clock synchronization which require the following from Industry Members: (1)

[413] *See* 17 CFR 240.17a–4(b)(4).

[414] *See supra* Part IV.M. for a discussion of current recordkeeping requirements related to CAT submission files.

[415] See supra Part II.A. Currently, a CCID is generated for each customer using a two-phase transformation process. In the first phase, a CAT Reporter transforms a customer identifier, such as an SSN and/or ITIN, EIN, or applicable foreign identifier, into an interim value known as a Transformed Identifier or ''TID.'' The TID, and not the SSN and/or ITIN, is reported to and stored in an isolated, secure database called the CCID Subsystem, separate from any other information reported to the CAT. In the second phase, the CCID Subsystem again transforms the TID to create a unique CCID for each customer. See Concept Release, supra note 10, at 20957.

[416] ''Plan Processor'' means ''the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1, and with regard to the Initial Plan Processor, the Selection Plan, to perform the CAT processing functions required by SEC Rule 613 and set forth in this Agreement.''

[417] *See* CAT NMS Plan, *supra* note 3, Appendix D Section 3 for details of the ''daisy chain'' approach.

[418] *See, e.g., id.* at Sections 6.3–6.4.

[419] *See id.* at Section 6.3 for data that is submitted to the Central Repository by the Participants. *See id.* at Section 6.4 for data that is submitted to the Central Repository by Industry Members.

[420] *Id.* at Section 6.5 and Appendix D Section 3.

[421] *See* NIA Electronic RFQ Responses Order, *supra* note 374. This includes data provided by Industry Members to record and electronically report to the Central Repository bids and/or offers made in response to a request for quote or other form of solicitation response provided in standard electronic format (*e.g.,* FIX) that is not ''immediately actionable'' (*i.e.,* further action is required by the responder providing the quote in order to execute or cause a trade to be executed). NIA Electronic RFQ Responses Order, *supra* note, at 7.

[422] *See* Securities Exchange Act Release No. 98848 (Nov. 2, 2023), 88 FR 77128, 77131–32 (Nov. 8, 2023); Port Level Settings Exemptive Order, *supra* note 385. This exemptive relief only applies to entities that send the Material Terms of the Order. Material Terms of the Order is defined in Part IV.A.

[423] ''Floor'' activity is ''floor broker verbal announcements of firm orders on an exchange that are otherwise reported as systematized orders'' and ''market maker verbal announcements of firm quotes on an exchange trading floor.'' CAT NMS Plan, *supra* note 3, Section 6.3(g)(i)–(ii); Verbal Quotes Amendment Order, *supra* note 365.

[424] 2026 Representative Orders Exemptive Relief Order, *supra* note 380. These orders are created in firm accounts for the purpose of facilitating a customer order (*e.g.,* linking a customer order handled on a riskless principal basis to the street-side proprietary order). *Id.* at 3601.

[425] *See, e.g.,* CCID Exemption Order, supra note 326 (providing conditional exemptive relief from CAT NMS Plan requirements obligating the SROs to collect social security numbers (''SSNs'') and/or individual tax payer identification numbers (''ITINs''), dates of birth, and account numbers associated with natural persons); CAIS Exemption Order, supra note 328 (providing conditional exemptive relief from CAT NMS Plan requirements obligating the SROs to collect names, addresses, and years of birth for U.S. natural persons); CAIS Amendment Approval Order, *supra* note 333 (codifying the CCID Exemption Order and the CAIS Exemption Order and, among other things, enabling the SROs to eliminate: (1) historical customer and account-level data, including, among other things, names, addresses, and years of birth, (2) names, addresses, and years of birth (where applicable) for foreign natural persons, for legal entities, and for authorized traders, and (3) employer identification numbers).

[426] *See* CAT NMS Plan, *supra* note 3, Section 6.8. *See* notes 261–263 and associated text *supra* for a discussion of why different requirements exist for Participants and Industry Members.

[427] *See* Securities and Exchange Commission Release No. 105655 (June 11, 2026), 91 FR 36656 (June 17, 2026) Section VI.B.4.b, discussing the speed at which the exchange-traded equities market operates.

[428] In the absence of this exemptive relief, CAT Reporters whose systems utilize timestamps finer than nanoseconds would be required to report those finer timestamps. *See* 2025 Timestamp Granularity Exemptive Relief Order, *supra* note 271.

Synchronize their respective Business Clocks at a minimum to within fifty (50) milliseconds of the time maintained by the NIST atomic clock, and maintain such synchronization; (2) Certify periodically (according to a schedule to be defined by the Operating Committee) that their Business Clocks meet the requirements of the SRO Compliance Rules;[429] (3) Report to the Plan Processor and the Participant any violation of the Compliance Rule pursuant to the thresholds set by the Operating Committee;[430] (4) Industry Members must synchronize their Business Clocks used solely for Manual Order Events at a minimum to within one second of the time maintained by the NIST atomic clock, consistent with industry standards, and maintain such synchronization. Industry Members must also certify periodically (according to a schedule defined by the Operating Committee) that their Business Clocks used solely for Manual Order Events meet the requirements of the Compliance Rule. Industry Members using Business Clocks solely for Manual Order Events must report to the Plan Processor any violation of the Compliance Rule pursuant to the thresholds set by the Operating Committee; (5) Industry Members must synchronize their Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within one second of the time maintained by NIST, consistent with industry standards, and maintain such synchronization. Industry Members must certify periodically (according to a schedule defined by the Operating Committee) that their Business Clocks used solely for the time of allocation on Allocation Reports meet the requirements of the Compliance Rule. Industry Members using Business Clocks solely for the time of allocation on Allocation Reports must report to the Plan Processor any violation of the Compliance Rule pursuant to the thresholds set by the Operating Committee; (6) Industry Members must report information required under Rule 613 and the CAT NMS Plan to the Central Repository in milliseconds.[431]

There are additional requirements for the Participants with respect to reporting information to the Central Repository in milliseconds. To the extent that any Participant's order handling or execution systems utilize timestamps in increments finer than the minimum required under the CAT NMS Plan, a Participant must use a finer increment when reporting CAT Data to the Central Repository.[432] Each Participant has adopted compliance rules that: (i) require that its Industry Members that utilize timestamps in increments finer than the minimum required under the CAT NMS Plan in their order handling or execution systems shall utilize such finer increment when reporting CAT Data to the Central Repository; and (ii) provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 and the CAT NMS Plan.[433]

d. Reporting Timelines, Errors, and Corrections

CAT data is currently required to be reported according to timelines that allow for an initial submission of data and correction of errors. Table 1 lists the reporting timelines and what is required at each step with respect to transaction data:

Table 1. Current CAT Timeline Reporting Requirements[a]

Action	**Deadline**
Initial Data Submission	8:00 a.m. Eastern Time T+1[434]
Initial Validation, Error Feedback	12:00 (5:00) p.m. Eastern Time T+1
Resubmission of Errors Due	8:00 a.m. (5:00 p.m.) Eastern Time T+3
Reprocessing of Error Corrections	T+4 (5:00 p.m. Eastern Time)
Data Ready for Regulators	8:00 a.m. Eastern Time T+6 (T+5)

a. See CAT NMS Plan, supra note 3, at Appendix D Section 6.1 and 6.2. CAT reference data reporting times are in parentheses.

CAT Reporters currently must submit their initial data by 8:00 a.m. Eastern Time T+1. The Plan Processor then conducts a validation, checking for errors, and gives feedback to reporters for corrections by 12:00 p.m. Eastern Time or 5:00 p.m. Eastern Time for reference data. Reporters then have until 8:00 a.m. Eastern Time T+3 for transaction data, or 5:00 p.m. Eastern Time T+3 for reference data, to resubmit corrected data. The Plan Processor begins to re-process the error-corrected data by T+4, specifically 5:00 p.m. Eastern Time for reference data. The data is then ready for Regulators at 8:00 a.m. Eastern Time T+6, or 8:00 a.m. T+5 Eastern Time for reference data.

[429] The Operating Committee has specified that this certification takes place annually. *See supra* note 267.

[430] 1., 2., and 3. do not apply to Business Clocks used solely for Manual Order Events or the time of allocation on Allocation Reports.

[431] *See* CAT NMS Plan, *supra* note 3, Section 6.8.

[432] *Id.*

[433] *Id.*

[434] ''T+1'' means ''transaction date + one day.'' Similar shorthand has been used to describe other deadlines.

Errors in data and late reporting are currently managed through CAT NMS Plan requirements and SRO Compliance Rules mandating that error rates be limited, and requirements on how to process late-reported data. In addition, the Plan Processor has procedures to validate data at the time of reporting to check for errors.

The CAT NMS Plan requires the rate of errors for data reported to the central repository to be no more than five percent.[435] Separately, SRO rules require that no individual Industry Member exceed this rate of errors in its own reporting.[436] All Industry Members that are CAT Reporters are members of an SRO, and so must comply with SRO rules related to error correction and Industry Member-specific compliance rates.[437] The Plan Processor implements data validation checks at the time the data is reported. These validations include checking that files are in the correct format, syntax and context checks, and that CAT reportable events are correctly linked.[438] In addition, the Plan Processor produces a daily report on statistics related to reporting and errors.[439] CAT Reporters have an opportunity to correct errors that do not pass the initial validation process.[440] CAT Reporters have a duty to retain initial incorrect data.[441] Error corrections can be processed at any time, including outside of the standard repair window.[442] On a monthly basis, the Plan Processor publishes reports for CAT Reporters assessing their performance and compares it against other CAT Reporters.[443]

If data is reported after applicable deadlines, it is not processed into the lifecycle linkage upon intake. However, the CAT NMS Plan provides for ways in which this late data can be linked to the appropriate lifecycle. First, late data are eventually linked to their associated lifecycles via a quarterly process run by the Plan Processor called the ''Enhanced Late to the Lifecycle'' process.[444] Second, the CAT NMS Plan provides authorized regulatory users from the Participants or the Commission with the ability to direct the Plan Processor to perform ''Full Replay'' re-processing of late-reported data on an ad hoc basis,[445] a feature that enables users to request that specific late-reported elements be linked to their respective lifecycles in the repository.[446] Even without using Full Replay, regulators can identify which lifecycles unlinked data belong to by using the Associated Lifecycle ID field generated by the ''Enhanced Late to the Lifecycle'' process.

e. SRO Requirements for Members

The obligations of Industry Members to send reportable events to the CAT are implemented via SRO CAT Compliance Rules.[447] These CAT-related SRO rules include recordkeeping requirements in addition to the mandate to report. There are also SRO recordkeeping requirements to retain clock synchronization logs for at least five years.[448] The exact nature of the reporting requirements differs by industry member type. For example, each ATS has additional reporting requirements imposed by SROs in order to gather information that is required under the CAT NMS Plan.[449] One example of an ATS reporting requirement is to provide the National Best Bid and National Best Offer (or relevant reference price) at the time of execution, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price).[450]

f. Regulatory Use of CAT Data

The information reported to the CAT, and its processing into a format that makes it easier to track the lifecycle of an order and the activity of accounts across markets, contributes to investor protection. The information is used by regulators for activities such as market surveillance, investigations, examinations, market reconstruction, and market structure and economic analysis.[451] These activities protect investors by assisting in the detection of violative behavior. For example, a tip to the Commission about violative behavior could lead to an investigation. That investigation could utilize CAT data. However, if the data contains errors, violative behavior could go undetected, or prolong the investigation. If data is not available quickly, this could also lead to a delay in the investigation.

Among regulators, the current framework provides equal access to the cross-market data available through the CAT, on the same terms and conditions for each regulator and without favoring any regulator over another.[452] Each SRO therefore obtains access to cross-market CAT Data rather than only to data concerning activity occurring on its own market. Cross-market access allows regulators to evaluate activity on one venue in the context of a market participant's activity across venues and may therefore permit identification of conduct that would not be apparent from activity on a single market alone. CAT users can access CAT data using query tools, and can be assisted with a query by contacting the CAT help desk.[453]

2. Funding

The CAT is funded pursuant to the funding model set forth in the CAT NMS Plan. The Operating Committee approves the CAT budget and the fees necessary to fund it consistent with the funding model set forth in the CAT NMS Plan. Each Participant then submits fee filings to the Commission pursuant to Rule 19b–4 to impose fees

[435] *See* CAT NMS Plan, *supra* note 3, Section 6.5(d)(i).

[436] No Industry Member can exceed the error rate set by the Operating Committee, which is unchanged from the initial 5% rate. *See, e.g.,* FINRA Rule 6893(c) and *supra* note 323.

[437] *See* FINRA Rule 6893(d). The exact compliance thresholds are not addressed in the rule itself.

[438] *See, e.g.,* CAT NMS Plan, *supra* note 3, Appendix D Section 7.2.

[439] *See id.* at Appendix D Section 10.1.

[440] *See id.* at Appendix D Section 7.2.

[441] *Id.*

[442] *See id.* at Appendix D Section 7.4, including a list of duties by the Plan Processor in support of error corrections.

[443] Regulatory users have multiple tools to check CAT error rates. One set of tools is report cards. Report cards contain reporting statistics with information on how reporters compare to similar entities. Another set of tools is daily reporting statistics. In addition, the Plan Processor emails CAT Reporters who are reporting far outside of industry standards. *See id.* at Appendix D Section 10.4.

[444] *See* 2025 Cost Savings Amendment Approval Order, *supra* note 368, at 16293 n.138.

[445] *See* CAT NMS Plan, *supra* note 3, Appendix D Section 6.2. The Full Replay process is, ''Functionality to present to regulatory users post-T+5 data in a manner substantially similar to how such data would have been represented if it had been reported prior to T+5, including by replicating and replaying records with enrichments impacted by post-T+5 submissions, creating updated enrichments, and persisting the replicated records within the underlying data.'' *See* 2025 Cost Savings Amendment Approval Order, *supra* note 368, at 16293.

[446] Because Full Replay is only available to be used on an ad-hoc basis, the costs of Full Replay change annually based upon regulator usage. *See* 2025 Cost Savings Amendment Approval Order, *supra* note 368, at 16293 n.138. Full Replay has not been requested by either the Participants or the Commission since the issuance of exemptive relief related to this functionality on September 30, 2025. *See* Securities Exchange Act Release No. 34–104144 (Sept. 30, 2025), 90 FR 47853, 47855–56 (Oct. 2, 2025).

[447] *See supra* Parts IV.I.1, IV.I.2, IV.I.3, IV.I.5, IV.J, and IV.M for SRO rules applied to Industry Members in fulfillment of CAT obligations.

[448] *See supra* note 266 for a discussion of the retention requirement for clock synchronization logs.

[449] *See, e.g.,* FINRA Rule 6830(a)(1)(A)(xi), 6830(a)(1)(B)(viii), 6830(a)(1)(C)(x), 6830(a)(1)(D)(ix), 6830(a)(1)(E)(viii), 6830(a)(2)(D), and 6830(f).

[450] *See* FINRA Rule 6830 (a)(1)(E)(viii)(a).

[451] *See supra* Part II.B.1. for a discussion of usage of the CAT.

[452] *See supra* Part II.C.2. for a discussion of the importance of equal access among regulators.

[453] *See supra* Part II.C.4. for a discussion of the CAT help desk and query tools.

on its members. The CAT NMS Plan requires contributions from both Participants and Industry Members.[454] The funding required for CAT currently stands at approximately $147 million per year.[455] The allocation of funding among each group of market participants has been, and continues to be, a contentious topic among the Participants, Industry Members, and other market participants and has been the subject of amendments to the CAT NMS Plan, exemptive relief orders, and litigation.

Currently, the CAT is funded in accordance with the 2026 Funding Model, which requires contributions by both Participants and Industry Members.[456] CAT fees in the 2026 Funding Model are based on executed equivalent share volumes of transactions in Eligible Securities[457] and they are paid evenly by the Participants, executing brokers representing buyers, and executing brokers representing sellers.[458] Beyond this allocation of CAT costs to the Participants, there is no separate fee assessed on the Participants for their access to or their use of CAT Data.

While the 2026 Funding Model prohibits Participants from filing a proposed rule change under Section 19(b)(2) to establish a fee that would pass their CAT costs through directly to their members, it does not prohibit Participants from funding ''their share of CAT costs through other mechanisms that may indirectly result in Industry Members (or others, including investors) ultimately bearing those costs.'' [459] For example, the 2026 Funding Model does not preemptively prohibit Participants from recovering their CAT costs indirectly through increases in fees the Participants charge their members.[460] To the extent a Participant were to seek to do so, ''any such indirect pass-through fees would be subject to the rule filing process under Section 19(b)(2) of the Act and must be reasonable, equitable, and not unfairly discriminatory.'' [461]

Because CAT fees are assessed based on executed equivalent share volume, they increase the marginal cost to a Participant of executing transactions for its members. Typically, businesses raise prices when faced with increases in costs.[462] Like every business, the Participants need to recover their costs to remain viable.[463] Additionally, as discussed in the 2026 Funding Model Order, while the direct pass-through prohibition gives meaning to the Plan's requirement that the Participants and Industry Members share in CAT costs, the Plan does not change the reality as to how the Participants are funded, including how they fund the costs of fulfilling their regulatory obligations.[464] As discussed in the 2026 Funding Model Order, the Participants typically have several sources of revenue that they could use to recover their share of CAT costs, including indirectly through increases in member fees or increases in the prices they charge for their services.[465]

As discussed in the 2026 Funding Model Order, Industry Members will also likely attempt to pass through their CAT fees or otherwise recover these costs.[466] Some portion of CAT fees would therefore be expected to be passed through to investors, either directly or indirectly through other mechanisms. Participants and Industry Members may also find it in their interest to only pass through a portion of their CAT expenses and bear the balance of those expenses themselves. For example, they may decide not to pass through all of their CAT expenses because they have other business relations with their customers and not passing through all of their CAT expenses may result in goodwill with their customers.

Under the 2026 Funding Model, the Plan Processor and the Participants will not be permitted to bill or otherwise request payment for CAT fees to fund the costs to build, operate, and administer the CAT from Industry Members after March 31, 2028.[467] In the absence of an amendment to the CAT NMS Plan or Commission action, the Participants would be prohibited from collecting fees after that date.

Today, the Commission separately granted exemptive relief to the Participants to enable them to recover certain historical development and implementation costs from Industry Members that they incurred between January 1, 2022 through July 15, 2024.[468]

The Commission's budget is set annually through the congressional appropriations process. Section 31(a) of the Exchange Act requires the Commission to collect transaction fees and assessments from each national securities exchange and national securities association that are designed to recover the costs to the government of the annual appropriation to the Commission by Congress.[469] Section 31 fees are deposited and credited as offsetting collections to the account providing appropriations to the Commission.[470] Section 31 fees are based on the aggregate dollar amount of covered sales, at a rate set annually that is reasonably likely to result in collections that are equal to the Commission's annual appropriations.[471]

3. Governance

The Operating Committee acts as CAT LLC's governing body.[472] This section describes the governance structure established by the CAT NMS Plan, the role of the Commission, and the incentives structure that it creates for the Participants and Industry Members.

a. The Governance Structure

The CAT NMS Plan is managed by an Operating Committee of SRO

[454] *See, e.g.,* CAT NMS Plan, *supra* note 3, Section 11.3.

[455] *See* CAT NMS Plan, Consolidated Audit Trail, LLC 2026 Financial and Operating Budget (Mar. 31, 2026), *available at https://www.catnmsplan.com/sites/default/files/2026-04/03.31.26-CAT-2026-Budget.pdf* (un-audited). The total estimated operating expenses for 2026, comprising technology costs, general & administrative, capitalized development, and licensing fees, total $147,044,869. These operating expenses do not include the costs CAT Reporters incur in preparing and transmitting data to the CAT.

[456] *See supra* Part II.B.2.

[457] Each executed share for a transaction in NMS Stocks is counted as one executed equivalent share. Securities Exchange Act Release No. 103960 (Sept. 12, 2025), 90 FR 44910, 44918 (Sept. 17, 2025). Each executed contract for a transaction in Listed Options is counted based on the multiplier applicable to the specific Listed Option (*i.e.,* 100 executed equivalent shares or such other applicable multiplier). *Id.* Each executed share for a transaction in OTC Equity Securities shall be counted as 0.01 executed equivalent share. *Id.*

[458] As a result of the allocation of CAT costs, under the current budget of $147 million, Participants would be allocated one third, which is $49 million, and Industry Members would be allocated two thirds, which is $98 million.

[459] *See* 2026 Funding Model Order, *supra* note 60, at 13413.

[460] *See id.*

[461] *See id.*

[462] *See* 2026 Funding Model Order, *supra* note 60, at 13467.

[463] *See id.*

[464] *See, e.g.,* CAT NMS Plan Approval Order, at 84794 (''The Participants, as SROs, have traditionally recovered their regulatory costs through the collection of fees from their members, and such fees are specifically contemplated by the Exchange Act. . . . [S]uch fees must be consistent with applicable statutory standards under the Exchange Act.''); *id.* (''[T]he Exchange Act specifically permits the Participants to charge members fees to fund their self-regulatory obligations.''); *id.* at 84796–97 (''[T]he Exchange Act permits the Participants to assess fees among their members to recoup their regulatory costs, as long as such fees meet the applicable Exchange Act standards.'').

[465] *Id.*

[466] *See* 2026 Funding Model Order, *supra* note 60, at 13474.

[467] *Id.*

[468] The exemptive relief granted by the Commission enables CAT LLC to establish a recovery period of one year for this collection. *See also* Part II.C.3 for more details.

[469] 15 U.S.C. 78ee.

[470] *Id.*

[471] *Id.*

[472] *See supra* Part II.B.2.

Participants, each holding one equal vote.[473] An Advisory Committee of diverse stakeholders offers input but cannot vote. The Commission does not manage the CAT, but it can exercise its statutory powers to regulate the Participants' implementation and operations of the CAT.[474]

i. Operating and Advisory Committees

Serving as CAT LLC's governing body, the Operating Committee holds authority over all policy decisions, management, and supervision of the CAT, subject to Commission oversight.[475]

The principal functions of the Operating Committee include selecting and supervising the Plan Processor; approving technical specifications, material system changes, and material contracts;[476] approving the annual budget, reserves, funding policies, and fees; overseeing compliance and security functions; appointing or removing specified officers and the Independent Auditor; reviewing the Plan Processor's performance; interpreting the CAT NMS Plan; establishing subcommittees, including a Compliance Subcommittee; and selecting the Advisory Committee.[477]

The Plan Processor performs the principal operational functions under the Operating Committee's direction and supervision, including maintaining the CAT's technology; validating, processing, linking, and storing CAT Data; maintaining technical specifications; administering information security and access controls; providing regulatory query tools and reports; and operating the help desk.[478] The Operating Committee maintains working groups and subcommittees—the Compliance Subcommittee, for example, assists the Chief Compliance Officer with confidentiality, data accuracy, completeness, timeliness, and consistent enforcement of Participant obligations.[479] The Advisory Committee provides non-binding advice on CAT implementation, operation, and administration.[480]

The Operating Committee consists of one voting representative from each Participant, regardless of size or market share, although a representative may cast the votes of affiliated Participants. Routine matters generally require a majority; consequential matters, including Plan Processor selection or removal, key officer appointments, material contracts, material system changes, and Technical Specifications require a two-thirds supermajority; and certain matters require unanimous Participant action. Members may recuse themselves, and the Committee may compel recusal by supermajority vote. The Committee may delegate authority to subcommittees.[481] The Committee therefore operates through negotiation and voting among competing SROs, which can result in delays when Participants disagree with each other or with the Commission over a proposal.[482]

ii. The Role of the Commission

The Commission oversees, but does not administer, the CAT NMS Plan. While the Commission can exercise its statutory powers to regulate the Participants' implementation and operation of the CAT and compliance with Rule 608, Rule 613, other federal rules and regulations, and the CAT NMS Plan, the multi-layered structure has proven less conducive than expected to efficient governance of a complex and evolving technology project like the CAT.

The Commission does not operate the CAT, vote on the Operating Committee, or directly manage contracts with key vendors such as the Plan Processor. The mechanisms for resolving disagreements regarding the implementation or operation of the CAT can prolong decision-making and impose burdens on the Commission, the Participants, and Industry Members.[483]

b. Economics of CAT Governance Structure

The governance structure shapes the incentives of the parties involved, which in turn influence the CAT's decision-making, the CAT's future direction, and some of the friction that currently exists both among Participants and between Participants and Industry Members.

i. Cost Externality and Participant Coordination

The Participants make the decisions on the CAT's development and operation,[484] and the CAT NMS Plan permits them to recover some of the resulting costs from Industry Members.[485] The Participants are sensitive to costs of operation, as they bear some of those costs.[486] Industry Members also bear a portion of the costs, under the Plan's funding arrangements, but do not have decision-making authority. Accordingly, CAT development and operating decisions made under this structure could differ from decisions that would have been made if decision-making authority were distributed among all parties bearing costs.[487] This separation creates a cost externality,[488] which likely contributes to a persistent friction between Participants and Industry Members.[489]

Even among the Participants, committee governance presents two related coordination challenges. Reaching a joint decision requires communication and negotiation among Participants, which can make committee

[473] *See supra* Part II.B.2.

[474] *See supra* Part II.B.2 and *infra* Part V.B.3.a.ii.

[475] *See* CAT NMS Plan, *supra* note 3, 4.1–4.3 (Operating Committee). Affiliated SROs may appoint a single representative to cast the votes of multiple affiliated Participants, but each affiliated Participant still counts as one vote. *See id.* at Section 4.2(a).

[476] These are the changes or updates to the CAT System made by the Plan Processor that would significantly alter the functionality of the Central Repository. *See id.* at Section 1.1; *see also* CAT NMS Plan Approval Order, *supra* note 3, at 84943–44.

[477] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84700–03, 84705–06; *see also supra* Part V.B.3.a.i-ii. The Operating Committee manages CAT LLC except where the CAT NMS Plan or non-waivable applicable law requires the Participants' approval. *See* CAT NMS Plan, *supra* note 3, at Section 4.1(a).

[478] *See supra* Part II.B.2; CAT NMS Plan Approval Order, *supra* note 3, at 84705–06.

[479] CAT NMS Plan, *supra* note 3, Section 4.12 (Compliance Subcommittee). *See also supra* Part II.C.6.

[480] CAT NMS Plan Approval Order, *supra* note 3, at 84702–03; *see supra* Parts II.B.2 and II.C.6.

[481] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84700–03, 84705–06.

[482] *See supra* note 78 and associated text.

[483] *See supra* Part II.B.2; *see also* 17 CFR 242.608(a)–(b).

[484] These could include the scope of data collected, reporting requirements, processing and storage capacity, data quality, regulatory access, query tools, and other features supporting surveillance, examinations, enforcement, and market analysis. *See also supra* Part II.B.2.

[485] *See* 2026 Funding Model Order, *supra* note 60, at 13413. Participants are responsible for one-third of CAT costs; and while the 2026 Funding Model bars them from directly passing that share through to Industry Members via a new fee, it does not preemptively prohibit indirect recovery through other member fees. Any such recovery would remain subject to the Section 19(b) filing process and applicable requirements, and the Commission has not determined that such recovery would be permissible. *See also supra* Part II.B.2.

[486] *See* the discussion in Part II.B.2.

[487] *See,* for example, ''Citadel Letter'' (June 22, 2026) at 2–3. *See supra* note 83.

[488] Externality theory examines how one party's actions affect others and whether those effects are reflected in the decision-maker's choices. Buchanan and Stubblebine (1962) analyze when such effects are economically consequential; Mishan (1969) relates external effects to joint products and collective goods; Baumol and Bradford (1972) show how externalities can alter the economy's production possibilities. *See* James M. Buchanan & Wm. Craig Stubblebine, *Externality,* 29 Economica 371 (1962); E. J. Mishan, *The Relationship between Joint Products, Collective Goods, and External Effects,* 77 J. Pol. Econ. 329 (1969); W. J. Baumol & David F. Bradford, *Detrimental Externalities and Non-Convexity of the Production Set,* 39 Economica 160 (1972).

[489] *See infra* Part V.B.3.b.ii.

coordination slow and costly.[490] Secondly, Participants may have different interests in a decision and unequal influence over its outcome [491]—voting power on the CAT Operating Committee is not aligned proportionally with each Participant's share of the cost burden; [492] additionally, the one-vote-per-Participant structure of the Operating Committee allows a few affiliated exchange groups to accumulate significant influence over the CAT,[493] and currently the four affiliated exchange families hold enough votes to outvote the seven independent SROs, and FINRA.[494]

ii. Friction in Governance

The fact that not all the entities that bear costs are involved in CAT decision making,[495] the coordination challenges within the Operating Committee governance,[496] and the fact that Industry Members and the Participants have different views of what share of costs they should be responsible for, have generated recurring friction.

Participants and Industry Members continue to disagree about funding arrangements. Even though the Participants have incentives to contain CAT's costs, and have advanced a series of amendments implementing cost-savings measures,[497] the disputes have persisted across repeated funding proposals.[498]

Within the Operating Committee, there has been a recurring divide between FINRA and the exchange groups. FINRA has objected to the fact that its large share of the Participants' portion of CAT costs is not proportional to its voting share,[499] and that affiliated exchange families can aggregate their votes to reach outcomes that favor some Participants over others.[500] Indeed, the 2026 Funding Model was voted for by the Operating Committee over the opposition of FINRA and Cboe.[501]

iii. Provision of CAT Functionality

The SROs maintain multiple business objectives alongside the responsibility to satisfy their specific obligations under the Exchange Act. The resulting decisions determine priorities about and investment allocations in the CAT's functionality.[502]

This can be particularly important along quality dimensions that are non-contractible.[503] Although the CAT NMS Plan and Plan Processor Agreement establish significant quality requirements, including error-rate requirements, validation processes, and requirements concerning regulatory access and query tools, they might not fully specify, measure, or enforce in advance every aspect of CAT Data's fitness, reliability, and practical usability for each regulatory purpose. Some of CAT's most important attributes cannot be fully specified in a contract—for example, the accuracy of the data, the ease of use of the delivery systems, or coverage for regulatory needs not yet identified.[504] Decisions concerning these open quality dimensions would be made by the entity responsible for governing the CAT in accordance with its own priorities, subject to its applicable statutory, regulatory, and contractual obligations.[505]

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[490] Committee procedures may take longer than market mechanisms because they require explicit communication and negotiation before decisions are made, even though it is more likely to achieve coordination. See Joseph Farrell & Garth Saloner, Coordination Through Committees and Markets, 19(2) The RAND J. Econ. 235 (1988). Collective-choice theory also recognizes that reaching decisions can consume time and resources, including through the processes of negotiation and agreement. Herbert J. Kiesling, *Potential Costs of Alternative Decision-Making Rules,* 4 Pub. Choice 49 (1968); Alex C. Michalos, *The Costs of Decision-Making,* 9 Pub. Choice 39 (1970).

[491] Collective-action research identifies group heterogeneity as relevant to how collective outcomes are produced (Oliver, Marwell & Teixeira, 1985). Tsebelis (1995) shows that policy change becomes more difficult as the number of actors whose agreement is required increases and their positions diverge. See Pamela Oliver, Gerald Marwell & Ruy Teixeira, ''A Theory of the Critical Mass. I. Interdependence, Group Heterogeneity, and the Production of Collective Action,'' 91 American Journal of Sociology 522 (1985); Tsebelis, ''Decision Making in Political Systems: Veto Players in Presidentialism, Parliamentarism, Multicameralism and Multipartyism,'' 25 British Journal of Political Science 289 (1995).

[492] For example, FINRA holds a single vote (approximately 4% of the governance weight) on the Operating Committee yet is allocated roughly 40% of the Participants' share of CAT costs. *See* 2026 Funding Model Order, *supra* note 56, at 13431.

[493] *See, e.g.,* the SEC's notices adding MIAX Emerald, LLC, Long-Term Stock Exchange, Inc., and MEMX, LLC as CAT Participants: Joint Industry Plan; Notice of Filing and Immediate Effectiveness of Amendment to the Plan Governing the Consolidated Audit Trail To Add MIAX Emerald LLC, as a Participant, Exchange Act Release No. 85230 (Mar. 1, 2019), 84 FR 8356 (Mar. 7, 2019); Joint Industry Plan; Notice of Filing and Immediate Effectiveness of Amendment to the Plan Governing the Consolidated Audit Trail To Add Long-Term Stock Exchange LLC as a Participant, Exchange Act Release No. 87595 (Nov. 22, 2019), 84 FR 65447 (Nov. 27, 2019); and Joint Industry Plan; Notice of Filing and Immediate Effectiveness of Amendment to the National Market System Plan Governing the Consolidated Audit Trail To Add MEMX LLC as a Participant, Exchange Act Release No. 89306 (July 13, 2020), 85 FR 43626 (July 17, 2020). In 2016, five affiliated groups accounted for 20 SROs, alongside five independent SROs. CAT NMS Plan Approval Order, *supra* note 17, 84991 n. 2811. The current roster lists 29 Participants: four multi-exchange families—Cboe, Nasdaq, NYSE/ICE, and MIAX—hold 21 votes, while eight other SROs, including FINRA, hold the remaining votes. *See* Consolidated Audit Trail, *Plan Participants, available at https://www.catnmsplan.com/about-cat/participants* (last visited Aug. 28, 2026).

[494] While changes in the number and ownership of exchanges over the past decade have reduced the vote share of the four large exchange groups, these groups still hold 21 of the 29 Operating Committee votes—more than a two-thirds supermajority. *See* CAT NMS Plan, *supra* note 3, Exhibit A.

[495] *See supra* Part V.B.3.b.i.

[496] *Id.*

[497] *See* 2024 Cost Savings Amendment, 89 FR 103033 (Dec. 18, 2024); 2025 Timestamp Granularity Exemptive Relief Order, *supra* note 303; 2025 Cost Savings Amendment Approval Order, *supra* note 368.

[498] *See supra* Part V.B.2.

[499] *See supra* Part V.B.3.b.i, supra note 492. *See also* 2026 Funding Model Order, *supra* note 60, at 13430–31.

[500] FINRA has questioned the CAT NMS Plan voting structure, stating that ''large voting blocks for affiliated exchanges [can] impose costs on other SROs'' and that ''four blocks of affiliated exchanges together represent 21 out of 27 votes, resulting in voting dynamics that are susceptible to outcomes that favor some Participants at the expense of the broader securities industry.'' Letter from Steffen N. Johnson, Wilson Sonsini Goodrich & Rosati P.C., to Vanessa Countryman, Secretary, Commission (Oct. 17, 2025), at 16. The quoted ''21 out of 27'' reflects the Operating Committee roster at the time. *See also supra* note 494.

[501] 2026 Funding Model Order, *supra* note 56, at 13420.

[502] Commercial enterprises can weight present, measurable gains, over benefits that are only realized over a longer horizon. *See, e.g.,* Jeremy C. Stein, *Efficient Capital Markets, Inefficient Firms: a Model of Myopic Corporate Behavior,* 104 Q. J. Econ. 655 (Nov. 1989); *see also* Narayanan, *Managerial Incentives for Short-Term Results,* 40 J. Fin. 1469 (Dec. 1985).

[503] A quality dimension to a product or service is ''non-contractible'' if the level of quality cannot be fully specified in advance, objectively measured or verified, and reasonably enforced across future circumstances; this typically stems from the inherent characteristics of the product. *See* Sanford J. Grossman & Oliver D. Hart, *The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration,* 94 J. Pol. Econ. 691 (1986); Oliver Hart & John Moore, *Property Rights and the Nature of the Firm,* 98 J. Pol. Econ. 1119 (1990).

[504] An overall error-rate requirement does not fully capture the accuracy, completeness, timeliness, or practical usability of particular data elements, linkages, or data sets for particular surveillance, examination, enforcement, and market-analysis uses. Requirements concerning regulatory access and query tools may specify available functions, but cannot fully prescribe or verify how easily, reliably, and effectively regulators can use those functions for particular investigations or analyses. Similarly, future regulatory questions, data fields, analytical tools, and the appropriate balance among speed, accuracy, functionality, security, reporting burdens, and cost may not be fully anticipated.

[505] Residual quality refers to the quality-related decisions left unresolved by a contract because the relevant attributes or future circumstances cannot be fully specified, measured, or enforced in advance. The party holding the relevant control rights makes those decisions, and the way it resolves them depends on its objectives. *See* Sanford J. Grossman & Oliver D. Hart, *The Costs and Benefits of Ownership: a Theory of Vertical and Lateral Integration,* 94 J. Pol. Econ. 691 (Aug. 1986); Oliver Hart & John Moore, *Property Rights and the Nature of the Firm,* 98 J. Pol. Econ. 1119 (1990).

4. Security

The requirements for ensuring CAT data security are currently set forth in provisions of the CAT NMS Plan and are implemented through the policies and procedures of the Participants, CAT Reporters, and the Plan Processor. The Commission has committed to comparable security standards.[506] Among other security requirements, the CAT NMS Plan requires that CAT have encrypted internet connectivity; reporters are required to connect through secure methods such as virtual private networks or private lines; CAT data must be encrypted at rest and in flight; [507] data centers hosting CAT systems are subject to annual security audits; and access by authorized parties requires multi-factor authentication.[508] The Plan also requires compliance with numerous NIST standards, including NIST 800–53, which covers security and privacy controls.[509]

CAT is a facility of the SROs and thus is currently subject to Reg SCI. The CAT NMS Plan specifies that the Technical Specifications shall satisfy all applicable regulations regarding database security, including provisions of Reg SCI.[510] Reg SCI requires SCI entities to, among other requirements, establish written policies and procedures reasonably designed to ensure that their systems have levels of capacity, integrity, resiliency, availability, and security adequate to maintain their operational capability.[511] Such requirements are likely to contribute to the information security of the Central Repository.

The CAT contains order and quote data across the national market system, together with information allowing identification of behavior associated with a single customer via the CCID.[512] The security of CAT Data is also affected by the number of individuals with access to it, whether as part of the reporting process or as regulatory users. The CAT NMS Plan provides control on how many individuals have such access. The policies and procedures of Participants, CAT Reporters, and the Plan Processor dictate the security measures that are in place to screen such users and are required by provisions in the CAT NMS Plan.

5. Affected Parties

The affected parties constitute the Participants, Industry Members, the Plan Processor, and investors. The parties that are directly affected by changes to the CAT are the Participants, the Industry Members, and the Plan Processor. There are currently 29 SROs who constitute the Participants and use the CAT for surveillance.[513] The SRO Compliance Rules on their members collectively apply to 1,075 broker-dealers who are CAT Reporters, which includes more than 40 ATSs.[514] FINRA CAT, LLC is the Plan Processor, which manages the Central Repository.

Investors are indirectly affected by how the CAT is funded. Ultimately, some of the costs of CAT may be passed from SROs to their members, who may, in turn, pass some or all of their CAT-related costs on to investors.[515] Investors benefit from the CAT through improved investor protection.

C. Benefits and Costs

The following discusses the benefits and the costs of the Proposal relative to the baseline established in Part V.B. Because the reporting requirements of proposed Rule 17a–26 are largely consistent with the CAT NMS Plan, the Commission focuses on differences in the structure of the CAT and requirements between the proposed rule and the CAT NMS Plan. The Commission also discusses the effects of the codification of the current CAT NMS Plan requirements related to reporting, as they have been modified by certain amendments, as well as the codification of certain exemptive relief orders. The economic effects of the requirements in the CAT NMS Plan, its amendments, and exemptive relief have been analyzed in the respective approving orders and we do not repeat such analysis in this Proposal, but rather rely on said analysis in those approving orders.

1. Impact of the Repository Functionality and Codification of Current CAT NMS Plan Reporting Requirements, Exemptive Relief

Under the proposed rule, the Commission would incorporate into Commission regulations the continued submission of data that is currently required under the CAT NMS Plan.[516] Several SRO reporting rules would also be incorporated,[517] such that Industry Members' CAT reporting obligations would be substantially unchanged, subject to the specific changes discussed above.[518] In addition, the impact of a time-limited amendment and a time-limited exemptive order would be made permanent. Specifically, the impact of the amendment to the CAT NMS Plan providing that ''floor'' verbal activity is not reportable to the CAT until July 31, 2030 would effectively be made permanent, as floor verbal activity would not be reportable under the new reporting rule.[519] Also, the impact of temporary conditional exemptive relief from reporting requirements of the CAT NMS Plan regarding lifecycle linkages between customer orders and representative orders for scenarios in which Industry Members do not have a systematic or direct link between their order management systems and execution management systems until January 1, 2028 would be made permanent, as the Commission is not proposing to require such lifecycle linkages.[520]

In addition, the requirement for data to be submitted by 8:00 a.m. Eastern Time T+1 would be retained. The requirement that transaction data must be corrected by 8:00 a.m. Eastern Time T+3 would also be retained, as would the 5:00 p.m. Eastern Time T+3 deadline for reference-data corrections. However, portions of the current timeline could be left to the Commission.[521]

[506] *See* CAT NMS Plan Approval Order, *supra* note 3, at 84765.

[507] The definition of CAT Data does not encompass raw data transmitted by CAT Reporters to the Central Repository, only data derived from such data.

[508] *See* CAT NMS Plan, *supra* note 3, at Appendix D.

[509] *Id.,* at Appendix D section 4.2.

[510] *See supra* Part IV.A.

[511] Additional requirements of Reg SCI include: to require participation by designated members or participants in scheduled testing of the operation of their business continuity and disaster recovery plans; to take corrective action with respect to SCI events (defined to include systems disruptions, systems compliance issues, and systems intrusions), and notify the Commission of such events; and to conduct a review of their systems by objective, qualified personnel at least annually, submit quarterly reports regarding completed, ongoing, and planned material changes to their SCI systems to the Commission, and maintain certain books and records.

[512] *See supra* Part IV.K.

[513] *See supra* note 4 for the list of Participants. Green Impact Exchange, LLC, is an approved exchange, though is not currently a Participant. *See* Securities Exchange Act Release No. 102853 (April 11, 2025), 90 FR 16207 (April 17, 2025). If the number of Participants changes between the Proposal and final order release, the number of Participants and all calculations derived from this number will be updated.

[514] *See supra* Part II.B.1. for the number of ATSs and *infra* Part VI.B.2. for the number of broker-dealers.

[515] *See supra* Part V.B.2.

[516] *See supra* note 418 and Part V.B.1.b for the data required to be submitted under the CAT NMS Plan.

[517] *See supra* Part V.B.1.e. for a discussion of the SRO reporting rules that would be codified.

[518] *See supra* parts IV.C, IV.J, and note 521.

[519] *See supra* note 365 explaining that this activity has never been reported and the status quo would continue under the proposed rule.

[520] *See supra* Part IV.L.3.

[521] *See supra* Part V.B.1.d. for the reporting timelines under the CAT NMS Plan. Portions of the timeline that the Commission is not currently codifying would be left to a contract, and set by the

Continued

These codifications would bring some benefits and costs beyond the effects of the original exemptive orders or amendments codified in the CAT NMS Plan. With the permanent removal of requirements for certain data, CAT Reporters would have greater certainty when making decisions on the allocation of funds for the CAT. However, by removing these reporting requirements without an expiration date, the Proposal would forgo the additional CAT data that would otherwise become available when the existing relief expires. Making permanent the delay in collection of ''floor'' verbal activity would reduce regulatory oversight, which the Commission recognized in issuing the time-limited amendment.[522] Since regulatory oversight would be reduced, investor protection would be reduced when ''floor'' verbal quotes affect orders.

Separately, codifying the exemptive relief would remove the requirement to report the information needed to link certain representative orders to underlying customer orders in the same lifecycles in the circumstances covered by proposed Rule 17a–26(l)(1)(iii).

While the representative order would be present in the CAT, it would not be part of the same lifecycle as the originating customer's order. This lack of linkage reduces regulator surveillance over representative orders, reducing investor protection. The effects of making the time-limited amendment and exemptive relief permanent would not be felt unless there is a positive difference in time between the earlier of the dates from when either the exemptive relief or the time-limited amendment would expire and the adoption of this Proposal. If there is a difference, then data utility would be reduced from the point of the adoption onward.

The Commission intends that functionality of the CAT would be unchanged in the first instance, but could change in the future.[523] In the future, the functionality of the CAT, which includes query tools or tools for monitoring error rates among CAT Reporters, could change.[524] To the extent that there is a change in functionality, SRO users may find their user experience less adapted to their particular needs, which could increase surveillance costs and lead to a decrease in investor protection.

2. Benefits

a. Capabilities/Data

Certain elements of the proposed reporting rule could result in improved investor protection, by improving the quality of data in the CAT. First, the requirement to maintain policies and procedures for accurate reporting could lead to data that contains fewer errors. Second, extending existing clock-synchronization documentation and related requirements to SROs could improve the accuracy of timestamps reported by SROs.

i. Requiring Policies and Procedures for Accurate Reporting and Shortening the Retention Period of CAT Submission Data for the Participants

The proposed Rule 17a–26(j)(2), under which CAT Reporters would be required to establish, maintain, and enforce written policies and procedures reasonably designed to ensure compliance with their reporting obligations under proposed Rule 17a–26, review and update those policies and procedures at least annually, and maintain a record of the annual review and update, could potentially improve the quality of data reported to the CAT. An improvement in the quality of the data reported to the CAT could improve investor protection and reduce the costs of maintaining the Central Repository. In addition, the shortening of the retention period of CAT submission files for the Participants could lower costs for the Participants. These savings could be passed on to Industry Members and investors.

The requirements of proposed Rule 17a–26(j)(2) may result in more diligent practices among CAT Reporters in ensuring the efficacy of their reporting systems. Policies and procedures for CAT Reporters could lead to fewer errors in CAT data, and cause files to be submitted to the CAT in a more timely manner. To the extent that this is the case, there may be a corresponding reduction in the rate of errors in reported data, resulting in higher accuracy and timeliness of CAT data, which regulators could then use to improve oversight in listed options and equities markets. In addition, if there is a reduction in late reporting, it is possible that the processing costs of CAT would decrease, because there would be less data that would need to be re-processed using the quarterly Enhanced Late to the Lifecycle process.[525] However, these benefits may be modest, if only because of the number of CAT Reporters proposed Rule 17a–26(j)(2) will affect. The Commission estimates that approximately half of all CAT Reporters have adequate policies and procedures in place to mitigate reporting errors.[526]

Because proposed Rule 17a–26(m) would shorten the data retention period for files submitted by the Participants to the Plan Processor to three years, costs could fall for the Participants. If costs fall for the Participants, then they could pass on these savings to Industry Members through lower fees on their members. Industry Members could in turn pass their savings on to investors.

ii. Clock Synchronization

Under the Proposal, rules for clock synchronization and documentation that currently apply to Industry Members would also apply to the Participants.[527] There would be benefits to regulators, and ultimately investors, from the Commission extending documentation, certification, and logging of clock synchronization, in addition to business clock maintenance, to the Participants. Specifically, clock synchronization requirements applied to the Participants could lead to more accurate data for regulators, ultimately benefitting investors through better protection. In addition, record-retention costs could be reduced due to a shortening of the required retention period for synchronization logs.

The proposed rules for documentation, certification, and maintenance of synchronization procedures for business clocks, and

Commission in accordance with the surveillance responsibilities of the SROs and the Commission.

[522] The Commission recognized that delaying the collection of data on ''floor'' verbal activity could negatively impact regulatory efficiency. *See* Verbal Quotes Amendment Order, *supra* note 365, at 26349–26350. The Commission also stated that a delay in the collection of this data could improve regulatory efficiency if the delayed collection of the data led to more accurate data collection. *See id.* at 26350. Since the data will be permanently absent, regulatory efficiency is negatively impacted. The negative impact in turn reduces investor protection. The temporary conditional exemptive relief from reporting requirements of the CAT NMS Plan regarding lifecycle linkages between customer orders and representative orders for scenarios in which Industry Members do not have a systematic or direct link between their order management systems and execution management systems was issued because Industry Members were unable to comply with CAT requirements. *See* 2026 Representative Orders Exemptive Relief Order, *supra* note 380, at 3602.

[523] *See supra* Part II.C.4. for a discussion of the Commission's intent to maintain current CAT functionality. The maintenance of current CAT functionality would depend on the sale of CAT LLC's assets.

[524] *See supra* note 443 for a discussion of tools available to regulators to monitor CAT Reporter error rates. *See supra* Part V.B.1.d. for a discussion of the purpose of CAT query tools.

[525] *See supra* Part V.B.1.d. for a discussion of Full Replay.

[526] *See infra* Part VI.B.2. PRA Table 2 note 14.

[527] *See supra* Part V.B.1.c. for a discussion of the rules for clock synchronization.

logging of synchronization times, would create more accurate lifecycle data with respect to the timing of events. To the extent that the Participants do not already engage in these activities, which currently apply to Industry Members, specification of rules that apply to both Industry Members and Participants could create more accurate and interpretable lifecycle data with respect to the timing of events. To the extent that the Participants already follow these rules, there would be no benefit.

Proposed Rule 17a–26(c)(2) would shorten the required retention period for Industry Member Business Clock synchronization logs from five years to three years. This could reduce record-retention costs to the extent that Industry Members shorten their retention practices in response to the proposed rule. Industry Members could continue to retain those logs for longer periods.

b. Funding

This Proposal contemplates the use of appropriated funds to pay the Commission's costs relating to use, operation, and maintenance of the CAT system. As discussed in Part V.B.2, CAT funding has been a contentious topic and subject of litigation. Funding the CAT through the Commission's budget would resolve certain questions and challenges that have been raised regarding the funding of the CAT generally and the current 2026 Funding Model specifically.[528]

Section 31 of the Exchange Act requires the Commission to collect transaction fees and assessments from each national securities exchange and national securities association that are designed to recover the costs to the government of the annual appropriation to the Commission by Congress.[529] The fees are imposed on covered SROs [530] for sales transacted.[531] As described in Part II.C.5, Section 31 does not address the manner or extent to which covered SROs may seek to recover the costs of such fees. In practice, the covered SROs typically pass through these costs to their members and the members in turn typically pass them through to their customers.[532] The members do so by either charging these costs directly to their customers or by recouping these costs as a business cost through other mechanisms (*e.g.,* investors may receive less price improvement or pay higher transaction costs, or the members bear these costs as a cost that may reduce profits). While the SROs who are currently Participants in the CAT NMS Plan will incur 100% of the Section 31 fees, there is no prohibition against directly passing through these costs to their members. In contrast, the 2026 Funding Model prohibits direct pass-through of Participants' CAT fees to their members, though it does not preemptively prohibit the Participants from recovering their costs indirectly.[533] Thus, compared to the 2026 Funding Model, if the covered SROs passed the costs due to Section 31 fees onto their members, it could result in lower costs of the CAT to the Participants if, under the 2026 Funding Model, the Participants were not able to or decided not to recoup their CAT costs fully from their members.[534] Any such reduction in the costs of the CAT to the Participants may be offset if the Participants were to incur fees to access or use the CAT beyond the Section 31 fees. Depending on the size of such fees to access or use the CAT, the costs of the CAT to the Participants could even increase, unless the Participants pass through those costs to their members.

Section 31 fees are based on the dollar value of transactions,[535] whereas CAT fees under the 2026 Funding Model are based on executed equivalent share volumes of transactions.[536] Fees based on share volumes affect transactions in securities with lower prices relatively more than transactions in securities with higher prices. Because Section 31 fees are based on the dollar value of transactions, this assessment method mitigates this issue and lower-priced securities are not at a disadvantage.

Historically, Section 31 fees have been small on a per transaction basis. As noted in the 2026 Funding Model Order, between February 18, 2020 and May 13, 2025, Section 31 fees were equivalent to between $0.00007 and $0.00072 per share.[537] Further, the 2026 Funding Model Order reports that CAT fees were smaller than Section 31 fees by a factor of about 10 or more.[538] Thus, even if Congress appropriated additional funds to the Commission for the purpose of funding the CAT, and this led to an increase in Section 31 fees by an amount equivalent to the value of the current CAT fees, the resulting Section 31 fees would still be small on a per transaction basis when compared to other fees and transaction costs.[539] Ultimately, the costs due to Section 31 fees will likely be borne by investors. However, given the small size of Section 31 fees on a per transaction basis, the impact of those costs on market participants and investors and on their decision making is also small.

Further, given that any increase in Section 31 fees resulting from the use of appropriated funds to support the CAT would likely be small on a per transaction basis, it is unlikely that any such increase would cause the members of the covered SROs to change their behavior with respect to the costs due to Section 31 fees. The Commission expects the covered SROs would continue to pass through costs due to the Section 31 fees to their members and the members in turn would continue to pass these costs to their customers.

c. Governance

The change in governance under the Proposal is not intended to change the CAT's core operational functions. Its principal benefit would be in reducing the friction among the Participants and the Industry Members that resulted from the governance of the CAT. The Proposal would also relieve the Participants of the coordination and administrative costs of staffing CAT committees and negotiating decisions associated with the Operating Committee governance.

The Proposal could reduce recurring friction between Participants and Industry Members, and among the Participants, by changing who makes CAT development and operating decisions. Under the current structure, only the Participants exercise decision-making authority and the Industry Members often disagree with these decisions; the Participants and the Industry Members also disagree over how CAT costs should be allocated.[540] Additionally, the Proposal would eliminate the need for Participants to

[528] *See supra* note 118 and surrounding text.

[529] *See* 15 U.S.C. 78ee.

[530] 17 CFR 240.31.

[531] *See* 15 U.S.C. 78ee(b).

[532] *See* surrounding text to note 110 in Part II.C.5.

[533] *See* Part V.B.2 for a detailed discussion on how investors may ultimately bear much of the costs of the CAT.

[534] If the SROs passed through 100% of the costs of their Section 31 fees to their members and the members then passed these costs onto their customers, the customers may incur higher costs compared to the 2026 Funding Model if the SROs were not able to or decided not to recoup their CAT costs fully from their members under the 2026 Funding Model. *See supra* notes 460 and 461 and surrounding text for a discussion that, under the 2026 Funding Model, any attempt by SROs to recover their CAT costs from their members with indirect pass-through fees would be subject to the rule filing process under Section 19(b)(2).

[535] *See supra* note 530.

[536] *See* 2026 Funding Model Order, *supra* note 60 and surrounding text.

[537] *See* 2026 Funding Model Order, *supra* note 60, at 13469, Table 9.

[538] *See id.*

[539] *See id.*

[540] *See supra* Part V.B.3.b.

coordinate and resolve their differences through the Operating Committee.[541]

Under the proposed rule, the Participants would no longer bear the costs of jointly governing the CAT through the CAT NMS Plan. Governing the CAT requires them to staff the Operating Committee and its subcommittees and negotiate to reach decisions under the CAT NMS Plan's voting thresholds, which likely incurs administrative burdens not covered by the CAT NMS Plan's budget. Consolidating governance in the Commission would relieve the Participants of these coordination and administrative costs.

d. Security

The Proposal would require the SROs and broker-dealers to report information to the Commission or the Designee. As such, federal information security standards would apply to the Central Repository. Many of these security requirements substantially overlap with the NIST standards requirements and audit requirements already encompassed by the CAT NMS Plan.[542] To the extent that the security requirements applicable to SEC contractors exceed the requirements already outlined in the CAT NMS Plan, security could be improved, benefiting the market participants whose privacy is implicated in the CAT Data, although such improvements are likely to be modest.

To the extent that the Central Repository is no longer a facility of any SRO, it may no longer be an SCI system, which would mean that the operator of the Central Repository would no longer be obligated to comply with the requirements of Regulation SCI. This includes, in particular, Rule 1001(a), which requires written policies and procedures reasonably designed to ensure the security of the SCI system, among other things.[543] This is not expected to impact the security of the Central Repository under the Proposal, because, for purposes of Rule 1001(a), the required policies and procedures are deemed reasonable if they are consistent with information technology practices that are widely available to information technology professionals in the financial sector and issued by an authoritative body that is a U.S. governmental entity or agency.[544] The Commission, and its contractors, would have to follow numerous information security standards promulgated by U.S. governmental entities, including, for example, NIST standards.

3. Costs

a. Capabilities/Data

i. Requiring Policies and Procedures for Accurate Reporting and Shortening the Retention Period of CAT Submission Data for the Participants

Proposed Rule 17a–26(j)(2) would result in costs on the part of CAT Reporters to develop policies and procedures, and the ongoing cost to maintain these procedures. In addition, a reduction in the retention period of CAT submission files for the Participants could ultimately harm data integrity. The Commission does not believe that there will be costs from eliminating the requirement that the error rate for data reported to the Central Repository not exceed five percent.

The Commission estimates a one-time cost of $116,670 per entity to develop policies and procedures.[545] There would also be annual costs of $79,450 per entity to maintain these policies and procedures.[546] The costs, including maintenance costs, may not be uniform across all CAT Reporters, particularly if they already have policies and procedures around the collection of data for the CAT.

If the retention period of CAT submission files for the Participants is reduced, the availability of records for verification and investigation could be reduced. Records of CAT submissions older than three years could no longer be available from national securities exchanges and national securities associations. To the extent those records are not retained voluntarily or pursuant to another obligation, it would limit their use to verify data in the Central Repository or reconstruct what a Participant reported. Lower data integrity could impact enforcement investigations. A reduction in the availability of records could harm the investigation of conduct that is four to five years old, within the five-year limitation for penalties under 28 U.S.C. 2462. This effect would be limited because the underlying order, trade, and customer records remain subject to Rules 17a–1 and 17a–4, and the value of retaining duplicate submission records declines once the corresponding data are no longer maintained in the Central Repository.

There would likely not be costs from eliminating the requirement that the error rate on data sent to the Central Repository not exceed five percent. An error rate of five percent would be high by historical standards.[547] The Commission understands that less than five percent of the data in the Central Repository contains errors.

ii. Clock Synchronization

The proposed rules to extend documentation and maintenance of business clock synchronization procedures, in addition to extending the requirement to log synchronization times, to Participants would result in some costs to the Participants. These costs would include one-time costs to develop the documentation and procedures for maintenance. They would also include costs to update and maintain clock synchronization technology, and the annual cost to log their synchronization efforts. The one-time cost of developing policies and procedures related to clock synchronization would be $123,200 per entity.[548] The annual cost per entity to maintain clock synchronization and the policies and procedures pertinent to synchronization would be $74,100.[549] The costs may not be uniform across the Participants, particularly if they already have synchronization policies, procedures, logging practices, and up-

[541] Id.

[542] *See* CAT NMS Plan, *supra* note 3, at Appendix D–15.

[543] *See* 17 CFR 242.1001.

[544] *See id.*

[545] The $116,670 one-time estimate is based on the following calculations: $744.50 = 25% General and Operations Manager ($656 per hour × 0.25 = $164) + 75% Lawyers ($774 per hour × 0.75 = $580.50). $4,995 per entity external costs + ($744.50 per hour × 150 hours per entity) = $116,670 per entity. Occupational rates are calculated as described in *infra* PRA Table 2 note 16. For additional details on estimates of burden hours and occupations involved, *see infra* Part VI.B.2 and Part VI.C.2.

[546] The $79,450 recurring estimate is based on the following calculations: $744.50 = 25% General and Operations Manager ($656 per hour × 0.25 = $164) + 75% Lawyers ($774 per hour × 0.75 = $580.50). $5,000 per entity external costs + ($744.50 per hour × 100 hours) = $79,450 per entity. Occupational rates are calculated as described in *infra* PRA Table 2 note 16. For additional details on estimates of burden hours and occupations involved, *see infra* Part VI.B.2 and Part VI.C.2.

[547] The error rates for OATS, outside of the initial 1999 implementation, were lower than five percent. *See* CAT NMS Plan, *supra* note 3, at Appendix C Section 3(b).

[548] The $123,200 one-time estimate is based on the following calculations: $491 = 25% General and Operations Manager ($656 per hour × 0.25 = $164) + 75% Computer Programmer ($436 per hour × 0.75 = $327). $25,000 per entity external costs + ($491 per hour × 200 hours) = $123,200 per entity. Occupational rates are calculated as described in *infra* PRA Table 2 note 4. For additional details on estimates of burden hours and occupations involved, *see infra* Part VI.

[549] The $74,100 recurring estimate is based on the following calculations: $491 = 25% General and Operations Manager ($656 per hour × 0.25 = $164) + 75% Computer Programmer ($436 per hour × 0.75 = $327). $25,000 per entity external costs + ($491 per hour × 100 hours) = $74,100 per entity. Occupational rates are calculated as described in *infra* PRA Table 2 note 4. For additional details on estimates of burden hours and occupations involved, *see infra* Part VI.

to-date synchronization technology in place, in which case the costs would be substantially smaller.[550]

b. Funding

The costs to operate CAT currently stand at approximately $147 million per year.[551] Pursuant to the proposal, the Commission anticipates seeking to use its appropriated funds to pay its costs relating to use, operation, and maintenance of the CAT system. Because the Commission expects CAT reporting and functionality to continue in substantially the same manner as it does today, the change in funding mechanism is not expected to materially affect the resources required to operate the CAT. Instead, it would primarily change who initially bears those costs and the mechanism through which they are recovered.

Under the 2026 Funding Model, CAT costs are funded through fees assessed on Participants and on executing broker-dealers representing buyers and sellers. Under the Proposal, appropriated funds would be used to pay the Commission's costs relating to use, operation, and maintenance of the CAT system. As explained further above, appropriated funds are offset by Section 31 fees collected from national securities exchanges and national securities associations.[552] If Congress appropriated more money to the Commission than it would have without funding for the CAT, Section 31 fees would be higher than they otherwise would have been if funds were not appropriated to cover the costs of the CAT, while CAT fees under the 2026 Funding Model would no longer be assessed. The resulting effects on the distribution of CAT costs among Participants, broker-dealers, and investors are discussed below.

Separate from this redistribution of costs, the change in funding mechanism could create costs associated with uncertainty in the appropriations process, which could be disruptive to the funding of the CAT.[553] To the extent that appropriated funds are insufficient to cover the full cost of the CAT, CAT costs may compete with other Commission programs and priorities for appropriated funds.

Additionally, the change in funding mechanism could also create costs in the form of a potential for new funding-related disputes because it is possible that the new method of funding and governing the CAT would present new sources of disagreement among affected parties. To the extent this happens, the Commission may become subject to litigation over the new CAT funding and governance.

Section 31 fees are imposed on covered SROs, but there is no prohibition against directly passing through these costs to their members, which they typically do.[554] Compared to the 2026 Funding Model, this may result in broker-dealers bearing more of the costs of the CAT because the Participants may not be able to or decide not to recoup the CAT fees fully from their members under the 2026 Funding Model.

As described in Part V.C.2.b, if a national securities exchange or national securities association passes its costs from the Section 31 fees onto its members, the members may either pass through those costs directly to the investors who are selling or recoup the costs indirectly from investors (*e.g.,* by providing less price improvement or higher transaction costs, or they bear the fee as a cost that may reduce profits). As a result, the costs due to Section 31 fees are ultimately borne by investors or non-investor parties to a transaction (*e.g.,* market makers who do not have clients to pass through the fees to)[555] or by members who do not pass through the fees and bear the fees as a cost that may reduce their profits.

To the extent that SROs have to pay fees to access or use the CAT beyond the Section 31 fees, the SROs could pass through those costs to their members directly or indirectly. The members in turn could pass through those fees to their customers. As a result, some portion of those fees would ultimately be borne by investors as well. Further, if the fees to access or use the CAT are proportional to usage, *e.g.,* a per-query basis, it could disincentivize the SROs to use the CAT and, as a result, the surveillance of the markets could be less comprehensive; however, the SROs will still have the same obligations to comply, and enforce the compliance by its members and associated persons, with the Exchange Act, the Commission's rules and regulations thereunder, and the SROs' own rules.[556]

To the extent that SROs have to pay for fees to access or use the CAT beyond the Section 31 fees, those fees to access or use the CAT could be small, but they could also be substantial. The combination of Section 31 fees and the potential fees for access and use of the CAT could be smaller or larger than the CAT fees the Participants pay under the 2026 Funding Model. However, the resulting impact of the Proposal on investors is likely to be negligible. As discussed in Part V.B.2, to the extent that Participants are able to pass through indirectly their CAT costs, it is very likely that the CAT fees under the 2026 Funding Model are also ultimately borne by investors. The Proposal would eliminate the CAT fees from the market. However, as explained further above, pursuant to the Proposal, the Commission would use appropriated funds to support the CAT and the appropriated funds are offset by Section 31 fees,[557] and under the Proposal, the SROs may have to pay fees for their access and use of the CAT. As discussed in this section, it is likely that both the SROs' costs due to the Section 31 fees and potential fees for access to and use of the CAT data would ultimately be borne by investors. As a result, the change in the costs relative to the baseline is likely to be negligible because under the 2026 Funding Model and under the proposal, the costs of the CAT would be ultimately borne by investors.

While under both funding models the costs of CAT are likely ultimately borne by investors, how much of the costs of the CAT specific investors bear may differ, because the manner in which Section 31 fees and current CAT fees are assessed differs. For example, Section 31 fees are based on the dollar value of a transaction whereas the current CAT fees are share-based. As a result, when comparing a transaction of a given dollar value in a high-price stock with a transaction of equal dollar value in a low-price stock, the transaction in the high-price stock would result in the same amount of Section 31 fees for both transactions whereas the current CAT fees would be lower for the transaction in the high-price stock compared to the

[550] *See supra* Part V.B.1.c for a discussion of clock synchronization requirements.

[551] *See supra* note 455.

[552] *See* supra Part II.C.5.

[553] *See* supra Part II.C.5 at notes 123, 124, and 131 and surrounding text that describes that under Section 31(k) of the Exchange Act, the Commission can continue to collect Section 31 fees in the event of an appropriation lapse. *See* Part II.C.5. at note 130 and surrounding text that describes that the Commission has been able, in the past, to ensure the continued operation of certain other systems, *e.g.,* EDGAR, during an appropriation lapse.

[554] *See* Part V.C.2.b for a more detailed discussion on how costs relating to Section 31 fees are passed through.

[555] A market maker who pays fees as a result of a national securities exchange or national securities association passing on its costs relating to Section 31 fees, and is not able to pass through those fees to a client, may in turn attempt to recoup the costs by offering inferior prices to the marketplace, resulting in higher trading profits to the market maker and higher transaction costs to investors.

[556] *See supra* Part II.C.5, in particular notes 133 and 134 and surrounding text.

[557] *See supra* Part II.C.5.

transaction in the low-price stock.[558] If an investor was only trading in high-price stocks and assuming that brokers pass through directly 100% of the CAT fees and fees relating to a national securities exchange or national securities association passing on its costs due to Section 31 fees to their customers, that investor would incur more of the costs of the CAT under the Proposal compared to the 2026 Funding Model.

The Commission is unable to estimate how the distribution of the CAT costs shifts among market participants and investors when comparing the funding under the Proposal to the 2026 Funding Model, but, because of the small magnitude of the potential increase in Section 31 fees on a per transaction basis,[559] the impact of this shift on market participants and investors is likely to be small.

c. Governance

The Proposal could create costs associated with contracting, Participant input, and the initial transition of governance. Due to the nature of the CAT's operations, there are risks associated with procurement requirements and Designee turnover, although these risks could diminish over time. Replacing Participant governance could reduce Participants' direct input and recourse, potentially imposing additional costs; the Commission, however, expects these effects to be limited. The transition itself would entail one-time costs that are not likely to be large.

i. Designee Contracting

Federal procurement requirements could create potential costs and risks in maintaining the Central Repository. If the Commission elects to require reporting to a designee, the Commission would establish a contract with the Designee—whether at the beginning of the implementation of the Proposal or at a later date—through applicable federal acquisition and procurement processes, including procedures for competitive awards or justified exceptions to competition.[560]

The Commission could use a base period and option periods, subject to procurement and appropriations requirements.[561] Before expiration, the Contracting Officer would consider competition or a justified noncompetitive award, including whether other capable and interested sources exist.[562] Procurement rules, therefore, create an added risk of turnover.

Turnovers could increase the costs of operating the CAT for a number of reasons. Operating the Central Repository requires relationship-specific, non-redeployable investments, including CAT-specific systems, security infrastructure, processes, and institutional knowledge.[563] If there is turnover, a successor might not be able to immediately replicate those assets and capabilities, leading to a need for reconfiguration, testing, knowledge transfer, and re-learning, potentially disrupting CAT operations and regulatory access.

In addition, some aspects of a service like the CAT Central Repository are likely to be delivered only in the context of an ongoing relationship, because they are too nuanced for a firm to deliver on short notice or without significant experience working with a particular customer together with an expectation of future business.[564] The learning and the incentives developed in such an ongoing relationship can be difficult to transfer to a new operator.[565] Technological change could eventually reduce switching costs, making transition less disruptive.

ii. Potential Costs Associated With Participant Input

The Participants possess operational knowledge concerning CAT reporting mechanics and the surveillance uses of CAT Data. Under the current framework, that knowledge reaches CAT decision-making through the Operating Committee. The Proposal would eliminate the Operating Committee's Participant-based decision-making role, while existing advisory mechanisms could be retained, modified, or reconstituted to provide the Commission or the Designee the ability to preserve stakeholder input.[566] If channels comparable to the current Operating Committee, technical working groups, and other mechanisms for industry input are not established, the Commission or the Designee could have less information when developing technical specifications, system functionality, and operational requirements. In addition, if a federal advisory committee is used, applicable transparency requirements could limit discussion of sensitive operational or security matters.[567] Together, these potential constraints could increase implementation burdens for CAT Reporters or reduce the CAT's usefulness to regulatory users.

The Commission anticipates substantially preserving current requirements for validation, processing, linkage, storage, regulatory query tools, and help-desk support.[568] Under the Proposal, however, Participants experiencing performance or access problems would raise them through Commission or Designee procedures rather than through their current governance role or contractual relationship. If those procedures provide less direct input or recourse, problems affecting CAT access, data quality, or system performance could take longer to prioritize or resolve, potentially affecting regulatory activities that rely on CAT Data.

These effects are likely to be limited. The Commission would have an independent interest in maintaining the effective operation of the Central Repository and ensuring that the SROs

[558] The transaction in the high-price stock would entail fewer shares compared to the transaction of equal dollar value in the low-price stock.

[559] The Commission's appropriation for fiscal year 2026 is $2.149 billion. Consolidated Appropriations Act, 2026, Public Law 119–75, 140 Stat. 173 (2026). The CAT budget is $147 million for 2026. The fiscal year 2026 annual adjustment to the Section 31 fee rate is based on the Commission's appropriations for 2026, *see* Order Making Fiscal Year 2026 Annual Adjustments to Transaction Fee Rates (February 27, 2026), *available at https://www.sec.gov/files/rules/other/2026/34-104909.pdf,* note 10. The fee rate was calculated off of an expected $104.121 trillion covered sales for fiscal year 2026 and was set at $20.60 per million, *see* page 3 of the order. This translates to a Section 31 fee of $0.0000206 per dollar of a covered sale. For illustrative purposes, if we were to assume that the Commission's appropriations for fiscal year 2026 included additional appropriations in the exact amount of the CAT budget for 2026, then the portion of the Section 31 fees for fiscal year 2026 would be $1.41 per million ($147 million/$2.149 billion * $20.60) or $0.00000141 per dollar of a covered sale.

[560] *See supra* Part II.C.4.

[561] *See* RFO FAR Subpart 17.2; RFO FAR 17.201–1(b)–(c).

[562] *See* RFO FAR 6.103(c)–(d).

[563] For a detailed discussion of firm organization and sourcing issues, *see* Oliver E. Williamson, *Transaction-Cost Economics: The Governance of Contractual Relations,* 22 J. Law & Econ. 233 (1979); Patrick Bajari & Steven Tadelis, *Incentives versus Transaction Costs: A Theory of Procurement Contracts,* 32 RAND J. Econ. 387 (2001).

[564] Many organizational capabilities, especially the complex ones, often rely on 'relational contracts,' (*i.e.,* arrangements sustained by the shared expectation of long-term relationships). *See* Robert Gibbons & Rebecca Henderson, *Relational Contracts and Organizational Capabilities,* 23 Org. Science 1350 (2012) (calling relational contracts ''informal agreements sustained by the shadow of the future''). *See also supra* Part V.B.3.b.iii.

[565] Relational governance might not be readily transferred across firm boundaries. The stickiness of tacit, embedded knowledge, are possible impediments to transferring operational capabilities. *See* George Baker, Robert Gibbons, & Kevin J. Murphy, Relational Contracts and the Theory of the Firm, 117 Q.J. Econ. 39, 41–43 (2002); *see also* Bruce Kogut & Udo Zander, Knowledge of the Firm, Combinative Capabilities, and the Replication of Technology, 3 Org. Sci. 383, 384–87 (1992).

[566] *See supra* Parts II.C.6 and V.B.3.a.i.

[567] *See supra* Part II.C.6.

[568] *See supra* Part II.C.4.

are able to regulate effectively, and could enforce the Designee contract.

iii. One-Time Governance Transition Costs

On the Participant side, the transition would entail one-time legal, administrative, technical, and coordination costs associated with transferring the assets needed to continue operating the CAT.[569] The Commission also anticipates that the Participants would choose to wind down the CAT NMS Plan and CAT LLC as a consequence of this Proposal, and that they would incur similar costs in undertaking this wind down. Because these costs would be non-recurring and many existing CAT assets and arrangements could be reused, the Commission preliminarily expects them not to be large, although their magnitude is uncertain.[570]

On the Commission side, establishing CAT reporting under the Proposal would entail one-time administrative, contracting, staffing, and security-related costs.[571] Because many existing CAT assets, systems, contracts, and institutional knowledge could be transferred or reused, and because these costs would be non-recurring, the Commission preliminarily expects them also not to be large, although their exact magnitude would depend on the operating model selected.[572]

Over the course of CAT operations, the Operating Committee has developed specialized expertise in overseeing and managing the Plan Processor. Transitioning these responsibilities to the Commission could introduce costs, as Commission staff would initially lack this direct operational familiarity. However, this is likely to be temporary, as Commission staff will over time acquire the expertise necessary to manage the Central Repository under the new structure. However, due to differences in inherent institutional knowledge between the Commission and the Participants, the expertise developed by Commission staff might not be the same as that of the Operating Committee. The Participants are themselves reporting entities and have business interests in the markets CAT covers. Their experience may provide insights distinct from those acquired by the Commission, which occupies a fundamentally different institutional role from the Participants.

d. Security

The Proposal would require the SROs and broker-dealers to report information to the Commission or its Designee. As such, federal information security standards would apply to the Central Repository. The Commission acknowledges that contractors participating in this process can incur significant costs both in the audit process and in the remediation of deficits identified during the review process, particularly for newly developed systems or systems that have not previously engaged in substantial security review audits. The Commission may bear additional costs related to security, such as costs associated with Inspector General audits, systems of records notices, and administrative and other functions previously performed by the Operating Committee. As with other Commission costs relating to the use, operation, and maintenance of the CAT system, they would be funded through the SEC's appropriated budget as discussed previously.[573]

4. Aggregate Monetized Benefits and Costs

Throughout this economic analysis, we have estimated monetized benefits and costs per affected entity. In this section, we present aggregate measures of these monetized effects across entities and time. These aggregates include only benefits and costs that are monetized in the economic analysis and thus do not encompass all of the Proposal's benefits and costs. For example, these costs do not include any access or usage fees for CAT that may be imposed on SROs.[574]

a. Aggregate Monetized Benefits and Costs Across Affected Entities

Tables 2 and 3 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 in the baseline and burdens under the Paperwork Reduction Act in Part VI.[575] We also use the current CAT budget.[576]

Because the proposed amendments would remove reporting requirements under Rule 613 and immediately replace them with substantially similar reporting requirements under proposed Rule 17a-26, the aggregate monetized benefits and costs, though large, are roughly equal. We estimate that the total aggregate initial monetized benefit (cost savings) is $0 and the total aggregate annual monetized benefit (cost savings) is $2,369,719,019. There are no initial (*i.e.,* one-time) benefits (cost savings) from the rescission of Rule 613.[577] We estimate the total aggregate initial monetized cost to be $132,376,480 and the total aggregate annual monetized cost to be $2,459,580,719.

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[569] These could include systems, data, records, contracts, institutional knowledge, software, products, tools, methodologies, processes, programs, services, information, materials, intellectual property, and historical CAT Data. Existing contracts could need to be transferred, terminated, or reestablished, and outstanding liabilities and other CAT LLC matters might need to be resolved before dissolution. *See supra* Part II.C.4.

[570] *See supra* Part II.C.4.

[571] Depending on whether the Commission requires reporting to the Commission directly or to the Designee, these costs could include procuring or hiring the Designee; negotiating and executing a contract; assigning staff responsibilities; establishing funding and performance procedures; transferring systems and data; completing security review or authorization; and obtaining legal and technical support. *See supra* Part II.C.4.

[572] *See supra* Part II.C.4.

[573] *Ibid.*

[574] *See supra* Part V.C.3.b. for a discussion of the CAT access fees that may be imposed on SROs due to the Proposal.

[575] For the estimates of the burdens, *see infra* Part VI.B. and Part VI.C. For the estimates of the number of affected parties, *see supra* Part V.B.5.

[576] *See Consolidated Audit Trail, LLC 2026 Financial and Operating Budget, available at https://www.catnmsplan.com/sites/default/files/2026-04/03.31.26-CAT-2026-Budget.pdf.*

[577] *See infra* Part VI.C.1

Table 2: Aggregate Monetized Benefits (Cost Savings)
(2026 Dollars)

Requirement	Initial Benefit Per Affected Entity (A)	Annual Benefit Per Affected Entity (B)	Estimated Number of Affected Entities (C)	Aggregate Initial Benefit (D) (A) x (C)	Aggregate Annual Benefit (E) (B) x (C)
Data Collection and Reporting (Broker-Dealers)	$0	$1,888,925[a]	1,075[b]	$0	$2,030,594,375
Data Collection and Reporting (Participants)	$0	$1,136,975[c]	29[d]	$0	$32,972,275
Clock Synchronization (Broker-Dealers)	$0	$74,100[e]	1,075[f]	$0	$79,657,500
Financial and Operating Costs of the CAT (CAT LLC)	$0	$147,044,869[g]	1[h]	$0	$147,044,869[i]
CAT Reporting Agent agreement (Broker-Dealers)	$0	$79,450[j]	1000[k]	$0	$79,450,000
Total				$0	$2,369,719,019[l]

Notes:

[a] This is the sum of annual external and internal costs of data collection and reporting for each broker-dealer. That sum is equal to $182,700 + ($491 x 3,475) = $1,888,925 per broker-dealer annually. See infra Part VI.B.2. and Part VI.C.2. These savings assume that CAT Compliance Rules would be rescinded.

[b] There are currently 1,075 broker-dealers. See infra Part VI.C.2.

[c] This is the sum of annual external and internal costs of data collection and reporting by the Participants. That sum is equal to $476,580 + ($491 x 1,345) = $1,136,975 per Participant annually. See infra Part VI.B.2. and Part VI.C.2. These savings assume that the CAT NMS Plan will be dissolved if the Proposal is adopted.

[d] There are currently 29 Participants. See supra note 4. The number of Participants is distinct from the number of SROs, which is 30, due to Green Impact Exchange, LLC, being an SRO, but not a Participant. See supra note 513.

[e] This is the sum of annual external and internal costs of clock synchronization and documentation for broker-dealers. That sum is equal to $25,000 + ($491 x 100) = $74,100 per broker-dealer annually. See infra Part VI.B.2. and Part VI.C.2. These savings assume that CAT Compliance Rules would be rescinded.

[f] See supra note d.

[g] This is the current CAT financial and operating budget. See Consolidated Audit Trail, LLC 2026 Financial and Operating Budget, available at https://www.catnmsplan.com/sites/default/files/2026-04/03.31.26-CAT-2026-Budget.pdf. These costs include costs for written assessments of operations of the CAT, background checks, and financial statements. Accordingly, although the PRA provides estimates for each of these requirements, to avoid double-counting, we do not separately account for those costs here, see infra Part VI.C.1. These savings assume that CAT LLC would no longer exist due to the sale of its assets.

[h] A single entity, the manager of the Plan Processor, directly bears the costs of the CAT.

[i] See supra note g.

[j] This is the sum of annual external and internal costs of a broker-dealer using a CAT Reporting Agent to fulfill their reporting obligations under the CAT NMS Plan. That sum is equal to $5,000 + ($744.5 x 100) = $79,450 per broker-dealer annually. See infra Part VI.B.2. and Part VI.C.2.

[k] This is the number of broker-dealers that use a CAT Reporting Agent to fulfill their reporting obligations under the CAT NMS Plan. See infra Part VI.B.2.

[l] This estimate of cost savings does not include the burdens associated with the surveillance requirement under Rule 613(f), which are described in Part VI.B and VI.C., because we expect exchanges to expend a comparable amount on surveillance using the CAT even if Rule 613 is rescinded. Because older systems that once provided similar functionality to the CAT were decommissioned after the CAT implementation, we anticipate most exchanges will continue to use the CAT to meet their existing surveillance obligations. See 15 U.S.C. 78f(b)(1); see also supra notes 38 and 39 (describing letters from Participants discussing the need for access to CAT to meet surveillance requirements). To the extent that the Participants develop their own surveillance systems, the costs related to surveillance could be lower, which would produce cost-savings for surveillance relative to the baseline. The Commission's approach here of assuming comparable costs to the existing surveillance costs thus presents a conservative approach of the estimated cost savings due to the Proposal.

Table 3: Aggregate Monetized Costs
(2026 Dollars)

Requirement	Initial Cost Per Affected Entity (A)	Annual Cost Per Affected Entity (B)	Estimated Number of Affected Entities (C)	Aggregate Initial Cost (D) (A) x (C)	Aggregate Annual Cost (E) (B) x (C)
Data Collection and Reporting (Broker-Dealers)	$0[a]	$1,888,925[b]	1,075[c]	$0	$2,030,594,375
Data Collection and Reporting (Participants)	$0[d]	$1,136,975[e]	29[f]	$0	$32,972,275
Clock Synchronization (Broker-Dealers)	$0[g]	$74,100[h]	1,075[i]	$0	$79,657,500
Clock Synchronization (Participants)	$123,200[j]	$74,100[k]	29[l]	$3,572,800	$2,148,900
Error correction policies and procedures (Participants and Broker-Dealers)	$116,670[m]	$79,450[n]	1,104[o]	$128,803,680	$87,712,800
Estimated total operating costs of the CAT Central Repository (SEC)	$0[p]	$147,044,869[q]	1[r]	$0	$147,044,869[s]
CAT Reporting Agent agreement (Broker-Dealers)	$0	$79,450[t]	1000[u]	$0	$79,450,000
Total				$132,376,480	$2,459,580,719

Notes:

[a] Data collection and reporting by broker-dealers are obligations through SRO rules adopted in accordance with the CAT NMS Plan. Therefore, there is no fixed cost to implement this requirement. See infra Part VI.B.1.ii.

[b] This is the sum of annual external and internal costs of data collection and reporting for each broker-dealer. That sum is equal to $182,700 + ($491 x 3,475) = $1,888,925 per broker-dealer annually. See infra Part VI.B.2. and Part VI.C.2. Under the Proposal, broker-dealers would continue to engage in data collection. See supra Part IV.I.

[c] There are currently 1,075 broker-dealers. See infra Part VI.C.2.

[d] See supra note a.

[e] This is the sum of annual external and internal costs of data collection and reporting by the Participants. That sum is equal to $476,580 + ($491 x 1,345) = $1,136,975 per Participant annually. See infra Part VI.B.2. and Part V.C.2. Under the Proposal, the Participants would continue to engage in data collection. See supra Part IV.H.

[f] There are currently 29 Participants. See supra note 4. The number of Participants is distinct from the number of SROs, which is 30, due to Green Impact Exchange, LLC, being an SRO, but not a Participant. See supra note 513.

[g] Under the CAT NMS Plan, SRO CAT Compliance Rules establish clock synchronization requirements for members. See supra Part V.B.1.c. Therefore, there are no fixed costs to implement this requirement.

[h] This is the sum of annual external and internal costs of clock synchronization and documentation for broker-dealers. That sum is equal to $25,000 + ($491 x 100) = $74,100 per broker-dealer annually. See infra Part VI.B.2. and VI.C.2. Under the Proposal, broker-dealers would continue to engage in clock synchronization and documentation. See supra Part IV.C.

[i] See supra note c.

[j] This is the sum of initial external and internal costs of clock synchronization and documentation for the Participants. That sum is equal to $25,000 + ($491 x 200) = $123,200 per Participant. See infra Part VI.B.2. and Part VI.C.2. Under the Proposal, the Participants would engage in clock synchronization and documentation. See supra Part IV.C.

[k] This is the sum of annual external and internal costs of clock synchronization and documentation for the Participants. That sum is equal to $25,000 + ($491 x 100) = $74,100 per Participant annually. See infra Part VI.B.2. and Part VI.C.2.

[l] See supra note f.

[m] This is the sum of initial internal and external costs for each entity to develop error correction policies and procedures. That sum is equal to $4,995 + ($744.50 x 150) = $116,670 per CAT Reporter. See infra Part VI.B.2. and Part VI.C.2. Under the Proposal, a CAT Reporter would have established written policies and procedures reasonably designed to ensure the timeliness, accuracy, integrity, and completeness of data sent to the Central Repository. See supra Part IV.J.

[n] This is the sum of annual internal and external costs for each entity to maintain policies and procedures related to error correction policies and procedures. That sum is equal to $5,000 + ($744.50 x 100) = $79,450 per CAT Reporter. See infra Part VI.B.2. and Part VI.C.2.

[o] This is the total number of Participants and broker-dealers. There are 1,075 broker-dealers and 29 Participants. See supra notes c and f. Therefore, the total number of entities that, as a consequence of the Proposal, would craft error correction policies and procedures is 1,075+29 = 1,104.

[p] There are no fixed costs to implement the CAT, since it already exists.

[q] See infra note s.

[r] See infra note s. As noted below, we believe that the SEC will bear these costs initially but they will ultimately be passed through to executing brokers.

[s] The estimate of costs to the SEC for operating the CAT under Proposed Rule 17a-26 is based on the current CAT financial and operating budget, as we do not expect the operating costs to change significantly under the proposed structure. See Consolidated Audit Trail, LLC 2026 Financial and Operating Budget, available at https://www.catnmsplan.com/sites/default/files/2026-04/03.31.26-CAT-2026-Budget.pdf. As described above, appropriated funds would be used to support CAT and appropriated funds are offset by Section 31 fees collected from each national securities exchange and national securities association. See supra Part V.C.3.b.

[t] This is the sum of annual external and internal costs of a broker-dealer using a CAT Reporting Agent to fulfill their reporting obligations under proposed Rule 17a-26. That sum is equal to $5,000 + ($744.50 x 100) = $79,450 per broker-dealer annually. See infra Part VI.B.2. and Part VI.C.2.

[u] This is the number of broker-dealers that use a CAT Reporting Agent to fulfill their reporting obligations under proposed Rule 17a-26. See infra Part VI.B.2.

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b. Present Values and Annualized Values of Aggregate Monetized Benefits and Costs

Consistent with the requirements of Executive Order 12866, the Commission reports estimated total monetized benefits and costs for all affected entities in two additional ways specified in OMB Circular A–4.[578] The two presentations are intended to address the fact that the various benefits and costs of the proposed rule 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.[579]

[578] *See* E.O. 12866 (Sept. 30, 1993), 58 FR 51735, 51741 (Oct. 4, 1993) (requiring agencies to provide an analysis of benefits, costs, and regulatory alternatives to OIRA for significant regulatory actions); OMB, Circular A–4, at 31–34, 45 (Sept. 17, 2003) (providing guidance to agencies regarding compliance with E.O. 12866); *see also* E.O. 14215 (Feb. 18, 2025), 90 FR 10447, 10448 (Feb. 24, 2025) (requiring all Federal agencies, including the Securities and Exchange Commission, to comply with E.O. 12866). In addition, E.O. 14192 requires agencies to provide their best approximation of the total costs or savings associated with each new regulation or repealed regulation consistent with the analyses required by E.O. 12866. *See* E.O. 14192 (Jan. 31, 2025), 90 FR 9065, 9066 (Feb. 6, 2025).

[579] *See* Circular A–4, at 32.

We report (1) the present values of expected benefits and costs that are monetized in our Economic Analysis, aggregated across all affected entities, over a 10-year time horizon, starting in 2026, as well as (2) the annualized values over the same time horizon that are derived from the present values. This time horizon represents the period over which the principal benefits and costs that are monetized in the Economic Analysis are expected to accrue.[580] 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.[581]

Table 4 reports the present values of the aggregate monetized benefits and costs from Tables 2 and 3, combining initial and annual monetized benefits and costs. The analysis uses annual real discount rates of 3 percent and 7 percent over a 10-year time horizon, starting in 2026.[582] We estimate that the present value of total monetized benefits is $20,515,156,046 using a 3 percent discount rate and $17,216,599,298 using a 7 percent discount rate. We estimate that the present value of total monetized costs is $21,425,484,166 using a 3 percent discount rate and $18,001,843,426 using a 7 percent discount rate.

Table 4: Present Value of Monetized Benefits and Costs over 10 years from 2026 to 2035 (2026 dollars)[a]

Estimated Effects	3% Real Discount Rate	7% Real Discount Rate
Benefits	$20,515,156,046	$17,216,599,298
Costs	$21,425,484,166	$18,001,843,426

Notes:

[a] For each discount rate, the present value calculations are based on these assumptions: (i) all one-time monetized costs are incurred immediately and not discounted; (ii) all one-time monetized benefits accrue in 2026; and (iii) recurring annual monetized benefits and costs begin to accrue in 2026. In (ii) and (iii), we assume that monetized benefits and costs occur in a steady stream, and we use a mid-year discount factor.

Table 5 reports annualized aggregate monetized benefits and costs using real discount rates of 3 percent and 7 percent over a 10-year horizon.[583] The lump sum present values of aggregate monetized benefits and costs reported in Table 4 are converted in Table 5 into a constant stream of annualized benefits and costs over a 10-year time horizon, starting in 2026.[584] 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.[585] We estimate that annualized total monetized benefits are $2,369,719,019 per year using a 3 percent discount rate and $2,369,719,019 per year using a 7 percent discount rate. We estimate that annualized total monetized costs are $2,474,871,612 per year using a 3 percent discount rate and $2,477,801,220 per year using a 7 percent discount rate. Because the annualized benefits and costs are discounted and include both initial and annual benefits and costs, they should not be compared directly to the aggregate annual monetized benefits and costs in Tables 2 and 3.

[580] *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 the present year. The analysis uses calendar years and accounts for the compliance periods included in the release (*see* note a in Table 4).

[581] *See id.* at 32 (''The Rationale for Discounting'') & 45 (''Treatment of Benefits and Costs over Time''); *see also* OIRA, Regulatory Impact Analysis: A Primer, at 11 (Aug. 15, 2011), *available at https://www.reginfo.gov/public/jsp/Utilities/circular-a-4_regulatory-impact-analysis-a-primer.pdf* (''To provide an accurate assessment of benefits and costs that occur at different points in time or over different time horizons, an agency should use discounting. Agencies should provide benefit and cost estimates using both 3 percent and 7 percent annual discount rates expressed as a present value as well as annualized.''); Harvey S. Rosen & Ted Gayer, Public Finance 151 (8th ed. 2008) (defining present value as ''the value today of a given amount of money to be paid or received in the future'').

[582] This approach is consistent with OMB Circular A–4. *See* Circular A–4, at 31–34 (stating that, ''[f]or regulatory analysis, [agencies] should provide estimates of net benefits using both 3 percent and 7 percent'' discount rates and discussing why those rates are reasonable default rates). Also, we use a mid-year discount factor. *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.'').

[583] This approach is consistent with the recommended treatment of benefits and costs over time in Circular A–4. *See* Circular A–4 at 45 (''You should present annualized benefits and costs using real discount rates of 3 and 7 percent'').

[584] For each discount rate, the annualized monetized benefits (costs, respectively) in Table 5 represent the constant annual stream of benefits (costs, respectively) whose present value over the time horizon equates the corresponding present value in Table 4. *See* note a, Table 4 for additional calculation details.

[585] The annualized benefits and costs present these values over the 10-year time horizon, starting in the present year.

Table 5: 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	$2,369,719,019	$2,369,719,019
Costs	$2,474,871,612	$2,477,801,220

Notes:

[a] For each discount rate, the annualized values are calculated by dividing the corresponding present values in Table 4 by the sum of discount factors over the time horizon. The discount factor in year t of the time horizon is equal to $1/(1 + discount\ rate)^{(t-0.5)}$.

D. Impact on Efficiency, Competition, and Capital Formation

1. Efficiency

The Proposal is not expected initially to change CAT's core operations or reporting obligations; effects on allocative and market efficiency would depend on funding, retention, and data-quality changes. There are potential efficiency gains from streamlining decision making in governance, funding, and maintenance of the CAT.

a. Governance

The Proposal's efficiency gains in CAT governance could stem from replacing Participant-based voting and negotiation with centralized Commission administration, potentially streamlining some operational decisions and reducing associated procedural delays. This structure could also improve the CAT's ability to adapt dynamically to rapid market developments, particularly regarding routine system maintenance, functionality, and technical updates. Although the Proposal would initially preserve the CAT's core operations, governance under the Proposal could, over time, produce priorities and investment decisions different from those under the current Participant-governed structure as regulatory needs and technologies develop.

Under the Proposal, the Commission intends that the CAT's core operational functions would initially remain substantially unchanged. These include maintaining the technology; processing, linking, and storing CAT Data; maintaining technical specifications; administering security and access controls; the query tools available to regulatory users; reports and written assessments provided by the Plan Processor; and the maintenance of a help desk.[586] These functions would continue to be performed by the operator of the central repository, but under the Commission's direction, rather than under the direction of the Participant-based Operating Committee.[587]

Other functions would change more substantially.[588] Proposed Rule 17a–26 would establish reporting obligations, while the Commission would direct the repository's operation and the process for developing and updating technical specifications.[589] Interpretation and implementation decisions would be addressed through the proposed rule and Commission direction.[590] The Commission is also considering advisory committees and working groups to obtain SRO, Industry Member, and other stakeholder input on CAT operations.[591]

Because of these changes, the decision-making process would change structurally. The current Participant voting thresholds, recusals, negotiations, and concentrated influence of affiliated Participant blocs would no longer govern CAT decisions under the proposed centralized structure.[592] Decisions currently requiring a majority, two-thirds supermajority, or unanimity would instead be handled through applicable Commission rulemaking, orders, procurement, contracting, staff administration, or other delegated processes. Importantly, many operational, maintenance, and technical issues that currently require multi-party negotiations, subcommittee reviews, and formal Operating Committee votes could be resolved directly by the Commission. This could reduce delays and procedural friction.

The Proposal could also affect dynamic efficiency by changing how readily the CAT can adapt over time. Governance under the Proposal could allow the Commission to respond more directly to new trading practices, products, or regulatory needs that require changes to CAT data, functionality, or regulatory-access tools.[593] New trading practices, products, or surveillance needs might require changes to the data collected or the tools regulators use to access it. Under the current structure, such changes may require Operating Committee action; under the Proposal, the Commission and its operational staff could implement many of these changes directly or direct the operator of the Central Repository to implement them, potentially allowing the CAT to adapt more quickly to market developments, changes in market structure, or new regulatory needs.

Over time, governance could also affect how the CAT's capabilities and quality develop. The current governance structure leaves some quality-related decisions open because not every aspect of data usability, delivery-system functionality, or future regulatory coverage can be fully specified and enforced in advance.[594] Under the Proposal, the Commission would make those residual decisions. The Proposal could therefore lead to priorities and

[586] *See supra* Part II.C.4; CAT NMS Plan Approval Order, *supra* note 17, 81 FR 84705–06.

[587] *See supra* Parts II.C.2, II.C.4. The Commission would establish CAT reporting requirements through proposed Rule 17a–26, while performance requirements would be addressed by the Commission and, as applicable, included in any contract with the Designee.

[588] For discussions on funding, *see supra* Parts II.C.5 and V.C.2.b.

[589] *See supra* Parts II.C.2 and II.C.4; CAT NMS Plan Approval Order, *supra* note 17, 81 FR 84701, 84705–06; 2026 Funding Model Order, *supra* note 60, 91 FR 13455–56.

[590] *See supra* Parts II.C.2, II.C.4.

[591] The Proposal specifically requests comment on which existing Operating Committee working groups and subcommittees should be reconstituted, as well as their functions, membership, and costs; their future structure and procedures therefore remain open. *See supra* Parts II.C.2, II.C.4, and II.C.6; *see also supra* Parts V.B.3.a.i and V.C.3.c.ii.

[592] *See supra* Part V.B.3.a.i; 81 FR 84700–03.

[593] *See supra* Part V.B.3.a.ii.

[594] *See supra* Part V.B.3.b.iii for a detailed discussion; *see also* Sanford J. Grossman & Oliver D. Hart, *The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration,* 94 J. Pol. Econ. 691 (1986); Oliver Hart & John Moore, *Property Rights and the Nature of the Firm,* 98 J. Pol. Econ. 1119 (1990).

investment decisions different from those under the current Participant-governed structure as future regulatory needs and technology develop, although the precise effects may not be determined in advance.

b. Other Impacts on Efficiency

The change in funding mechanism might improve allocative efficiency by better matching regulatory trading fees to dollar volume traded. Under the 2026 Funding Model, CAT fees are assessed per executed equivalent share and therefore represent a larger fraction of the value traded in lower-priced securities than in higher-priced securities. Section 31 fees, by contrast, are assessed on the dollar value of covered sales and thus represent the same fraction of transaction value regardless of share price. To the extent the share-based assessment disproportionately increases trading costs and reduces liquidity in lower-priced securities, supporting CAT with appropriated funds that are offset by Section 31 fees could reduce this effect and lessen distortions in the allocation of capital across securities. Because both CAT fees and Section 31 fees are small relative to the value of the transactions on which they are assessed, including for lower-priced securities, any such effect is likely to be small.

2. Competition

The Proposal's reporting requirements are not expected to have a meaningful impact on competition in either the market for trading services or the market for broker-dealer services. The competitive effects of any SRO access or usage fees would depend on their design and magnitude.

In the market for trading services, national securities exchanges, ATSs, and off-exchange market centers compete for order flow.[595] Under proposed Rule 17ad–26, the regulatory data reporting obligations, reporting timelines, and technical formats for Participants and Industry Members would remain substantially identical to those under the baseline.[596] The Proposal, therefore, would not impose asymmetric operational burdens, alter technological barriers to entry, or affect the relative competitive positions of trading venues. Moreover, while the Proposal would shift the source of CAT funding,[597] the net fee adjustments across venues and market participants would be *de minimis*.[598] Order routing decisions, exchange pricing schedules, or the competitive balance across trading venues, therefore, are unlikely to be significantly altered by the Proposal.

In the market for broker-dealer services, broker-dealers compete on execution quality, commission rates, and client services.[599] Because proposed Rule 17ad–26 preserves the existing CAT reporting specifications and timelines,[600] broker-dealers would still incur those operational burdens or technology costs and it would not alter the competitive landscape. Proposed Rule 17ad–26 would require broker-dealers who are CAT Reporters to develop and maintain policies and procedures, which would result in one-time and ongoing costs.[601] The costs to develop such policies and procedures would likely be fixed, and to the extent that the resulting increase in fixed costs is significant, they would increase barriers to entry, thereby reducing competition. However, because the size of the costs associated with such policies and procedures is likely to be small relative to current total fixed costs to become a broker-dealer, this impact is likely to be small.

Additionally, the net change in regulatory fee liability per transaction is economically *de minimis* relative to trade values,[602] and therefore, the fee adjustments are unlikely to significantly affect broker-dealer pricing, bid-ask spreads, or commission structures.

The Proposal could affect competition among broker-dealers through the change in how CAT costs are recovered,[603] and competition among SROs through changes in CAT governance, the identity of the Designee, and any fees for access to CAT Data.

Proposed Rule 17ad–26(j)(2) would require CAT Reporters to maintain written policies and procedures reasonably designed to ensure the timeliness, accuracy, integrity, and completeness of reported data. Because the costs of the policies and procedures are largely fixed, they would impose a greater proportionate burden on smaller firms, to the extent that such firms do not already maintain written policies and procedures that would comply with the proposed rule. As discussed in Part V.C.3, the Commission estimates these costs would be modest on a per entity basis, and therefore believes any resulting effect on competition would also be modest.

Fees for access to or use of CAT Data could also affect competition among SROs. If imposed, such fees could affect SROs differently depending on the scale of their use of the new CAT data and the manner in which the fees are charged. Should the fees be assessed in such a way that they are not proportional to exchange volume, they would impose a fixed cost of entry into the exchange business. Such fixed costs could make further entry less likely, or increase incentives for exchanges to exit. Because the Commission does not know what such fees might be, we cannot assess the magnitude of this effect.

The Commission does not expect the reporting requirements themselves to materially affect competition among CAT Reporters because those requirements would remain substantially unchanged.

3. Capital Formation

The Proposal would have, at most, a negligible effect on capital formation. Because the data collected under the proposed Rule 17ad–26 would not materially differ from those collected under the CAT NMS Plan, the Commission does not expect material effects on market surveillance or investor confidence. The change in how CAT costs are recovered could affect transaction costs and could, in principle, affect issuers' cost of capital, but the amounts involved are small on a per-transaction basis. The Commission

[595] *See* 2026 Funding Model Order, *supra* note 44, at 13477–13478. There are currently 29 National Securities Exchanges in NMS Securities and more than 40 ATSs in NMS and over-the-counter equities.

[596] *See supra* Parts II.C.2 and IV. *See also supra* Part V.C.1.

[597] *See supra* Part V.C.2.b for a description of how Section 31 fees are collected.

[598] *See supra* Parts II.C.5, V.C.2.b, and V.C.3.b. *See also* 2026 Funding Model Order, *supra* note 60, at 13469, Table 9.

[599] *See* 2026 Funding Model Order, *supra* note 60, at 13478.

[600] *See supra* Parts IV.C, IV.D, IV.F, IV.J, V.B.1.c, and V.C.1.

[601] *See supra* Part V.C.3.a.i.

[602] See 2026 Funding Model Order, *supra* note 60, at 13469, Table 9.

[603] Because Section 31 fees are assessed on the dollar value of covered sales while CAT fees under the 2026 CAT Funding Model are assessed per executed equivalent share, CAT fees represent a larger fraction of the value traded in lower-priced securities than in high-priced securities. As a result, lower-priced securities are not at a disadvantage with respect to Section 31 fees. *See supra* Part V.C.2.b. To the extent that broker-dealers specialize in lower-priced securities, the costs under the Proposal for any costs relating to Section 31 fees that are passed through may be lower compared to the CAT fees under the 2026 CAT Funding Model and improve the competitive position of such broker-dealers compared to broker-dealers not specializing in lower-priced securities. In addition, the barrier to entry to act as a broker-dealer in lower-priced securities would be lower, which could increase competition in the broker-dealer market for lower-priced securities. However, any such effects would be small because both CAT fees under the 2026 CAT Funding Model, and fees relating to any costs passed through for any increase in Section 31 fees as a result of increases in appropriations for supporting CAT, are or would be small, and differences between the two costs would also be small.

therefore does not expect a substantive effect on capital formation.

E. Reasonable Alternatives

1. Eliminate the CAT and Rely Upon Existing Audit Trails and Related Data Sources

As an alternative to the Proposal, the Commission could simply eliminate the CAT. In its place, regulators would instead rely upon existing data sources to conduct their regulatory oversight functions or create new data sources for this purpose. Relative to the Proposal, this alternative would significantly reduce investor protection by reducing the effectiveness of the Commission's and the SROs' regulatory oversight, and would impose new costs on market participants, but would eliminate the expenses involved in complying with the reporting requirements for the CAT, as well as the difficulties in processing the CAT records and overseeing its continued maintenance.

Relying on other data sources instead of the CAT would reduce investor protection by reducing the efficiency with which regulatory data is produced. Were the CAT eliminated, the Commission and SROs would be forced to rely on other data sources such as Electronic Blue Sheets, trade blotters, and similar mechanisms, or to recreate their own audit trails to obtain the data necessary for regulatory oversight of equity and option markets. To create order lifecycles from such sources, regulators would have to piece together data from the different sources, as no one source would be sufficient to determine an order's lifecycle completely.[604] This would be very time-consuming relative to lifecycle reconstruction under the CAT. Indeed, some lifecycles may not be possible to construct at all without CAT data.

An important factor contributing to the challenges of relying on alternative systems is the fact that, because of the availability of the CAT, legacy order audit trail systems like OATS have been retired. To have even a partial replacement for the CAT, it would be necessary for regulators to rebuild these systems.[605] Such rebuilds would entail significant expense, and take a long time to complete, leading to a larger, although temporary, gap in regulatory data should the CAT be eliminated before such systems come online.

As a consequence of the reduced regulatory efficiency from relying on alternatives to the CAT, investor protection could decrease. Violative behavior in securities markets might go undetected owing to the reduction in the quality of data available to regulators.[606] In addition, the pace of enforcement actions may slow, resulting in reduced incentives for market participants to avoid violative behavior.

Increased reliance on alternative data sources could also directly increase certain costs for the current Participants and Industry Members. Utilization of alternative sources for data would likely require the Commission and SROs to increase the number of data requests to exchanges and Industry Members to substitute for the data currently provided in advance to the CAT. Exchanges and Industry Members would be forced to respond to these requests, increasing their costs.

At the same time, this alternative would provide benefits by eliminating CAT fees and compliance costs for Participants, Industry Members, and the investors to whom they may currently pass those fees and compliance costs. In general, a reduction in fees and costs through CAT abolition would potentially increase allocative efficiency by reducing the costs to trade.

The absence of CAT reporting could produce positive effects for security, in particular data security, as there would no longer be a Central Repository of data, and thus no risk of data breaches from that central source, or to data in transit to and from that source.[607] However, to substitute for CAT data or construct successor audit trails, increased amounts of processed data would need to be produced and retained in a distributed fashion by SROs and the Commission under this alternative. Therefore, the change in security risk hinges largely on the increased incentive for bad actors to pursue larger targets with unified security practices, combined with the increased scale of the consequences of a single breach were one to occur. Weighing this against the risk of smaller breaches of distributed facilities and transmission networks operating under a variety of security regimes, as would be the case in this alternative, the net impact on data security is directionally uncertain and likely to be small in magnitude.

Eliminating the CAT would affect the distribution of the costs of maintaining regulatory systems across venue and broker-dealer types, which may alter the competitive landscape between and among both groups. The net effect of these costs on competition relative to the Proposal is likely to be *de minimis* due to their scale relative to the margins of competition which they affect.[608]

2. Permanently Amend Rule 613 To Establish the CAT NMS Plan's Funding Model Without Changing Its Governance

The Commission could address the instability in CAT funding described in Part V.B.2 without otherwise changing CAT governance. Under this alternative, Rule 613 and the CAT NMS Plan would remain in effect and unchanged in all other respects: the Participants would continue to administer the CAT through the Operating Committee. But, the Commission would address CAT funding permanently through a targeted amendment to Rule 613 setting the allocation of fees assessed to fund the CAT across Participants and Industry Members.[609] This approach would remove what is currently the most contentious and economically intractable source of disputes between the voting Participants on the Operating Committee and the Industry Members from the Operating Committee's purview. It would also avoid incurring costs associated with restructuring CAT governance or ownership, avoid losing the governance input of Participants on other critical issues related to the operation of the CAT through the Operating Committee, and avoid contracting and appropriations uncertainty associated with the Proposal. It would, however, sacrifice the reductions in coordination costs borne by Participants offered by the Proposal.

While the assessment of fees distributing costs necessary to fund the CAT across market participants is a significant source of disagreements in the current structure of the Operating Committee,[610] it is not the only such friction.[611] Industry Members and the SROs comprising the voting Operating Committee members are likely to have different preferences for the magnitude of regulatory oversight and monitoring of markets and the details of reporting requirements and standards, which may incentivize continued disagreements, even with the funding model resolved.

[604] *See supra* Part V.B.1.b. on lifecycles.

[605] *See supra* note 39 and surrounding text on the retirement of OATS and SRO comments on its effects.

[606] *See supra* note 40 and surrounding text on the relative efficiency of using CAT data.

[607] *See supra* Parts V.C.2.d and V.C.3.d for a discussion of data security benefits and costs due to the Proposal.

[608] *See supra* Parts V.C.2.b, V.C.3.b, and V.D.2. *See also* 2026 Funding Model Order, *supra* note 60, at 13469, Table 9.

[609] *See supra* Part V.B.2; the 2026 Funding Model sets fee allocation relative to executed equivalent share volumes of transactions in Eligible Securities.

[610] *See supra* Part V.B.3.b.i for an analysis of the incentives and Part V.B.3.b.ii for this friction.

[611] *See supra* Part V.B.3.b.ii and Part V.B.3.b.iii for a discussion of non-fee frictions in CAT governance.

The potential for such disagreement may increase coordination costs borne by Participants and the number of contested operational decisions subject to multi-party negotiation relative to the Proposal.[612]

This alternative would avoid all one-time governance transition costs associated with the Proposal.[613] It would also sacrifice the potential benefits of more direct Commission involvement in CAT governance but retain the benefits of direct Participant involvement in management of the CAT.[614] This alternative would provide the Participants with a more direct and immediately responsive channel by which to direct maintenance and upgrades of CAT functionality consistent with their needs and informed by their existing expertise. It would retain their investment in employees specializing in the processes and operational governance of the CAT and the benefits of any additional insight arising from the Participants' role as CAT Reporters. Part of these benefits would be temporary while the Commission develops its own expertise under the Proposal. The Proposal would also permit the possibility of the Commission maintaining advisory committees made up of the current Participants and other stakeholders.[615] Thus, the Participants could have a forum to communicate any difficult-to-replicate expertise and would be incentivized to do so by their own interest in the usability of the CAT, limiting the size of these benefits relative to the Proposal.

This alternative would not necessarily change the existing distribution of CAT fee allocations under the 2026 Funding Model, resulting in a redistribution of CAT funding costs relative to the Proposal, albeit one that is sufficiently small to be unlikely to materially impact competition.[616] Barring further action by the Commission, CAT data would become more detailed in the future due to the expiration of amendments or exemptive orders affecting reporting requirements for the CAT NMS Plan under this alternative, but this would introduce uncertainty about future reporting requirements.[617] An increase in the scope of CAT data could improve investor protection and increase allocative efficiency. Since this alternative involves no changes to error handling and clock synchronization standards, it would also remove one-time and ongoing costs related to compliance with policies and procedures requirements and enhanced clock synchronization standards present in the Proposal. This alternative would, however, sacrifice the data accuracy benefits these aspects of the Proposal offer through incentives for process improvement and event timing accuracy, possibly leading to reduced investor protection and allocative inefficiency.[618]

This alternative retains the current disadvantage that Congressionally appropriated funds offset by Section 31 fees, a mechanism established by statute, would not be used to support the CAT, but avoids any frictions which the appropriations or contracting processes may introduce to CAT funding and operations.[619] This alternative retains the current CAT security treatment, thus reversing the Proposal's benefits and costs as they pertain to data security, which the Commission assesses to be small.[620] The Central Repository would also remain a Regulation SCI system under this alternative, but, as discussed above, this would not impact the security of the CAT.[621]

F. Request for Comment

The Commission solicits comment on the following:

61. During the transition period leading up to the coordinated rescission of the CAT NMS Plan and the implementation of the requirements of Rule 17a–26, will Industry Members or Participants incur additional costs?

62. Would the mechanics of the duties of SROs and Industry Members under the Proposal be affected if the data is reported to the Commission or Designee instead of directly to the Plan Processor?

63. Would the surveillance capabilities of SROs change, insofar as they depend on the CAT, if SROs would have to anticipate appropriations for the Commission, and ultimately for the CAT?

64. What are the current error rates for data reported to the Central Repository by individual CAT Reporters, and what costs do individual CAT Reporters incur on error mitigation to achieve these rates? What volume of corrections is processed annually, and what costs do CAT Reporters incur in making them? Would CAT Reporters change their reporting practices if the current quantitative error-rate standards under the CAT NMS Plan and SRO CAT Compliance Rules were eliminated?

65. Proposed Rule 17a–26 does not specify a retention period for the Central Repository. What retention period would be appropriate, and why?

66. Proposed Rule 17a–26(m) would reduce from five years to three years the period for which national securities exchanges and national securities associations must preserve records of CAT submissions. Do these entities currently maintain CAT submission records as a distinct set of records? What costs would the shorter retention period eliminate, and would the absence of those records in years four and five affect regulatory activities?

67. After March 31, 2028, the Plan Processor and the Participants may no longer bill Industry Members under the 2026 Funding Model. In estimating the benefits and costs of the Proposal, what funding arrangement should the Commission assume would apply after that date, if not the 2026 Funding Model, and why?

68. Should the Commission retain the 2026 Funding Model instead of adopting the Proposal, and why?

69. Does the funding mechanism in the Proposal bring stability to the funding of the CAT? Will the funding of the CAT in the Proposal be less contentious than under the 2026 Funding Model? Why or why not? Please explain in detail.

70. Who will ultimately bear the costs of the CAT under the Proposal? Is that different from the 2026 Funding Model?

71. Do you think reporting pursuant to a Commission rule and potential use of appropriated funds to support the CAT is more or less efficient than reporting pursuant to an NMS plan and potential passing through of the CAT fees under the 2026 Funding Model?

72. How are CAT fee obligations under the 2026 Funding Model distributed across broker-dealers of different types and sizes, including liquidity providers, options market

[612] *See supra* Part V.B.3.b.ii on coordination costs, *see also supra* Part V.C.2.c on this benefit of the Proposal and *supra* Part V.D.1.a on the relative efficiency of Commission governance and its limits.

[613] *See supra* Part V.C.3.c.iii for a discussion of one-time transition costs.

[614] *See supra* Part V.C.2.c for the benefits of Commission involvement; *cf. supra* Part V.C.3.c.ii for the costs of losing Participant feedback and expertise.

[615] *See supra* Part II.C.6 for a description of advisory committee and working group structures.

[616] *See supra* Part V.C.3.b for a description of the potential costs and their magnitude.

[617] *See supra* Part V.C.1 for a discussion of the consequences of the Proposal codifying current exemptions and amendments, including permanently exempting certain ''floor'' verbal activity and certain lifecycle linkage data between customer and representative order data.

[618] *See supra* Part V.C.2.a and Part V.C.3.a for a discussion of the benefits and costs of these changes.

[619] *See supra* Part V.C.2.b for a discussion of appropriated funding and Part V.C.3.c.i for a discussion of possible contracting costs.

[620] *See supra* Part V.C.2.d and Part V.C.3.d for an assessment of these security impacts.

[621] *See supra* Part V.B.4 and Part V.C.2.d for the relevant security requirements of a Regulation SCI system and a discussion of this impact.

makers, and firms with order flow concentrated on one side of transactions? How would that distribution change under an appropriations-based model?

73. What resources do the Participants devote to CAT governance, including the Operating Committee, supervision of the Plan Processor, and legal, advisory, and consulting support? What costs have CAT LLC, the Participants, and Industry Members incurred since 2016 in developing, evaluating, and challenging CAT funding arrangements?

74. Are there additional security issues that the Commission should consider in its analysis of likely security effects of the Proposal?

75. In its analysis, the Commission assumes that the current Plan Processor's connectivity requirements ensure that CAT Reporters are already connecting to and transmitting data to the Central Repository in a manner that satisfies the Proposal's requirements for secure connectivity and data encryption. Are there CAT Reporters for which this is not the case that the Commission should consider?

76. Many CAT Reporters rely upon service bureaus to perform their required CAT Data reporting. Will these service bureaus incur costs to comply with the Proposal that the Commission has not considered in its analysis?

77. In its analysis of economic effects, the Commission assumes that the staff of CAT LLC will be able to complete necessary activities to wrap up CAT LLC's administration of the Plan and transfer control of operations as needed during the period between adoption of the Proposal and its Effective Date. The belief that this is appropriate depends on the further assumption that CAT LLC will have reduced administrative activities regarding future CAT LLC administration of the Plan beyond the Effective Date. Are these assumptions appropriate? What activities that will cause CAT LLC to incur costs during the period between adoption and the Effective Date should the Commission consider in revising its estimates, if necessary?

78. The Commission requests comment on the potential for new information security costs incurred by the Designee in order to become a Federal contractor. Does the Commission's acknowledgment of the potential for such costs accurately reflect the expenses the Designee is likely to incur?

79. Are there alternative governance models to the one proposed herein that would preserve the CAT NMS Plan but enable a single-ownership governance structure? If so, please identify such governance models and explain whether they would be preferable to the model proposed herein.

80. Would amending the voting structure of the CAT NMS Plan to adopt a model consistent with the CT Plan[622] resolve the above-described governance and/or funding issues identified by commenters on the Concept Release?[623] Why or why not?

81. Would amending the funding model of the CAT NMS Plan resolve the above-described governance and/or funding issues identified by commenters on the Concept Release? If so, please describe how the funding model should be amended and explain why it would resolve the above-described governance and/or funding issues.[624]

82. Would the proposed structure in which the Commission assumes direct control of the CAT be a more efficient governance model than the CAT NMS Plan? Why or why not? Would such a model provide the Commission with a more direct method of overseeing the CAT? Why or why not? Under what circumstances?

VI. Paperwork Reduction Act

A. Summary of Proposed Collections of Information

1. Rescission of Rule 613

As discussed above in Part III, the Commission is proposing to rescind Rule 613.[625] Rule 613 contains ''collection of information requirements'' within the meaning of the Paperwork Reduction Act of 1995 (''PRA'').[626] The title for the existing collection of information is Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235–0671.[627] The proposed rescission, if adopted, would eliminate the collection of information in the rule, and its associated burdens, and the Commission would submit a request to OMB to discontinue OMB Control Number 3235–0671.

2. Proposed Rule 17a–26

As discussed above in Part IV, the Commission is proposing Rule 17a–26, and certain provisions of Rule 17a–26 contain ''collection of information requirements'' within the meaning of the PRA.[628] The Commission is submitting these collections of information to the Office of Management and Budget (''OMB'') for review in accordance with the PRA.[629] An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the agency displays a currently valid control number.[630]

The data collected and reported to the Central Repository pursuant to proposed Rule 17a–26 would be used by regulators to monitor and surveil the securities markets and detect and investigate activity, whether on one market or across markets. The data collected and reported to the Central Repository would also be used by regulators for the evaluation of tips and complaints and for enforcement inquiries or investigations, as well as inspections and examinations. Further, the Commission could use the data collected and reported to the Central Repository to conduct timely and accurate analysis of market activity for reconstruction of broad-based market events in support of regulatory decisions.

We discuss below the collection of information burdens associated with the proposed rule. These PRA burden estimates are not the only economic effects of the proposed rulemaking. The proposed rule requires the collection and reporting of confidential information. To the extent that the Commission receives confidential information pursuant to proposed Rule 17a–26, such information will be kept confidential, subject to the provisions of applicable law.[631] Responses to these

[622] *See* Joint Industry Plan; Order Approving, as Modified, a National Market System Plan Regarding Consolidated Equity Market Data, Securities Exchange Act Release No. 101672 (Nov. 20, 2024), 89 FR 94924, 94957 (Nov. 29, 2024) (File No. 4–757), especially Attachment A, Limited Liability Company Agreement of CT Plan LLC, and its subsequent amendments.

[623] *See* Concept Release, *supra* note 10, at 20951–52, for additional questions about potential alternative voting structures.

[624] *See id.* at 20953, for additional questions about potential alternative funding models.

[625] *See also supra* Part II.C.1.

[626] 44 U.S.C. 3501 *et seq.*

[627] *See also* Securities and Exchange Commission Notice, OMB Control No. 3235–0671, 91 FR 46199 (July 22, 2026) (''Agency Information Collection Activities; Proposed Collection; Comment Request; Extension: Rule 613 of Regulation NMS'').

[628] 44 U.S.C. 3501 *et seq.*

[629] 44 U.S.C. 3507; 5 CFR 1320.11.

[630] 5 CFR 1320.11(l).

[631] Proposed Rule 17a–26 would state that this section requires national securities exchanges, national securities associations, and broker-dealers to report certain information to the Commission or its designee, to allow for the maintenance of a consolidated audit trail to be used for regulatory purposes only. It would also state that the consolidated audit trail may only be accessed and used by authorized regulatory staff of the Commission, national securities exchanges, and national securities associations to support regulatory purposes, such as market reconstruction and analyses, surveilling, examining, investigating, or enforcing compliance by its members and their associated persons with federal securities laws, the

Continued

collections of information are mandatory. A more detailed description of the proposed amendments, including the need for the information and its use can be found in Part IV above, and a discussion of the economic effects of the proposed rule can be found in Part V above.

Data Collection and Reporting

Proposed Rule 17a–26 would require national securities exchanges, national securities associations, and broker-dealers to record and report customer and order event information for orders in Eligible Securities,[632] across all markets, from the time of order inception through routing, cancellation, modification, or execution to the Commission or the Designee, in accordance with specified timelines. Such information would allow for the provision of an accurate, time-sequenced record of orders beginning with the receipt or origination of an order, through the process of routing, modification, cancellation and execution (in whole or in part) of the order.

Proposed Rule 17a–26 would require the collection and reporting of certain information that national securities exchanges and national securities associations, as well as their members, already collect and report pursuant to Commission and SRO rules.[633] This reporting would allow the Central Repository to convert the data to a uniform electronic format for consolidation and storage.

Documentation of Clock Synchronization

Proposed Rule 17a–26(c) would impose collection of information requirements relating to clock synchronization and Business Clocks, specifically requiring CAT Reporters to document and maintain their synchronization procedures for Business Clocks. Pursuant to proposed Rule 17a–26(c)(2), national securities exchanges, national securities associations, and broker-dealers must keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process and this log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (c) of proposed Rule 17a–26. Such log must include results for a period of not less than three years ending on the then current date, or for the entire period for which the national securities exchange, national securities association, or Industry Member has been required to comply with this section if less than three years. Each national securities exchange, national securities association and broker-dealer subject to this section would also be required to certify that its Business Clocks satisfy the synchronization requirements set forth in paragraph (c)(1) of this section on an annual basis. Finally, national securities exchanges, national securities associations, and broker-dealers with Business Clocks must report to the Commission or the Designee violations of proposed Rule 17a–26(c)(1).

Error Correction Policies and Procedures

Proposed Rule 17a–26(j)(2) will require each CAT Reporter to establish, maintain, and enforce written policies and procedures that are reasonably designed to ensure that it complies with any obligations to report information pursuant to proposed Rule 17a–26 and to review and update these policies and procedures at least annually and maintain a record of such review.

CAT Reporting Agent Agreement

Proposed Rule 17a–26(e)(3) will allow Industry Members to enter into an agreement with a CAT Reporting Agent[634] pursuant to which the CAT Reporting Agent agrees to fulfill the reporting obligations of such Industry Member under proposed Rule 17a–26. Proposed Rule 17a–26(e)(3) would require that any such agreement be evidenced in writing and must specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of proposed Rule 17a–26. Proposed Rule 17a–26(e)(3) would state that all written documents evidencing such agreement must be maintained by each party to the agreement.

B. Estimated Hour Burden Effects of the Proposal

1. Rescission of Rule 613

The proposed rescission of Rule 613, if adopted, would eliminate in its entirety the collection of information requirements in the rule. The following table (PRA Table 1) summarizes the estimated burden hours in OMB Control No. 3235–0671 that would be eliminated.

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Commission's rules and regulations thereunder, and a national securities exchange or national securities association's own rules. *See supra* Part IV.

[632] Proposed Rule 17a–26(a)(20) would define the term Eligible Security to mean (1) NMS Securities and (2) all OTC Equity Securities. *See* Part IV.A., *supra.* NMS Security and OTC Equity Security are proposed to be defined in proposed Rule 17a–26(a)(29) and (33), respectively. *See id.*

[633] *See, e.g.,* 17 CFR 240.17a–1 (requiring national securities exchanges and national securities associations to keep documents, including all correspondence, memoranda, papers, books, notices, accounts and other such records). The PRA burden estimates do not include the hour and cost burdens associated with proposed Rule 17a–26(m) regarding recordkeeping of CAT submission files, as existing recordkeeping rules would require the maintenance of these records for as long or longer time period, specifically Rule 17a–1 (OMB Control No. 3235–0208) for national securities exchanges and national securities associations, and Rule 17a–4 for broker-dealers. *See* 17 CFR 240.17a–1 and 17 CFR 240.17a–4. *See also* Part IV.M, *supra.*

[634] Proposed Rule 17a–26(a)(10) would define the term CAT Reporting Agent to mean a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under proposed Rule 17a–26. *See supra* Part IV.A.

PRA Table 1: Summary of Hour Burdens Eliminated by Proposed Rescission of Rule 613

Name of Information Collection	Type of Burden	[A.] Number of Entities Impacted	[B.] Annual Responses per Entity	[C.] Initial Burden per Entity per Response	[D.] Initial Burden Annualized per Entity per Response [= C ÷ 3 years]	[E.] Ongoing Burden per Entity per Response	[F.] Annual Burden Per Entity per Response [= D + E]	[G.] Total Annual Burden Per Entity [= (D + E) * B]	[H.] Total Industry Burden [= G * A]	Small Business Entities Affected
Central Repository	Recordkeeping	27	1	0	0	533.33	533.33	533.33	14,400	0
Data Collection and Reporting (Participants)	Third Party Disclosure	27	1	0	0	1,344.60	1,344.60	1,344.60	36,304	0
Surveillance	Recordkeeping	27	1	0	0	12,285	12,285	12,285	331,695	0
Written Assessment of Operation of CAT	Reporting	27	1	0	0	150	150	150	4,050	0
Assessment of Material Systems Change on Error Rate	Reporting	27	1	0	0	5.56	5.56	5.56	150	0
Background Checks	Disclosure	27	1	0	0	4.24	4.24	4.24	115	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers) – ELPs	Third Party Disclosure	9	1	0	0	13,338	13,338	13,338	120,042	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers) – Options Market Makers	Third Party Disclosure	6	1	0	0	13,338	13,338	13,338	80,028	0
Data Collection and Reporting (Large OATS Reporting Broker-Dealers)	Third Party Disclosure	126	1	0	0	18,054	18,054	18,054	2,274,804	0
Data Collection and Reporting (Small OATS Reporting Broker-Dealers)	Third Party Disclosure	806	1	0	0	1,350	1,350	1,350	1,088,100	Estimated 490
Data Collection and Reporting (Small Non-OATS Reporting Broker-Dealers)	Third Party Disclosure	128	1	0	0	1,350	1,350	1,350	172,800	Estimated 128
								TOTAL HOURLY BURDEN FOR ALL RESPONDENTS	**4,122,488**	

2. Proposed Rule 17a–26

PRA Table 2 below summarizes our initial and ongoing annual burden estimates associated with the proposed Rule 17a–26. The following estimates of burden are made for purposes of the PRA.

PRA Table 2: Summary of Annual Hourly Burdens of Proposed Rule 17a-26

	Number of entities	Initial annual burden per entity	Ongoing annual burden per entity	Total ongoing annual burden	Total annual ongoing burden dollar cost
Data Collection and Reporting (SROs)	30[1]	0[2]	1,345 hours[3]	40,350 hours	$19,811,850[4]
Data Collection and Reporting (Broker-dealers)	1,075[5]	0[6]	3,475 hours[7]	3,735,774 hours	$1,834,265,034[8]
Documentation of clock synchronization	1,105[9]	5[10]	100 hours[11]	110,500 hours	$54,255,500[12]
Error correction policies and procedures	1,105[13]	150[14]	100 hours[15]	110,500 hours	$82,267,250[16]
CAT Reporting Agent agreement	1,000[17]	0[18]	100 hours[19]	100,000 hours	$74,450,000[20]
TOTAL BURDEN FOR ALL RESPONDENTS				4,097,124 hours	$2,065,049,634

Notes:

1. The SROs subject to the reporting requirements of proposed Rule 17a-26 are the 29 national securities exchanges and 1 national securities association. Consistent with existing collection of information "Data Collection and Reporting (Participants)" within Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671, the SROs have distinct burden estimates from broker-dealers. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for SROs and broker-dealers under the CAT NMS Plan.

2. This initial burden estimate is 0 because the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Participants under the CAT NMS Plan, and SROs are already reporting to the CAT consistent with these requirements.

3. The ongoing annual burden per entity estimate is based on the estimate from the most recent PRA submission of existing collection of information "Data Collection and Reporting (Participants)" within Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671, rounded up from 1,344.60 to 1,345 hours. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Participants under the CAT NMS Plan.

4. To obtain estimates of the total annual ongoing costs in this release, the Commission multiplies the estimated total annual burden hours by an hourly rate. Here, the estimated rate of $491 per hour is a blended hourly rate of our current estimate of the occupational hourly rate for two occupations: General and Operations Manager ($656 per hour) and Computer Programmer ($436 per hour). This blended hourly rate assumes that General and Operations Managers will account for 25 percent of the total time spent on compliance activities and Computer Programmers will account for 75 percent ($656 x 0.25 + S436 x. 0.75 = $491). We expect that the types of individuals, the rates for those individuals, and the proportion of each individual's contributions would vary among affected parties and could differ depending on which specific information collection the affected party is completing. Nonetheless, for purposes of this analysis, we believe the per hour rate is a reasonable estimate of the hourly cost of completing the required information collection. To calculate the occupational hourly rates, the Commission uses occupational mean hourly wage data from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics (BLS) for "Securities, Commodity Contracts, and Other Financial Investments and Related Activities" (NAICS 523). *See Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, https://www.bls.gov/oes/; *see also Standard Occupational Classification*, U.S. Bureau of Labor Statistics, https://www.bls.gov/soc/ (describing occupational classification system used by BLS); Exec. Off. of the President, Off. of Mgmt. & Budget, North American Industry Classification System (2022), *available at* https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf (describing the industry classification system used by BLS and other agencies). The mean hourly wage for each occupation is multiplied by an employment cost index (ECI) factor of about 1.0227, calculated as one plus the percent change in the seasonally adjusted ECI for 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, https://www.bls.gov/eci/tables /. The adjusted mean hourly wage is then multiplied by a nonwage cost adjustment factor of about 5.734, which accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as an average over 2016-2025 of the ratio of the Bureau of Economic Analysis's gross output for NAICS 523 to OEWS's total

wages across all employees in NAICS 523. *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 $656 occupational hourly rate for a General and Operations Manager is calculated as $111.82 × 1.0227 × 5.734 or approximately $656, where $111.82 is the May 2025 occupational mean hourly wage for a General and Operations Manager 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.

5. Not all broker-dealers are expected to have reporting obligations under proposed Rule 17a-26, only those that quote or execute transactions in Eligible Securities and would likely have reporting obligations under the proposed rule. Broker-dealers that do not trade in asset classes included in the definition of Eligible Security or do not trade at all (e.g., broker-dealers for the purposes of underwriting, advising, private placements), are not subject to the reporting requirements of proposed Rule 17a-26. The estimate of broker-dealers subject to the reporting requirements in proposed Rule 17a-26 are estimated to be the same as the estimate in the most recent PRA submission of Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671. See also infra PRA Table 2 note 7. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Industry Members under the CAT NMS Plan.

6. This initial burden estimate is 0 because the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Industry Members pursuant to the CAT NMS Plan and SRO CAT Compliance Rules, and broker-dealers are already reporting to the CAT consistent with these requirements.

7. The ongoing annual burden per entity estimate is based on the most recent PRA submission of existing collection of information Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671. This figure was calculated by taking the average of all Data Collection and Reporting burden estimates that apply to broker-dealers within that existing collection of information. ((Large, Non-OATS Reporting Broker-Dealers – ELPs, 9 firms * 13,338 hours (120,042 hours) + Large, Non-OATS Reporting Broker Dealers – Options Market Makers, 6 firms * 13,338 hours (80,028 hours) + Large OATS Reporting Broker-Dealers, 126 firms * 18,054 hours (2,274,804 hours) + Small OATS Reporting Broker-Dealers, 806 firms * 1,350 hours (1,088,100 hours) + Small Non-OATS Reporting Broker-Dealers, 128 firms * 1,350 hours (172,800 hours)) – 3,735,774 hours / 1,075 firms (total number of firms, 9 + 6 + 126 + 806 + 128 = 1,075), totaling 3,475.14 hours, rounded to an average of 3,475 hours. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Industry Members under the CAT NMS Plan.

8. For purposes of this estimate the hourly rate for each internal burden hour is estimated to be $491 = 25% General and Operations Manager ($656 per hour x 0.25 = $164) + 75% Computer Programmer ($436 per hour x 0.75 = $327). See supra PRA Table 2 note 4. $491 x 3,735,774 estimated annual burden hours = $1,834,265,034.

9. This estimate is the number of SROs (30) + number of broker-dealers subject to proposed Rule 17a-26 (1,075) = 1,105 entities total.

10. This estimate is an average of the initial burden per entity, assuming that the 1,075 broker-dealers subject to proposed Rule 17a-26 are already reporting the information required by the proposed clock synchronization provision (proposed Rule 17a-26(c)) because proposed Rule 17a-26(c) has the same requirements as SRO CAT Compliance Rules which broker-dealers are currently subject to and reporting pursuant to. However, the proposed information collections of Rule 17a-26(c) would be newly required from the 30 SROs. The Commission estimates that each SRO would have an initial, one-time burden of approximately 200 hours, double the estimated ongoing annual burden per entity. This means the average initial annual burden per entity is approximately 5.43 hours ((30 SROs x 200 hours = 6,000 hours) / (1,105 entities) = 5.43 hours, rounded down to 5 in the table above. Based on an estimated hourly rate for each internal burden hour of $491 (see PRA Table 2 note 12 below), the per entity monetized initial burden would be $98,200 (200 initial burden hours x $491) and aggregate monetized initial burden for all respondents would be $2,946,000 (6,000 total initial burden hours x $491).

11. This estimate is an average of the estimated ongoing annual burden per entity. Some CAT Reporters may have a higher burden, and others much lower, depending on particular business models and what types of Reportable Events they are required to report. In addition, some CAT Reporters may outsource this to third-parties.

12. For purposes of this estimate the hourly rate for each internal burden hour is estimated to be $491 = 25% General and Operations Manager ($656 per hour x 0.25 – $164) + 75% Computer Programmer ($436 per hour x 0.75 – $327). $491 x 110,500 estimated annual burden hours = $54,255,500.

13. This estimate is the number of SROs (30) + number of broker-dealers subject to proposed Rule 17a-26 (1,075) = 1,105 entities total.

14. This estimate is an average of the initial burden per entity, assuming that approximately half of the 1,075 broker-dealers and 30 SROs subject to proposed Rule 17a-26 already have written policies and procedures regarding CAT reporting and error correction sufficient to satisfy the requirements of proposed Rule 17a-26(j)(2). The Commission estimates that each CAT Reporter without existing or sufficient

written policies and procedures (estimated to be 552 CAT Reporters) would have an average, initial, one-time burden of approximately 300 hours, triple the estimated ongoing annual burden per entity. This means the average initial annual burden per entity is approximately 150 hours ((552 CAT Reporters x 300 hours = 165,600 hours) / (1,105 entities)) = 149.86 hours. Based on an estimated hourly rate for each internal burden hour of $744.50 (see PRA Table 2 note 16 below), the per entity monetized initial burden would be $111,675 (150 initial burden hours x $744.50) and aggregate monetized initial burden for all respondents would be $123,289,200 (165,600 total initial burden hours x $744.50).

15. This estimate is an average of the estimated ongoing annual burden per entity. Some CAT Reporters may have a higher burden, and others much lower, depending on particular business models and what types of Reportable Events they are required to report. In addition, some CAT Reporters may outsource this to third-parties.

16. For purposes of this estimate the hourly rate for each internal burden hour is estimated to be $744.50 = 25% General and Operations Manager ($656 per hour x 0.25 = $164) + 75% Lawyers ($774 per hour x 0.75 = $580.50). $744.50 x 110,500 estimated annual burden hours = $82,267,250.

17. This estimate is an estimate of the number of broker-dealers that use a CAT Reporting Agent to report some or all of the information that the broker-dealer would be required to report under proposed Rule 17a-26, and of the number of broker-dealer CAT Reporting Agents that are broker-dealers subject to the proposed rule.

18. This initial burden estimate is 0 because the obligation to have a written agreement between CAT Reporters and CAT Reporting Agents under proposed Rule 17a-26 is intended to be the same as currently required for Industry Members pursuant to the CAT NMS Plan and SRO CAT Compliance Rules, and broker-dealers, including CAT Reporting Agents, are already reporting to the CAT consistent with these requirements.

19. This estimate is an average of the estimated ongoing annual burden per entity. Some CAT Reporters and CAT Reporting Agents may have a higher burden, and others lower, depending on particular business models and what types of Reportable Events they are required to report.

20. For purposes of this estimate the hourly rate for each internal burden hour is estimated to be $744.50 = 25% General and Operations Manager ($656 per hour x 0.25 = $164) + 75% Lawyers ($774 per hour x 0.75 = $580.50). $744.50 x 100,000 estimated annual burden hours = $74,450,000.

C. Estimated Cost Effects of the Proposal

1. Proposed Rescission of Rule 613

With respect to the rescission of Rule 613, the Commission anticipates the elimination in its entirety the PRA collection of information. The following table (PRA Table 3) summarizes the estimated cost burdens associated with the information collection that would be eliminated.

PRA Table 3: Summary of Dollar Costs Eliminated by Proposed Rescission of Rule 613

Name of Information Collection	Type of Burden	[A.] Number of Entities Impacted	[B.] Annual Responses per Entity	[C.] Initial Cost per Entity per Response	[D.] Initial Cost Annualized per Entity per Response [= C ÷ 3 years]	[E.] Ongoing Cost per Entity per Response	[F.] Annual Cost Per Entity per Response [= D + E]	[G.] Total Annual Cost Per Entity [= (D + E) * B]	[H.] Total Industry Cost [= G * A]	Small Business Entities Affected
Central Repository	Recordkeeping	27	1	$0	$0	$5,000,000	$5,000,000	$5,000,000	$145,500,000	0
Data Collection and Reporting (Participants)	Third Party Disclosure	27	1	0	0	$476,579.58	$476,579.58	$476,579.58	$12,867,649	0
Surveillance	Recordkeeping	27	1	$0	$0	$1,105,263.16	$1,105,263.16	$1,105,263.16	$29,842,105	0
Written Assessment of Operation of CAT	Reporting	27	1	$0	$0	$1,286.25	$1,286.25	$1,286.25	$34,729	0
Independent Audit of Expenses Incurred Prior to the Effective Date	Disclosure	27	1	$0	$0	$0	$0	$0	0	0
Financial Statements	Disclosure	27	1	0	0	$2,407.41	$2,407.41	$2,407.41	$65,000	0
Background Checks	Disclosure	27	1	$0	$0	$621.47	$621.47	$621.47	$16,780	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers - ELPs)	Third Party Disclosure	9	1	$0	$0	$110,466.67	$110,466.67	$110,466.67	$994,200	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-dealers – Options Market Makers)	Third Party Disclosure	6	1	$0	$0	$2,090,466.67	$2,090,466.67	$2,090,466.67	$12,542,800	0
Data Collection and Reporting (Large OATS Reporting Broker-Dealers)	Third Party Disclosure	126	1	$0	$0	$529,166.67	$529,166.67	$529,166.67	$66,675,000	0
Data Collection and Reporting (Small OATS Reporting Broker-Dealers)	Third Party Disclosure	806	1	$0	$0	$124,399.13	$124,399.13	$124,399.13	$100,265,699	Estimated 806
Data Collection and Reporting (Small Non-OATS Reporting Broker-Dealers)	Third Party Disclosure	128	1	$0	$0	$124,399.13	$124,399.13	$124,399.13	$15,923,089	Estimated 128
								TOTAL COST FOR ALL RESPONDENTS	$384,727,051	

2. Proposed Rule 17a–26

PRA Table 4 below summarizes our estimated initial and ongoing annual cost burdens associated with the proposed Rule 17a–26. The following estimates of average costs are made for purposes of the Paperwork Reduction Act.

PRA Table 4: Summary of Annual Costs of Proposed Rule 17a-26

	Number of entities	Initial external cost per entity	Ongoing annual external cost per entity	Total annual ongoing external cost
Data Collection and Reporting (SROs)	30[1]	0[2]	$476,580[3]	$14,297,400
Data Collection and Reporting (Broker-dealers)	1,075[4]	0[5]	$182,700[6]	$196,402,788
Documentation of clock synchronization	1,105[7]	$678[8]	$25,000[9]	$27,625,000
Error correction policies and procedures	1,105[10]	$4,995[11]	$5,000[12]	$5,525,000
CAT Reporting Agent agreement	1,000[13]	$0[14]	$5,000[15]	$5,000,000

Notes:

1. The SROs subject to the reporting requirements of proposed Rule 17a-26 are the 29 national securities exchanges and 1 national securities association. Consistent with existing collection of information "Data Collection and Reporting (Participants)" within Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671, the SROs have distinct cost estimates from broker-dealers. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for SROs and broker-dealers under the CAT NMS Plan.

2. This initial cost estimate is 0 because the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Participants under the CAT NMS Plan, and SROs are already reporting to the CAT consistent with these requirements.

3. The ongoing annual cost per entity estimate is based on the estimate from the most recent PRA submission of existing collection of information "Data Collection and Reporting (Participants)" within Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671, rounded up from $476,579.58 to $476,580. This is composed of third-party legal and consulting and other costs, the external costs of outsourcing, software, hardware and other external costs associated with reporting. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Participants under the CAT NMS Plan.

4. Not all broker-dealers are expected to have reporting obligations under proposed Rule 17a-26, only those that quote or execute transactions in Eligible Securities and would likely have reporting obligations under the proposed rule. Broker-dealers that do not trade in asset classes included in the definition of Eligible Security or do not trade at all (e.g., broker-dealers for the purposes of underwriting, advising, private placements), are not subject to the reporting requirements of proposed Rule 17a-26. The estimate of broker-dealers subject to the reporting requirements in proposed Rule 17a-26 are estimated to be the same as the estimate in existing collection of information Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671. See also infra PRA Table 4 note 6. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Industry Members under the CAT NMS Plan.

5. This initial cost estimate is 0 because the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Industry Members pursuant to the CAT NMS Plan and SRO CAT Compliance Rules, and broker-dealers are already reporting to the CAT consistent with these requirements.

6. The ongoing annual cost per entity estimate is based on the most recent PRA submission of the existing collection of information Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613), OMB control number 3235-0671. This figure was calculated by taking the average of all Data Collection

and Reporting cost estimates that apply to broker-dealers within that existing collection of information. ((Large, Non-OATS Reporting Broker-Dealers – ELPs, 9 firms * $110,466.67 ($994,200.03) + Large, Non-OATS Reporting Broker Dealers – Options Market Makers, 6 firms * $2,090,466.67 ($12,542,800.02) + Large OATS Reporting Broker-Dealers, 126 firms * $529,166.67 ($66,675,000.42) + Small OATS Reporting Broker-Dealers, 806 firms * $124,399.13 ($100,265,698.78) + Small Non-OATS Reporting Broker-Dealers, 128 firms * $124,399.13 ($15,923,088.64)) = $196,400,787.89 / 1,075 firms (total number of firms, 9 + 6 + 126 + 806 + 128 = 1,075), totaling $182,698.41, rounded to an average of $182,700. These are estimated external costs of maintaining systems necessary to collect and transmit information to the Central Repository, in particular hardware and software costs, and/or the external costs of outsourcing reporting. As proposed, the reporting obligations under proposed Rule 17a-26 are intended to be the same as currently required for Industry Members under the CAT NMS Plan.

7. This estimate is the number of SROs (30) + number of broker-dealers subject to proposed Rule 17a-26 (1,075) = 1,105 entities total.

8. This estimate is an average of the initial cost per entity, assuming that the 1,075 broker-dealers subject to proposed Rule 17a-26 are already reporting the information required by the proposed clock synchronization provision (proposed Rule 17a-26(c)) because proposed Rule 17a-26(c) has the same requirements as SRO CAT Compliance Rules which broker-dealers are currently subject to and reporting pursuant to. However, the proposed information collections of Rule 17a-26(c) would be newly required from the 30 SROs. The Commission estimates that each SRO would have an initial, one-time cost of approximately $25,000. This means the average initial cost per entity is approximately $678 ((30 SROs x $25,000 = $750,000) / (1,105 entities) = $678.73.

9. This estimate is an average of the estimated ongoing annual cost per entity. Some CAT Reporters may have a higher cost, and others much lower, depending on particular business models and what types of Reportable Events they are required to report. In addition, some CAT Reporters may outsource this to third-parties.

10. This estimate is the number of SROs (30) + number of broker-dealers subject to proposed Rule 17a-26 (1,075) = 1,105 entities total.

11. This estimate is an average of the initial cost per entity, assuming that approximately half of the 1,075 broker-dealers and 30 SROs subject to proposed Rule 17a-26 already have written policies and procedures regarding CAT reporting and error correction sufficient to satisfy the requirements of proposed Rule 17a-26(j)(2). The Commission estimates that each CAT Reporter without existing or sufficient written policies and procedures would have an average, initial, one-time cost of approximately $10,000, double the ongoing annual cost per entity. This means the average initial annual cost per entity is approximately $4,995 ((552 CAT Reporters x $10,000 = $5,520,000) / (1,105 entities)) = $4,995.48.

12. This estimate is an average of the estimated ongoing annual cost per entity. Some CAT Reporters may have a higher cost, and others much lower, depending on particular business models and what types of Reportable Events they are required to report. In addition, some CAT Reporters may outsource this to third-parties.

13. This estimate is an estimate of the number of broker-dealers that use a CAT Reporting Agent to report some or all of the information that the broker-dealer would be required to report under proposed Rule 17a-26, and of the number of broker-dealer CAT Reporting Agents that are broker-dealers subject to the rule.

14. This initial cost estimate is 0 because the obligation to have a written agreement between CAT Reporters and CAT Reporting Agents under proposed Rule 17a-26 is intended to be the same as currently required for Industry Members pursuant to the CAT NMS Plan and SRO CAT Compliance Rules, and broker-dealers, including CAT Reporting Agents, are already reporting to the CAT consistent with these requirements.

15. This estimate is an average of the estimated ongoing annual cost per entity. Some CAT Reporters and CAT Reporting Agents may have a higher cost, and others lower, depending on particular business models and what types of Reportable Events they are required to report.

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D. Request for Comment

We invite comment on all of the above estimates. In particular, we request comment on the assumptions and estimates described above with respect to how respondents would

comply with the proposed information collection requests. Pursuant to 44 U.S.C. 3506(c)(2)(B), we request comment in order to: (1) evaluate whether the proposed collections of information are necessary for the proper performance of the functions of the agency, including whether the information would have practical utility; (2) evaluate the accuracy of our estimate of the burden of the proposed collections of information; (3) determine whether there are ways to enhance the quality, utility, and clarity of the information to be collected; (4) evaluate whether there are ways to minimize the burden of the proposed collections of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology; and (5) evaluate whether the proposed rules would have any effects on any other collections of information not previously identified in this section.

Any member of the public may direct to us any comments concerning the accuracy of these burden estimates and any suggestions for reducing these burdens. Persons submitting comments on the collection of information requirements should direct them to the OMB Desk Officer for the Securities and Exchange Commission, *MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov,* and should 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. S7–2026–40. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7–2026–40, and be submitted to the Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736. OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication of this release. Consequently, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

VII. Initial Regulatory Flexibility Act Analysis

When an agency issues a rulemaking proposal, the Regulatory Flexibility Act (''RFA'')[635] requires the agency to prepare and make available for public comment an initial regulatory flexibility act analysis (''IRFA'') that describes the impact of the proposed rule on small entities.[636] We have prepared, and made available for public comment, the following IRFA, in accordance with the RFA. The IRFA relates to the proposed rescission of Rule 613 and proposed addition of Rule 17a–26 described in Parts III and IV above.

A. Reasons for, and Objectives of, the Proposed Action

As the Commission explains above, the CAT continues to be a necessary regulatory tool for regulatory staff at the Commission and the SROs. However, its decentralized governance model has presented challenges over the last 10 years and warrants revisiting. To address the inefficiencies in the current governance structure, the Commission proposes to assume direct control of the CAT by rescinding Rule 613 and implementing proposed Rule 17a–26 to require the continued reporting and collection of data generally consistent to what is currently reported to the CAT, including data provided by broker-dealers that would qualify as small entities pursuant to the RFA. Proposed Rule 17a–26 would not include a funding model like the CAT NMS Plan; rather, the Commission anticipates that it would use Congressionally appropriated funds to support the CAT. As discussed further above, appropriated funds are offset by Section 31 fees paid by the SROs and the SROs' costs due to Section 31 fees would likely be passed on to other market participants, including small entities. The proposed rescission of Rule 613 is discussed in more detail in Part III above, and the proposed reporting rule is discussed in more detail in Part IV above. We discuss the economic impact and potential alternatives to the proposed rules in Part V, and the estimated compliance costs and burdens of the proposed rules under the PRA in Part VI.

B. Legal Basis

The amendments and proposed rule contained in this release are proposed under the authority set forth in sections 2, 3(b), 5, 6, 11, 11A, 15, 15A, 17(a) and (b), 19, 23(a), and 36 thereof, 15 U.S.C. 78b, 78c(b), 78e, 78f, 78k–1, 78*o,* 78*o*–3, 78q(a) and (b), 78s, 78w(a), and 78mm of the Exchange Act, as amended.

C. Small Entities Subject to the Proposed Amendments

The proposed rescission of Rule 613 and proposed reporting rule would apply to broker-dealers that are small entities.[637] The RFA defines ''small entity'' to mean ''small business,'' ''small organization,'' or ''small governmental jurisdiction.''[638] Commission rules generally define a broker-dealer as a small entity for purposes of the Exchange Act and the Regulatory Flexibility Act if the broker-dealer had a total capital of less than $500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared, and it is not affiliated with any person (other than a natural person) that is not a small entity.[639] The Commission estimates, based on FOCUS filings with the Commission, that as of the first quarter of 2026, there were 618 Commission-registered broker-dealers that would be subject to the reporting requirements of proposed Rule 17a–26 and that are considered small entities for purposes of the statute.

D. Projected Reporting, Recordkeeping, and Other Compliance Requirements

Pursuant to proposed Rule 17a–26, national securities exchanges, national securities associations, and broker-dealers would be required to maintain and report certain information to the Commission or the Designee, in a manner that is substantially similar to the current CAT reporting requirements to which these parties are subject, and with such information being ingested, processed, and made available to regulatory staff. Under the proposed rule, small entities that have reporting obligations pursuant to the proposed rule would have the same reporting obligations as other Industry Members, consistent with current practice. By design, proposed Rule 17a–26 would substantially maintain existing reporting requirements on any entity subject to the proposed rule, including small entities, that are already imposed on these entities pursuant to Rule 613, the CAT NMS Plan, and SRO CAT Compliance Rules.

E. Duplicative, Overlapping, or Conflicting Federal Rules

Proposed Rule 17a–26 would require broker-dealers that are small entities to record and electronically report certain information that they already collect and report pursuant to both Federal Rules and SRO rules. For instance, Rule 17a–3 requires such broker-dealers to make and keep current certain books

[635] 5 U.S.C. 601 *et seq.*

[636] 5 U.S.C. 603(a).

[637] The Proposal would also apply to national securities exchanges and to FINRA. Neither the national securities exchanges nor FINRA are small entities for the purposes of the RFA. *See* 13 CFR 121.201.

[638] 5 U.S.C. 601(6).

[639] *See* 17 CFR 240.0–10(c).

and records information that overlaps to some extent with the requirements set forth in proposed Rule 17a–26. Such books and records information can be requested by the Commission to support specific investigations, surveillances, examinations, or enforcement actions, but it would be difficult to collect, format, consolidate, and/or store this information in order to create a consolidated audit trail that enables regulators to perform certain kinds of analyses—for example, to analyze an order event lifecycle from order origination through routing and on to execution, modification, or cancellation and/or to analyze a particular customer's trading activity in Eligible Securities across markets, brokers, and/or accounts. By contrast, the requirements set forth in proposed Rule 17a–26 enable the creation of a consolidated audit trail by requiring these broker-dealers to record and electronically report additional and more detailed information in a specific manner that would allow for the conversion of the data to a uniform electronic format for consolidation and storage.

Rule 17a–25 also provides the Commission with the ability to request from broker-dealers that are small entities some of the information that would be collected pursuant to proposed Rule 17a–26. However, Rule 17a–25 does not duplicate the information collection that would be enabled by proposed Rule 17a–26 in substance, functionality, or utility. Proposed Rule 17a–26 is designed to maintain CAT reporting requirements that would enable daily collection of and central storage of data from SROs and broker-dealers in a database that can be queried by regulators. The data collection system implemented by Rule 17a–25, by contrast, does not create a database; instead, it provides regulators with a means of requesting specified data sets from broker-dealers, including broker-dealers that are small entities. The way that information collected pursuant to proposed Rule 17a–26 would be used by regulators would differ, because the scope of the data and the database functionality enabled by proposed Rule 17a–26 support different types of analyses than the ad hoc data requests enabled by Rule 17a–25. For example, the central repository to which data would be reported pursuant to proposed Rule 17a–26 could be used to analyze an order event lifecycle from order origination through routing and on to execution, modification, or cancellation and/or to analyze a particular customer's trading activity in Eligible Securities across markets, brokers, and/or accounts, facilitating cross-market market surveillances, investigations, enforcement activities, and cross-market reconstructions and analyses. Performing these types of analyses with data obtained via Rule 17a–25 is a much more cumbersome, complex, and time-consuming process that is prone to error.

The type of data that would be collected pursuant to proposed Rule 17a–26 would also be different than the type of data that can be requested pursuant to Rule 17a–25. Rule 17a–25, for example, provides regulators with access to customer and account-level information that would not be required to be reported pursuant to proposed Rule 17a–26. The data provided by Rule 17a–25 is limited, however, to executed trades and does not provide information on orders or quotes. Data collections made pursuant to Rule 17a–25 thus do not provide regulators with access to information on order routes, modifications, and cancellations. Such information would be available through proposed Rule 17a–26 and would be used to investigate various forms of potential market manipulation like layering and spoofing.

F. Significant Alternatives

The RFA directs us to consider alternatives that would accomplish our stated objectives, while minimizing any significant adverse impact on small entities. In connection with the proposed amendments, we considered the following alternatives:

- Establishing different compliance or reporting requirements that take into account the resources available to small entities;
- Clarifying, consolidating, or simplifying compliance and reporting requirements under the rules for small entities; and
- Exempting small entities from all or part of the requirements.

As noted, there will be small entities that have reporting obligations under proposed Rule 17a–26, but because the proposed rule is intended to maintain existing reporting obligations for Industry Members, we do not anticipate that small entities would experience any significant adverse impact from the proposal.

With regard to different compliance or reporting requirements that take into account the resources available to small entities and clarifying, consolidating, or simplifying compliance and reporting requirements under the rules for small entities, the proposal would impose the same reporting requirements for all Industry Members regardless of size. Given the importance of preserving and maintaining the consolidated audit trail, and regulatory value of consistent reporting obligations for Industry Members, we did not propose any changes specific to small entities. In addition, small entities will benefit from the codification of exemptions or exclusions from existing reporting requirements that are being extended.

Because proposed Rule 17a–26 would generally be consistent with existing reporting requirements for Industry Members, including small entities, we do not believe there are additional accommodations or exemptions that should be applied to small entities before reporting begins pursuant to proposed Rule 17a–26.

G. Request for Comment

We encourage the submission of comments with respect to any aspect of this IRFA. In particular, we request comments regarding:

- The number of small entities that may be affected by the proposed amendments;
- The existence or nature of the potential impact of the proposed amendments on small entities discussed in the analysis;
- Whether and to what extent additional accommodations should be made available to small entities;
- Whether there are modifications to the proposed rules that could further lower the burden on small entities; and
- How to quantify the impact of the proposed amendments.

Commenters are asked to describe the nature of any impact and provide empirical data supporting the extent of such impact.

VIII. Congressional Review Act

For purposes of Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (also known as the Congressional Review Act),[640] the Commission must seek OMB's determination as to whether a final regulation constitutes a ''major rule.'' Under the Congressional Review Act, a rule is considered ''major'' where, if adopted, it results in or is likely to result in:

- An annual effect on the economy of $100 million or more;
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment, or innovation.[641]

To help inform OMB's determination as to whether any final rule that results

[640] *See* 5 U.S.C. chapter 8.

[641] *See* 5 U.S.C. 804(2) (defining ''major rule'').

from the proposal would be a ''major rule,'' the Commission solicits comment and data on:

- The potential effect on the U.S. economy on an annual basis;
- Any potential increase in costs or prices for consumers or individual industries; and
- Any potential effect on competition, investment, or innovation.

Commenters are requested to provide empirical data and other factual support for their views, to the extent possible, to inform OMB's determination regarding whether any final rule following this proposal is likely to be a ''major rule'' for the purposes of the Congressional Review Act.

IX. Other Matters

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.

X. Statutory Authority

Pursuant to the Exchange Act and particularly sections 2, 3(b), 5, 6, 11A, 15, 15A, 17(a) and (b), 19, and 23(a) thereof, 15 U.S.C. 78b, 78c(b), 78e, 78f, 78k–1, 78*o,* 78*o*–3, 78q(a) and (b), 78s and 78w(a), the Commission proposes to adopt Rule 17a–26 and rescind and reserve Rule 613 of Regulation NMS, as set forth below.

List of Subjects in 17 CFR Parts 240 and 242

Brokers, Reporting and recordkeeping requirements, Securities.

Text of Proposed Rule Amendments

In accordance with the foregoing, Title 17, Chapter II, of the Code of Federal Regulations is proposed to be amended as follows:

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

■ 1. The general authority citation for part 240 continues to read, in part, as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z–2, 77z–3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78c–3, 78c–5, 78d, 78e, 78f, 78g, 78i, 78j, 78j–1, 78j–4, 78k, 78k–1, 78l, 78m, 78n, 78n–1, 78*o,* 78*o*–4, 78*o*–10, 78p, 78q, 78q–1, 78s, 78u–5, 78w, 78x, 78dd, 78ll, 78mm, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4, 80b–11, 1681w(a)(1), 6801–6809, 6825, 7201 *et seq.,* and 8302; 7 U.S.C. 2(c)(2)(E); 12 U.S.C. 5221(e)(3); 18 U.S.C. 1350; and Pub. L. 111–203, 939A, 124 Stat. 1376 (2010); and Pub. L. 112–106, sec. 503 and 602, 126 Stat. 326 (2012), unless otherwise noted.

* * * * *

■ 2. Section 240.17a–26 is added to read as follows:

§ 240.17a–26 Consolidated Audit Trail.

This section requires national securities exchanges, national securities associations, and broker-dealers to report certain information to the Commission or its designee, to allow for the maintenance of a consolidated audit trail to be used for regulatory purposes only. The consolidated audit trail may only be accessed and used by authorized regulatory staff of the Commission, national securities exchanges, and national securities associations to support regulatory purposes, such as market reconstruction and analyses, surveilling, examining, investigating, or enforcing compliance by its members and their associated persons with federal securities laws, the Commission's rules and regulations thereunder, and a national securities exchange or national securities association's own rules.

(a) *Definitions:* For purposes of this section:

(1) The term *Account Effective Date* means:

(i) With regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received;

(ii) Where an Industry Member changes back office providers or clearing firms or where an Industry Member acquires another Industry Member, the date an account was established at the relevant Industry Member, either directly or via transfer;

(iii) Where there are multiple dates associated with an account, the earliest available date; and

(iv) With regard to Industry Member proprietary accounts the date established for the account in the Industry Member or in a system of the Industry Member or the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). The Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(2) The term *Active Account* means an account that has had activity in Eligible Securities within the last six months.

(3) The term *Allocation* means

(i) The placement of shares or contracts into the same account for which an order was originally placed; or

(ii) The placement of shares or contracts into an account based on allocation instructions (*e.g.,* subaccount allocations, delivery versus payment (''DVP'') allocations).

(4) The term *Allocation Report* means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares/contracts are allocated and provides:

(i) The security that has been allocated;

(ii) The identifier of the firm reporting the allocation;

(iii) The price per share/contract of shares/contracts allocated;

(iv) The side of shares/contracts allocated;

(v) The number of shares/contracts allocated to each account;

(vi) The time of the allocation;

(vii) Allocation ID, which is the internal allocation identifier assigned to the allocation event by the Industry Member;

(viii) Trade date;

(ix) Settlement date;

(x) IB/correspondent CRD Number (if applicable);

(xi) FDID of new order(s) (if available in the booking system);

(xii) Allocation instruction time (optional);

(xiii) If account meets the definition of institution under FINRA Rule 4512(c);

(xiv) Type of allocation (allocation to a custody account, allocation to a DVP account, step-out, correspondent flip, allocation to a firm owned or controlled account, or other non-reportable transactions (*e.g.,* option exercises, conversions);

(xv) For DVP allocations, custody broker-dealer clearing number (prime broker) if the custodian is a U.S. broker-dealer, DTCC number if the custodian is a U.S. bank, or a foreign indicator, if the custodian is a foreign entity; and

(xvi) If an allocation was cancelled, a cancel flag indicating that the allocation was cancelled, and a cancel timestamp, which represents the time at which the allocation was cancelled; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.

(5) The term *ATS* means an alternative trading system, as defined in Rule 300(a)(1) of Regulation ATS under the Exchange Act.

(6) The term *Business Clock* means a clock used to record the date and time of any Reportable Event required to be reported under this section.

(7) The term *CAT-Order-ID* means a unique order identifier or series of

unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order.

(8) The term *CAT-Reporter-ID* shall mean, with respect to each national securities exchange, national securities association, and member of a national securities exchange or national securities association, a code that uniquely and consistently identifies such person for purposes of providing data to the Central Repository.

(9) The term *CAT Reporter* means each national securities exchange, national securities association, and Industry Member that is required to record and report information to the Central Repository pursuant to this section.

(10) The term *CAT Reporting Agent* means a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this section.

(11) The term *CCID Generation Data* means the Transformed Identifier and Transformed Identifier Type.

(12) The term *CCID Transaction Enrichment Data* means the Firm Designated ID, Date FDID Opened, Date FDID Closed, Customer Role Start Date, and Customer Role End Date.

(13) The term *Central Repository* means the repository responsible for the receipt, consolidation, and retention of all information reported to the Commission or designee pursuant to this section.

(14) The term *Client Account* means, for the purposes of an Allocation and Allocation Report, any account or subaccount that is not owned or controlled by the Industry Member.

(15) The term *Customer* means:

(i) The account holder(s) of the account at an Industry Member originating the order; and

(ii) Any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s).

(16) The term *Customer Role End Date* means the date the Customer is no longer associated with the relevant account for the order.

(17) The term *Customer Role Start Date* means the date the Customer became associated with the relevant account for the order.

(18) The term *Date FDID Closed* means the date the relevant account for the order was closed (or relationship or entity identifier was ended) at the Industry Member.

(19) The term *Date FDID Opened* means the date the relevant account for the order was opened; except, however, that

(i) In those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will provide the Account Effective Date in lieu of the Date FDID Opened; and

(ii) In those circumstances in which the relevant account was established prior to the time the Industry Member begins reporting to the Central Repository and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances:

(A) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system;

(B) Where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system;

(C) Where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and

(D) Where the relevant account is an Industry Member proprietary account.

(20) The term *Eligible Security* includes (i) all NMS Securities and (ii) all OTC Equity Securities.

(21) The term *Firm Designated ID* means

(i) A unique and persistent identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, provided, however, such identifier may not be the account number for such trading account if the trading account is not a proprietary account;

(ii) A unique and persistent relationship identifier when an Industry Member does not have an account number available to its order handling and/or execution system at the time of order receipt, provided, however, such identifier must be masked; or

(iii) A unique and persistent entity identifier when an employee of an Industry Member is exercising discretion over multiple client accounts and creates an aggregated order for which a trading account number of the Industry Member is not available at the time of order origination where each such identifier is unique among all identifiers from any given Industry Member.

(22) The term *Foreign TID Country Code* means the country that issued the foreign identifier used to create the Transformed Identifier.

(23) The term *Foreign TID Type* means, for foreign customers, the type of foreign identifier used to create the Transformed Identifier (*e.g.,* passport, Legal Entity Identifier (''LEI''), or driver's license).

(24) The term *Industry Member* means a member of a national securities exchange or a member of a national securities association that is required to record and report information pursuant to this section.

(25) The term *Industry Member Data* shall mean the information required to be recorded and reported pursuant to paragraph (i) of this section.

(26) The term *Listed Option* or *Option* shall have the meaning set forth in Rule 600(b) of Regulation NMS.

(27) The term *Manual Order Event* means a non-electronic communication of order-related information for which CAT Reporters must record and report the time of the event.

(28) The term *Material Terms of the Order* includes the NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions.

(29) The term *NMS Security* means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options.

(30) The term *Options Exchange* means a registered national securities exchange or automated trading facility of a registered securities association that trades Listed Options.

(31) The term *Options Market Maker* means a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange.

(32) The term *Order* or *order,* with respect to Eligible Securities, shall include:

(i) Any order received by an Industry Member from any person;

(ii) Any order originated by an Industry Member; or

(iii) Any bid or offer.

(33) The term *OTC Equity Security* means any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities.

(34) The term *Received Industry Member Data* shall mean the information required to be recorded and reported pursuant to paragraph (i)(2) of this section.

(35) The term *Recorded Industry Member Data* shall mean the information required to be recorded and reported pursuant to paragraph (i)(1) of this section.

(36) The term *Reference Data* shall mean CCID Generation Data, CCID Transaction Enrichment Data, customer type, account type, clearing broker, branch office, registered representative, and individual's role in the account.

(37) The term *Reportable Event* includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

(38) The term *SRO* means any self-regulatory organization within the meaning of section 3(a)(26) of the Exchange Act.

(39) The term *SRO-Assigned Market Participant Identifier* means an identifier assigned to an Industry Member by an SRO, or an identifier used by an SRO.

(40) The term *Technical Specifications* means technical specifications that provide detailed instructions regarding the submission of data to the Commission or its designee for entry into the Central Repository and that are made available on a publicly available website maintained by the Commission or its designee.

(41) The term *Trading Day* shall mean, for purposes of reporting by Industry Members, as the period beginning immediately after 4:15 p.m. and no fractions of a second Eastern Time on one trade date and ending at exactly 4:15 p.m. and no fractions of a second Eastern Time on the next trade date, except that a Trading Day which is also an early close will end 15 minutes after market close. The term Trading Day shall mean, for purposes of reporting by national securities exchanges and national securities associations, as the period beginning at 8:00 p.m. Eastern Time on the calendar day immediately preceding regular trading hours (as defined in Rule 600(b) of Regulation NMS) and ending at 8:00 p.m. Eastern Time on the same calendar day as regular trading hours (as defined in Rule 600(b) of Regulation NMS). Weekends, or any day that all equities or options national securities exchanges are closed or regular trading hours (as defined in Rule 600(b) of Regulation NMS) do not occur, are not considered a Trading Day.

(42) The term *Transformed Identifier* or *TID* shall mean a transformed version of the input used to identify unique Customers, where such inputs may include, but are not limited to, individual tax payer identification number or social security number (''SSN/ITIN''), Employer Identification Number (EIN, including QI–EIN, WP–EIN, and WT–EIN), or certain foreign identifiers.

(43) The term *Transformed Identifier Type* or *TID Type* means the type of identifier used to create the Transformed Identifier (*e.g.,* SSN/ITIN, EIN or foreign identifier).

(b) Applicable Securities.

(1) Each national securities exchange shall record and report to the Central Repository the information set forth in paragraph (h) of this section for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange.

(2) Each national securities association shall record and report to the Central Repository the information set forth in paragraph (h) of this section for each Eligible Security for which transaction reports are required to be submitted to a national securities association.

(3) Each Industry Member shall record and report to the Central Repository the information set forth in paragraph (i) of this section for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange.

(4) Each Industry Member shall record and report to the Central Repository the information set forth in paragraph (i) of this section for each Eligible Security for which transaction reports are required to be submitted to a national securities association.

(c) Clock Synchronization and Business Clocks.

(1) Clock Synchronization. For purposes of reporting to the Central Repository, each national securities exchange and national securities association must synchronize its Business Clocks at a minimum to within 100 microseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), consistent with industry standards. For purposes of reporting to the Central Repository, each Industry Member must synchronize their respective Business Clocks at a minimum to within fifty (50) milliseconds of the time maintained by the NIST, and maintain such a synchronization. The tolerance provided for in this paragraph includes all of the following: the difference between the NIST atomic clock and the CAT Reporter's Business Clock, the transmission delay from the source, and the amount of drift of the CAT Reporter's Business Clock.

(i) Manual Order Events and Allocation Reports. Notwithstanding the above requirements, each national securities exchange, national securities association, and Industry Member must synchronize their Business Clocks used solely for Manual Order Events and Business Clocks used solely for the time of allocation on Allocation Reports to within one second of the time maintained by the NIST atomic clock, consistent with industry standards, and maintain such synchronization.

(ii) Daily Synchronization Requirement. Business Clocks must be synchronized every business day before market open to ensure that timestamps for Reportable Events are accurate. To maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and resynchronized, as necessary, throughout the day.

(2) Documentation. National securities exchanges, national securities associations, and Industry Members must document and maintain their synchronization procedures for Business Clocks. National securities exchanges, national securities associations, and Industry Members must keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (c) of this section. Such log must include results for a period of not less than three years ending on the then current date, or for the entire period for which the national securities exchange, national securities association, or Industry Member has been required to comply with this section if less than three years.

(3) Certification. Each national securities exchange, national securities association and Industry Member subject to this section shall certify that its Business Clocks satisfy the synchronization requirements set forth in paragraph (c)(1) of this section on an annual basis.

(4) Violation Reporting. National securities exchanges, national securities associations, and Industry Members with Business Clocks must report to the Commission or its designee violations of paragraph (c)(1) of this section. A national securities exchange, national securities association, or Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in paragraph (c)(1) of this section without reasonable justification or exceptional circumstances may be considered in violation of this section.

(d) Timestamps. Subject to paragraphs (1) and (2) below, each CAT Reporter shall record and report to the Central Repository with time stamps in milliseconds.

(1) Reporting in finer increments. To the extent that a CAT Reporter's order handling or execution systems utilize time stamps in increments finer than milliseconds, such CAT Reporter shall record and report to the Central Repository with time stamps in such finer increment up to nanoseconds; provided, that CAT Reporters that capture timestamps in increments more granular than nanoseconds must truncate the timestamps after the nanosecond level for submission to the Central Repository, rather than rounding such timestamps up or down.

(2) Manual Order Events and Time of Allocation on Allocation Reports. National securities exchanges, national securities associations, and Industry Members are permitted to record and report:

(i) Manual Order Events to the Central Repository in increments up to and including one second, provided that CAT Reporters shall be required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such CAT Reporter in milliseconds; and

(ii) The time of allocation on Allocation Reports in increments up to and including one second.

(e) Connectivity and Data Transmission.

(1) Data Transmission. Each CAT Reporter shall transmit data as required under this section to the Central Repository for consolidation and storage utilizing such method(s) and format(s) and according to such guidance as may be provided by the Commission or its designee.

(2) Connectivity. Each CAT Reporter shall connect to the Central Repository using a secure method(s) and encrypted internet connectivity, including but not limited to private line(s) and virtual private network connection(s) over public lines.

(3) CAT Reporting Agents. Any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the reporting obligations of such Industry Member under this section. Any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of this section. All written documents evidencing such agreement must be maintained by each party to the agreement. In addition, notwithstanding the existence of an agreement described in this paragraph, each Industry Member remains primarily responsible for compliance with the requirements of this section.

(f) Timing of Recording and Reporting.

(1) Each CAT Reporter shall record contemporaneously with the applicable Reportable Event.

(2) Industry Members shall report:

(i) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and

(ii) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data.

(3) National securities exchanges and national securities associations shall report the data required by paragraph (h) of this section to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the national securities exchange or national securities association records such data.

(4) CAT Reporters may voluntarily report prior to the applicable 8:00 a.m. Eastern Time deadline.

(g) Security Symbology.

(1) For each exchange-listed Eligible Security, each CAT Reporter shall report to the Central Repository using the symbology format of the exchange listing the security.

(2) For each Eligible Security that is not exchange-listed, each CAT Reporter shall report to the Central Repository using such symbology format as established by the Commission or its designee.

(h) Recording and Reporting National Securities Exchanges and National Securities Associations Data. National securities exchanges and national securities associations are required to record and report data to the Central Repository as required by this section in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data, sufficient for an accurate, time-sequenced record of orders beginning with the receipt or origination of an order by a member of a national securities exchange or national securities association and further documenting the life of the order through the process of routing, modification, cancellation, and execution (in whole or in part) of the order.

(1) Each national securities exchange and national securities association shall record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable, in the manner prescribed by the Technical Specifications:

(i) For original receipt or origination of an order:

(A) Firm Designated ID(s) for each Customer;

(B) CAT-Order-ID;

(C) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order;

(D) Date of order receipt or origination;

(E) Time of order receipt or origination (using timestamps pursuant to paragraph (d) of this section); and

(F) Material Terms of the Order;

(ii) For the routing of an order:

(A) CAT-Order-ID;

(B) Date on which the order is routed;

(C) Time at which the order is routed (using timestamps pursuant to paragraph (d) of this section);

(D) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association routing the order;

(E) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association to which the order is being routed;

(F) If routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and

(G) Material Terms of the Order;

(iii) For the receipt of an order that has been routed, the following information:

(A) CAT-Order-ID;

(B) Date on which the order is received;

(C) Time at which the order is received (using timestamps pursuant to paragraph (d) of this section);

(D) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national

securities association receiving the order;

(E) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association routing the order; and

(F) Material Terms of the Order;

(iv) If the order is modified or cancelled:

(A) CAT-Order-ID;

(B) Date the modification or cancellation is received or originated;

(C) Time at which the modification or cancellation is received or originated (using timestamps pursuant to paragraph (d) of this section);

(D) Price and remaining size of the order, if modified;

(E) Other changes in the Material Terms of the Order, if modified; and

(F) Whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member, national securities exchange, or national securities association;

(v) If the order is executed, in whole or in part:

(A) CAT-Order-ID;

(B) Date of execution;

(C) Time of execution (using timestamps pursuant to paragraph (d) of this section);

(D) Execution capacity (principal, agency or riskless principal);

(E) Execution price and size;

(F) SRO-Assigned Market Participant Identifier of the Industry Member, national securities exchange, or national securities association executing the order; and

(G) Whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

(vi) Information or events as prescribed by the Technical Specifications, including for use by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach.

(2) Each national securities exchange and national securities association shall report to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members or itself and information to identify each such Industry Member, including CRD number and LEI if such LEI has been obtained, and itself, including LEI, if such LEI has been obtained.

(3) Reportable Events required to be reported by Options Market Makers pursuant to paragraphs (i)(1)(ii) and (i)(1)(iv) of this section shall be reported to the Central Repository by an Options Exchange in lieu of the reporting of such information by the Options Market Maker. Options Exchanges must report the time at which a quote in a Listed Option is sent to the Options Exchange, and, if applicable, any subsequent quote modifications and/or cancellation time when such modification or cancellation is originated by the Options Market Maker, as reported to the Options Exchange by the Options Market Maker pursuant to paragraph (i)(3) of this section.

(i) Recording and Reporting Industry Member Data. Industry Members are required to record and report data to the Central Repository as required by this section in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data, sufficient for an accurate, time-sequenced record of orders beginning with the receipt or origination of an order by a member of a national securities exchange or national securities association and further documenting the life of the order through the process of routing, modification, cancellation, and execution (in whole or in part) of the order.

(1) Each Industry Member shall record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable, in the manner prescribed by the Technical Specifications:

(i) For original receipt or origination of an order:

(A) Firm Designated ID(s) for each Customer;

(B) CAT-Order-ID;

(C) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order;

(D) Date of order receipt or origination;

(E) Time of order receipt or origination (using timestamps pursuant to paragraph (d) of this section);

(F) Material Terms of the Order;

(G) The unique identification of any appropriate information barriers in place at the department within the Industry Member where the order was received or originated;

(H) Any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules;

(I) The nature of the department or desk that originated the order, or received the order from a Customer;

(J) The type of account holder for which the order is submitted;

(K) For an Industry Member that operates an ATS:

(*1*) The ATS's unique identifier for the order type of the order;

(*2*) The national best bid and national best offer (or relevant reference price) at the time of order receipt or origination, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price);

(*3*) The identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (K)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(*4*) The sequence number assigned to the receipt or origination of the order by the ATS's matching engine;

(*5*) Whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(ii) For the routing of an order:

(A) CAT-Order-ID;

(B) Date on which the order is routed;

(C) Time at which the order is routed (using timestamps pursuant to paragraph (d) of this section);

(D) SRO-Assigned Market Participant Identifier of the Industry Member routing the order;

(E) SRO-Assigned Market Participant Identifier of the Industry Member or national securities exchange or national securities association to which the order is being routed;

(F) If routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed, and the unique identification of any appropriate information barriers in place at the department within the Industry Member to which the order was transmitted;

(G) Material Terms of the Order; and

(H) For Industry Members that operate ATSs, the sequence number assigned to the routing of the order by the ATS's matching engine.

(iii) For the receipt of an order that has been routed, the following information:

(A) CAT-Order-ID;

(B) Date on which the order is received;

(C) Time at which the order is received (using timestamps pursuant to paragraph (d) of this section);

(D) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order;

(E) SRO-Assigned Market Participant Identifier of the Industry Member or national securities exchange or national securities association routing the order;

(F) Material Terms of the Order;

(G) The unique identification of any appropriate information barriers in place at the department within the Industry Member which received the order;

(H) The nature of the department or desk that received the order;

(I) Any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules; and

(J) For an Industry Member that operates an ATS:

(*1*) The ATS's unique identifier for the order type of the order;

(*2*) The national best bid and national best offer (or relevant reference price) at the time of order receipt, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price);

(*3*) The identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (J)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(*4*) The sequence number assigned to the receipt of the order by the ATS's matching engine;

(*5*) Whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(iv) If the order is modified or cancelled:

(A) CAT-Order-ID;

(B) Date the modification or cancellation is received or originated;

(C) Time at which the modification or cancellation is received or originated (using timestamps pursuant to paragraph (d) of this section);

(D) Price and remaining size of the order, if modified;

(E) Other changes in the Material Terms of the Order, if modified;

(F) Whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

(G) The unique identification of any appropriate information barriers at the department within the Industry Member which received or originated the modification;

(H) Any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules;

(I) For an Industry Member that operates an ATS:

(*1*) The ATS's unique identifier for the order type of the order;

(*2*) The national best bid and national best offer (or relevant reference price) at the time of order modification or cancellation, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price);

(*3*) The identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (I)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(*4*) The sequence number assigned to the modification or cancellation of the order by the ATS's matching engine;

(*5*) Each time the ATS's matching engine re-prices an order or changes the display quantity of an order, the time of such modification and the applicable new price or size.

(v) if the order is executed, in whole or in part:

(A) CAT-Order-ID;

(B) Date of execution;

(C) Time of execution (using timestamps pursuant to paragraph (d) of this section);

(D) Execution capacity (principal, agency or riskless principal);

(E) Execution price and size;

(F) SRO-Assigned Market Participant Identifier of the Industry Member executing the order;

(G) Whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

(H) For Industry Members that operate ATSs:

(*1*) The national best bid and national best offer (or relevant reference price) at the time of execution, and the date and time at which the ATS recorded such national best bid and national best offer (or relevant reference price);

(*2*) The identification of the market data feed used by the ATS to record the national best bid and national best offer (or relevant reference price) for purposes of paragraph (H)(1). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used; and

(*3*) The sequence number assigned to the execution of the order by the ATS's matching engine.

(vi) Information or events as prescribed by the Technical Specifications, including for use by the Central Repository to link and/or create an order event lifecycle using a daisy chain approach or link Customer orders to representative orders created in firm accounts for the purpose of facilitating a Customer order.

(2) Subject to other provisions of this section, each Industry Member shall record and report to the Central Repository the following, as applicable in the manner prescribed by the Technical Specifications:

(i) If the order is executed, in whole or in part:

(A) SRO-Assigned Market Participant Identifier of the clearing broker, if applicable; and

(B) CAT-Order-ID of any contra-side order(s);

(ii) If the trade is cancelled, a cancelled trade indicator;

(iii) For original receipt or origination of an order, the CCID Generation Data for the relevant account of the order, and the CCID Transaction Enrichment Data for the relevant Customer of the order;

(iv) An Industry Member that operates an ATS must provide to the Central Repository:

(A) A list of all of its order types twenty (20) days before such order types become effective; and

(B) Any changes to its order types twenty (20) days before such changes become effective. An identifier shall not be required for market and limit orders that have no other special handling instructions.

(v) If an Industry Member is required to submit and submits a trade report for a trade, and, if the trade is cancelled, a cancellation, to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility

pursuant to applicable SRO rules, and the Industry Member is required to report the corresponding execution and/or cancellation to the Central Repository:

(A) The Industry Member is required to report to the Central Repository the trade identifier reported by the Industry Member to such FINRA facility for the trade when the Industry Member reports the execution of an order or cancellation of an order pursuant to this section, and such trade identifier must be unique;

(B) If the order is executed in whole or in part, and the Industry Member submits the trade report to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the SRO-Assigned Market Participant Identifier of the clearing broker pursuant to this section; provided, however, if the Industry Member does not report the clearing number of the clearing broker to such FINRA facility for a trade, or does not report the unique trade identifier to the Central Repository as required by this section, then the Industry Member would be required to record and report to the Central Repository the clearing number of the clearing broker as well as information about the contra party to the trade; and

(C) If the trade is cancelled and the Industry Member submits the cancellation to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the cancelled trade indicator pursuant to this section; provided, however, if the Industry Member does not report a cancellation for a cancelled trade to such FINRA facility, or does not report the unique trade identifier as required by this section, then the Industry Member would be required to record and report to the Central Repository a cancelled trade indicator as well as a cancelled trade timestamp;

(vi) An Allocation Report any time the Industry Member performs an Allocation to a Client Account, whether or not the Industry Member was the executing broker for the trade; and

(vii) For the original receipt or origination of an order to sell an equity security, whether the order is for a short sale effected by a market maker in connection with bona fide market making activities in the security for which the exception in Rule 203(b)(2)(iii) of Regulation SHO is claimed.

(3) Each Industry Member that is an Options Market Maker is not required to report to the Central Repository the information required by paragraphs (i)(1)(ii) and (i)(1)(iv) of this section. Instead, each Industry Member that is an Options Market Maker shall report to the Options Exchange the time at which its quote in a Listed Option is sent to the Options Exchange, and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker.

(4) Each Industry Member that operates an ATS that trades OTC Equity Securities shall provide to the Central Repository:

(i) The best bid and best offer for each OTC Equity Security traded on such ATS;

(ii) An indication of whether each bid and offer for OTC Equity Securities was solicited or unsolicited; and

(iii) The unpriced bids and offers for each OTC Equity Security traded on such ATS.

(5) Each Industry Member shall submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository, and keep such information up to date as necessary.

(j) Error Correction.

(1) CAT Reporters must report data to the Central Repository in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data. Any CAT Reporter having an obligation to report under this section that discovers an error in information previously reported pursuant to this section shall correct such error(s). For each CAT Reporter for which errors in CAT Reporter data submitted to the Central Repository have been identified, such CAT Reporter shall submit corrected data to the Central Repository by 8:00 a.m. Eastern Time on T+3.

(2) Each CAT Reporter shall establish, maintain, and enforce written policies and procedures that are reasonably designed to ensure that it complies with any obligations to report information pursuant to this section. Each CAT Reporter shall review and update these policies and procedures at least annually and maintain a record of the annual review and update.

(k) Reference Data Reporting.

(1) Each Industry Member must submit to the Commission or its designee the following for each of its Customers with an Active Account(s) prior to the Industry Member's commencement of reporting to the Commission or its designee:

(i) TID and TID Type, or, for Customers for which a foreign identifier is used for the generation of the Transformed Identifier, TID, Foreign TID Country Code, and Foreign TID Type;

(ii) Firm Designated ID;

(iii) Date FDID Opened;

(iv) Date FDID Closed;

(v) Customer Role Start Date;

(vi) Customer Role End Date;

(vii) Customer type;

(viii) Account type;

(ix) Clearing broker;

(x) Branch office;

(xi) Registered representative;

(xii) Individual's role in the account.

(2) Daily Updates to Reference Data. Each Industry Member shall submit to the Commission or its designee any updates, additions or other changes to the information required by paragraph (k)(1) of this section, for each of its Customers with an Active Account on a daily basis. Industry Members submitting new or modified Reference Data must provide it to the Central Repository no later than 8:00 a.m. Eastern Time on T+1.

(3) Periodic Updates to Reference Data. On a periodic basis as designated by the Commission or its designee, each Industry Member shall submit to the Central Repository a complete set of Firm Designated IDs, the Transformed Identifier, and other information required by paragraph (k)(1) of this section for each of its Customers with an Active Account.

(4) Error Correction for Reference Data. CAT Reporters must report data to the Central Repository in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data. Any CAT Reporter having an obligation to report under this section that discovers an error in information previously reported pursuant to paragraph (k)(1) of this section shall correct such error(s). For each Industry Member for which errors in the information required by paragraph (k)(1) of this section, for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Commission, its designee, or otherwise, such Industry Member shall submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3.

(l) Exceptions to Reporting Requirements.

(1) Notwithstanding any other provision of this section, the following categories of data shall not be required to be reported to the Commission or its designee, and no CAT Reporter shall be required to report data to the Central Repository regarding:

(i) The following verbal and manual activity:

(A) Floor broker verbal announcements of firm orders on an exchange that are otherwise reported as systematized orders;

(B) Market maker verbal announcements of firm quotes on an exchange trading floor;

(C) Telephone discussions between an Industry Member and a client that may involve firm bid and offer communications; and

(D) Unstructured electronic and verbal communications that are not currently captured by Industry Member order management or execution systems (*e.g.,* electronic chats, text messages);

(ii) Bids and/or offers made in response to a request for a quote or other form of solicitation response provided in a standard electronic format that requires further action by the responder providing the quote in order to execute or cause a trade to be executed, however, Industry Members are still required to report other required information regarding the request for quote or solicitation process as required by paragraph (i) of this section;

(iii) Information necessary to link representative orders to Customer orders when an Industry Member does not have a systematic or direct link between their order management systems and execution management systems, however, Industry Members are still required to report other required information regarding the Customer and representative orders as required by this section;

(iv) For Industry Members that route an order, applicable port-level settings that are used to communicate Material Terms of an Order and are not communicated by the Industry Member routing such order through a port that is configured to apply port-level settings, regardless of whether the port is an exchange port or a port maintained by an alternative trading system or a broker-dealer, however, the recipient of an order that utilizes a port-level setting must report any port-level setting that is a Material Term of the Order as part of the same order receipt record pursuant to paragraphs (h) and (i) of this section.

(2) *Rejected Messages* Notwithstanding any provision of this section, no national securities exchange or national securities association shall be required to record and electronically report to the Central Repository any order rejected by the national securities exchange or national securities association nor any Reportable Events related to such rejected order. For the avoidance of doubt, an order that is received by the national securities exchange or national securities association but not accepted by the national securities exchange or national securities association is an order rejected by the national securities exchange or national securities association for purposes of this paragraph.

(m) Consolidated Audit Trail—Recordkeeping. Notwithstanding the requirements of Rule 17a–1 and Rule 17a–4, each national securities exchange, national securities association, and Industry Member must maintain and preserve records of the information submitted under this section to the Commission or its designee for a period of at least three (3) years, with the first two (2) years of records in an easily accessible place.

PART 242—REGULATIONS M, SHO, ATS, AC, NMS, SE, AND SBSR, AND CUSTOMER MARGIN REQUIREMENTS FOR SECURITY FUTURES

■ 3. The general authority citation for part 242 continues to read as follows:

Authority: 15 U.S.C. 77g, 77q(a), 77s(a), 78b, 78c, 78c–4, 78g(c)(2), 78i(a), 78j, 78k–1(c), 78*l,* 78m, 78n, 78*o*(b), 78*o*(c), 78*o*(g), 78q(a), 78q(b), 78q(h), 78w(a), 78dd–1, 78mm, 80a–23, 80a–29, and 80a–37, and 8343.

■ 4. Remove and reserve § 242.613.

§ 242.613 [Reserved]

By the Commission.

Date: November 20, 2026.

Stephanie J. Fouse,

Assistant Secretary.

[FR Doc. 2026–23951 Filed 11–23–26; 8:45 am]

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