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

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 52

[Document No. AMS–FV–08–0075; SC–17–326]

Country of Origin Labeling of Packed Honey

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule; clarification.

SUMMARY: AMS published a final rule in the **Federal Register** on January 4, 2011, amending the Code of Federal Regulations (CFR) governing inspection and certification of processed fruits, vegetables, and miscellaneous products regarding Country of Origin Labeling (COOL) of Packed Honey. This document clarifies obligations for a honey packer regarding country of origin labeling.

DATES: *Effective* July 6, 2018.

FOR FURTHER INFORMATION CONTACT: Brian E. Griffin, Standardization Branch, Specialty Crops Inspection Division, Specialty Crops Program, Agricultural Marketing Service, U.S. Department of Agriculture, 1400 Independence Avenue, STOP 0247, Washington, DC 20250; phone: (202) 748–2155, fax: 202–690–1527, or email *Brian.Griffin@usda.ams.gov.*

SUPPLEMENTARY INFORMATION: AMS published a final rule on January 4, 2011 (76 FR 251) for Country of Origin Labeling of Packed Honey based on the 2008 Farm Bill. The rule amended the regulations governing inspection and certification of processed fruits, vegetables, and miscellaneous products, 7 CFR part 52, to include provisions for COOL for packed honey and debarment of services for mislabeling.

On August 8, 2016, the National Honey Packers and Dealers Association (NHPDA), the Western States Honey Packers and Dealers Association (WSHPDA), the American Honey Producers Association (AHPA), the American Beekeeping Federation (ABF), and Sioux Honey Association (SHA) submitted a request asking the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) to address and clarify country of origin labeling as required by U.S. Customs law and AMS regulations. Specifically, the request sought clarification of whether country of origin labeling is required for honey that does not bear official grade marks. A copy of the request is available as a supporting document for this document at *http://www.regulations.gov.*

AMS acknowledges the request of the NHPDA, WSHPDA, AHPA, ABF, and SHA. The Country of Origin Labeling of Packed Honey Final Rule, which appeared on pages 251–253 in the **Federal Register** (76 FR 251–253), was published pursuant to Section 10402 of the 2008 Farm Bill (Pub. L. 110–246), which amended section 1622(h) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627, 1635–1638) to require that all packed honey bearing any official USDA mark or statement also bear ''legibly and permanently in close proximity (such as on the same side(s) or surface(s)) to the certificate, mark, or statement, and in at least a comparable size, the country or countries of origin of the lot or container of honey, preceded by the words 'Product of' or other words of similar meaning.''

Section 52.53 provides for the use of approved identification marks, and paragraph (h) describes prohibited uses of approved identification. The statement in the preamble to the rule that is in question, ''Conversely, if the honey is not officially grade labeled, the country of origin labeling is not necessary whether the honey is domestic or foreign'', is accurate within the context of the rule, which only applies to COOL associated with the use of approved official USDA marks or grade statements. The rule also acknowledged that AMS identified other Federal rules that may be viewed as duplicative or overlapping with this rule.

Under pre-existing Federal laws and regulations, country of origin labeling is required by the Tariff Act of 1930, 19 U.S.C. 1304(a), and is enforced by U.S. Customs and Border Protection (CBP) under CBP regulations (19 U.S.C. 1304(a) and part 134, Title 19 of the Code of Federal Regulations (19 CFR part 134)). The Tariff Act requires that every imported item be conspicuously and indelibly marked in English to indicate its country of origin to the ultimate purchaser. The Food and Drug Administration provides guidance on COOL on behalf of CBP at *www.fda.gov.*

AMS concurs that the Customs ruling of 1984 requiring ''every article of foreign origin or its container'' to be ''legibly, permanently and conspicuously marked to indicate the country of origin'' is the law, and that this law is in no way invalidated or superseded by the additional marking requirements required by the 2008 Farm Bill. The additional COOL marking required by the Farm Bill applies only to the country of origin labeling statements associated with the existing regulations governing the inspection and grading of processed fruits, vegetables, and miscellaneous products, section 52.53, which provides for the use of approved identification marks, and paragraph (h), which describes prohibited uses of approved identification.

In an effort to promote fair competition in the honey industry, this document clarifies that honey packers must include conspicuous and indelible labeling, in English, naming the country of origin of all imported products, regardless of whether the product labeling uses approved USDA marks or grade statements.

Authority: 7 U.S.C. 1621–1627.

Dated: July 2, 2018.

Bruce Summers,

Administrator, Agricultural Marketing Service.

[FR Doc. 2018–14509 Filed 7–5–18; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 905

[Doc. No. AMS–SC–17–0074; SC18–905–1 FR]

Oranges, Grapefruit, Tangerines, and Pummelos Grown in Florida; Increased Assessment Rate

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This rule implements a recommendation from the Citrus Administrative Committee (Committee) for an increase of the assessment rate established for the 2017–18 and subsequent fiscal periods. The assessment rate will remain in effect indefinitely unless modified, suspended, or terminated.

DATES: Effective August 6, 2018.

FOR FURTHER INFORMATION CONTACT: Abigail Campos, Marketing Specialist or Christian D. Nissen, Regional Director, Southeast Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; Telephone: (863) 324–3375, Fax: (863) 291–8614, or Email: *Abigail.Campos@ams.usda.gov* or *Christian.Nissen@ams.usda.gov.*

Small businesses may request information on complying with this regulation by contacting Richard Lower, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Richard.Lower@ams.usda.gov.*

SUPPLEMENTARY INFORMATION: This action, pursuant to 5 U.S.C. 553, amends regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This rule is issued under Marketing Order No. 905, as amended (7 CFR part 905), regulating the handling of oranges, grapefruit, tangerines, and pummelos grown in Florida. Part 905, (referred to as the ''Order'') is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.'' The Committee locally administers the Order and is comprised of growers and handlers operating within the area of production, and a public member.

The Department of Agriculture (USDA) is issuing this rule in conformance with Executive Orders 13563 and 13175. This rule falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this rule does not meet the definition of a significant regulatory action, it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ''Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017, titled 'Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017).

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the Order now in effect, Florida citrus handlers are subject to assessments. Funds to administer the Order are derived from such assessments. It is intended that the assessment rate will be applicable to all assessable citrus for the 2017–18 crop year, and continue until amended, suspended, or terminated.

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

The Order provides authority for the Committee, with the approval of USDA, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The members are familiar with the Committee's needs and with the costs for goods and services in their local area and are thus in a position to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting. Thus, all directly affected persons have an opportunity to participate and provide input.

This rule increases the assessment rate from $0.009, the rate that was established for the 2013–14 and subsequent fiscal periods, to $0.02 per ⅘-bushel carton of citrus handled for the 2017–2018 and subsequent fiscal periods. The higher rate is a result of a smaller crop forecast due to hurricane damage and the need to cover Committee expenses.

The Committee met on June 29, 2017, and unanimously recommended both maintaining the 2013–14 assessment rate and new 2017–18 budgeted expenditures of $132,000. Following the significant damage experienced by the industry from Hurricane Irma, the Committee held a second meeting on November 9, 2017, to discuss a revised crop estimate for 2017–18. Due to significant crop damage, the Committee estimated that assessable cartons for 2017–18 should be six million cartons, down from 8.6 million originally projected at a June 29, 2017, meeting. Given the reduced estimate, the Committee voted to increase the assessment rate from $0.009 to $0.02 per ⅘-bushel cartons of citrus to provide additional assessment income in Order to meet the budgeted expenses of $132,000 and draw less funds from the reserves. The assessment rate increase, along with the funds from reserves and interest income, should provide sufficient funds to cover anticipated expenses.

Of the total $132,000 budgeted for the 2017–18 fiscal period, major expenditures recommended by the Committee include $75,000 for salaries, $10,000 for data collection and fresh shipments reporting, and $9,000 for auditing & accounting. Compared to the previous fiscal year's budget of $140,600, budgeted expenses for these items were $75,000, $25,000, and $9,200, respectively. The significant decrease in budgeted expenses for data collection and fresh shipment reporting stems from the development of a new computer program that better reports and extrapolates data, thus reducing reporting time and increasing efficiencies.

The assessment rate recommended by the Committee was derived by considering anticipated expenses, expected shipments, and the amount of funds available in the authorized reserve. Income derived from handler assessments of $120,000 (six million ⅘ bushel cartons assessed at $0.02 per carton), along with interest income and funds from the Committee's authorized reserve, should be adequate to cover budgeted expenses of $132,000. Funds in the reserve (currently $124,040) would be kept within the maximum permitted by § 905.42 and would not exceed the expenses of two fiscal periods.

The assessment rate established in this rule will continue in effect indefinitely unless modified, suspended, or terminated by USDA

upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate will be in effect for an indefinite period, the Committee will continue to meet prior to or during each fiscal period to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or USDA. Committee meetings are open to the public, and interested persons may express their views at these meetings. USDA will evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking will be undertaken as necessary. The Committee's 2017–18 budget and those for subsequent fiscal periods will be reviewed and, as appropriate, approved by USDA.

Final Regulatory Flexibility Analysis

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

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

There are approximately 500 producers of Florida citrus in the production area and approximately 20 handlers subject to regulation under the Marketing Order. Small agricultural producers are defined by the Small Business Administration (SBA) as those having annual receipts less than $750,000, and small agricultural service firms are defined as those whose annual receipts are less than $7,500,000 (13 CFR 121.201).

According to data from the National Agricultural Statistics Service (NASS), the industry, and the Committee, for the 2016–17 season the weighted average f.o.b. price for Florida citrus was approximately $15.20 per carton with total shipments of 12.6 million cartons. Using the number of handlers, and assuming a normal distribution, the majority of handlers have average annual receipts of more than $7,500,000 ($15.20 times 12.6 million equals $191,520,000 divided by 20 handlers equals $9,576,000 per handler).

In addition, based on the NASS data, the weighted average grower price for the 2016–17 season was around $8.30 per carton of citrus. Based on grower price, shipment data, and the total number of Florida citrus growers, and assuming a normal distribution, the average annual grower revenue is below $750,000 ($8.30 times 12.6 million cartons equals $104,580,000 divided by 500 growers equals $209,160 per grower). Thus, the majority of handlers of Florida citrus may be classified as large entities, while the majority of growers may be classified as small entities.

This rule increases the assessment rate collected from handlers for the 2017–18 and subsequent fiscal periods from $0.009 to $0.02 per 4/5-bushel carton of Florida citrus. The Committee unanimously recommended 2017–18 expenditures of $132,000 and an assessment rate of $0.02 per 4/5-bushel carton of citrus handled. The assessment rate of $0.02 is $0.011 higher than the 2016–17 rate. The quantity of assessable citrus for the 2017–18 fiscal period is estimated at six million 4/5-bushel cartons. Thus, the $0.02 rate should provide $120,000 in assessment income. Income derived from handler assessments, along with interest income and funds from the Committee's authorized reserve, should be adequate to cover budgeted expenses.

The major expenditures recommended by the Committee for the 2017–18 year include $75,000 for salaries, $10,000 for data collection, and $9,000 for auditing and accounting. Budgeted expenses for these items in 2016–17 were $75,000, $25,000, and $9,200, respectively.

As a result of damage from Hurricane Irma, the Committee estimates the 2017–18 crop to be approximately six million 4/5-bushel cartons, down from the 8.6 million 4/5-bushel cartons estimated on June 29, 2017. Due to the decline in production, the current assessment rate would be insufficient to cover the Committee's anticipated expenditures and would further deplete the Committee's reserve fund. The assessment rate increase will generate additional revenue and will help offset the amount of reserves needed to fund the budget. Therefore, the Committee recommended increasing the assessment rate.

Prior to arriving at this budget and assessment rate, the Committee considered maintaining the current assessment rate of $0.009 per 4/5-bushel cartons of citrus. However, leaving the assessment unchanged will not generate sufficient revenue to meet the Committee's expenses for the 2017–18 budget of $132,000 and will deplete the reserve. Based on estimated shipments, the recommended assessment rate of $0.02 should provide $120,000 in assessment income. The Committee determined assessment revenue, along with interest income and funds from the authorized reserves should be adequate to cover budgeted expenses for the 2017–18 fiscal period.

A review of historical information and preliminary information pertaining to the upcoming fiscal year indicates that the average grower price for the 2017–18 season should be approximately $21.38 per 4/5-bushel cartons of citrus. Therefore, the estimated assessment revenue for the 2017–18 fiscal period as a percentage of total grower revenue will be about 0.09 percent.

This action increases the assessment obligation imposed on handlers. While assessments impose some additional costs on handlers, the costs are minimal and uniform on all handlers. Some of the additional costs may be passed on to producers. However, these costs are offset by the benefits derived by the operation of the marketing Order. In addition, the Committee's meeting was widely publicized throughout the Florida citrus industry. All interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. Like all Committee meetings, the June 29, 2017, and November 9, 2017, meetings were public meetings, and all entities, both large and small, were able to express views on this issue.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581–0178 Vegetable and Specialty Crops. No changes in those requirements are necessary as a result of this action. Should any changes become necessary, they would be submitted to OMB for approval.

This rule imposes no additional reporting or recordkeeping requirements on either small or large Florida citrus handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. As noted in the initial regulatory flexibility analysis, USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this final rule.

AMS is committed to complying with the E-Government Act, to promote the

use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

A proposed rule concerning this action was published in the **Federal Register** on April 2, 2018 (83 FR 14203). Copies of the proposed rule were also mailed or sent via facsimile to all Florida citrus handlers. The proposal was made available through the internet by USDA and the Office of the Federal Register. A 30-day comment period ending May 3, 2018, was provided for interested persons to respond to the proposal. One comment was received during the comment period. The commenter was in favor of the regulation. Accordingly, no changes will be made to the rule as proposed, based on the comment received.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: *http://www.ams.usda.gov/rules-regulations/moa/small-businesses.* Any questions about the compliance guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant material presented, including the information and recommendation submitted by the Committee and other available information, it is hereby found that this rule, will tend to effectuate the declared policy of the Act.

List of Subjects in 7 CFR Part 905

Grapefruit, Marketing agreements, Oranges, Reporting and recordkeeping requirements, Tangerines, Pummelos.

For the reasons set forth in the preamble, 7 CFR part 905 is amended as follows:

PART 905—ORANGES, GRAPEFRUIT, TANGERINES, AND PUMMELOS GROWN IN FLORIDA

■ 1. The authority citation for part 905 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. Section 905.235 is revised to read as follows:

§ 905.235 Assessment rate.

On and after August 1, 2017, an assessment rate of $0.02 per 4/5-bushel carton or equivalent is established for Florida citrus covered under the Order.

Dated: July 2, 2018.

Bruce Summers,

Administrator, Agricultural Marketing Service.

[FR Doc. 2018–14514 Filed 7–5–18; 8:45 a.m.]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 930

[Doc. No. AMS–SC–17–0047; SC17–930–1 FR]

Tart Cherries Grown in the States of Michigan, et al.; Revision of Exemption Requirements

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This rule implements a recommendation from the Cherry Industry Administrative Board (Board) to revise the exemption provisions for tart cherries grown in Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin. This rule changes the number of years that new product, new market development, and market expansion projects are eligible for handler diversion credit. This action also permits handlers to apply for previously awarded projects if the original handler has not begun the project within a year of approval and provides an expedited approval option for some market expansion activities. This final rule also contains a formatting change to subpart references to bring the language into conformance with the Office of Federal Register requirements.

DATES: Effective August 6, 2018.

FOR FURTHER INFORMATION CONTACT: Jennie M. Varela, Marketing Specialist, or Christian D. Nissen, Regional Director, Southeast Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; Telephone: (863) 324–3775, Fax: (863) 291–8614, or Email: *Jennie.Varela@ams.usda.gov* or *Christian.Nissen@ams.usda.gov.*

Small businesses may request information on complying with this regulation by contacting Richard Lower, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Richard.Lower@ams.usda.gov.*

SUPPLEMENTARY INFORMATION: This final rule, pursuant to 5 U.S.C. 553, amends regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This final rule is issued under Marketing Order No. 930, as amended (7 CFR part 930), regulating the handling of tart cherries grown in the States of Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin. Part 930 (referred to as the ''Order'') is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.'' The Board locally administers the Order and is comprised of growers and handlers operating in the production area, and one public member.

The Department of Agriculture (USDA) is issuing this rule in conformance with Executive Orders 13563 and 13175. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this rule does not meet the definition of a significant regulatory action, it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ''Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017, titled 'Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017).

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

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

This final rule changes the number of years that new product, new market development, and market expansion projects are eligible for handler diversion credit from three years to five years. This action also permits handlers to apply for previously awarded projects if the original handler has not made a

shipment within a year of approval and provides an expedited approval option for some market expansion activities. These changes are intended to encourage participation in new product, new market development, and market expansion, expand demand, and make the approval process more efficient. The Board unanimously approved these changes at a meeting on May 3, 2017. The Secretary approves these recommendations.

Section 930.59 authorizes the Secretary to implement handler diversion. When volume regulation is in effect, handlers may fulfill any restricted percentage requirement in full or in part by acquiring diversion certificates or by voluntarily diverting cherries or cherry products in a program approved by the Board, rather than placing cherries in an inventory reserve.

Section 930.159 specifies methods of handler diversion, including using cherries or cherry products for exempt purposes prescribed under § 930.162. Section 930.162 establishes the terms and conditions of exemption that must be satisfied for handlers to receive diversion certificates for exempt uses. Section 930.162(b) defines the activities which qualify for exemptions under new product, new market development, and market expansion, and the period for which they are eligible for diversion credit. New products include foods or other products in which tart cherries or tart cherry products are incorporated which are not presently being produced on a commercial basis. New market development and market expansion activities include, but are not limited to, sales of cherries into markets that are not yet commercially established, product line extensions, and segmentation of markets along geographic or other definable characteristics.

The Order provides for the use of volume regulation to stabilize prices and improve grower returns during periods of oversupply. At the beginning of each season, the Board examines production and sales data to determine whether a volume regulation is necessary and, if so, announces free and restricted percentages to limit the volume of tart cherries on the market. Free percentage cherries can be used to supply any available market, including domestic markets for pie filling, water packed, and frozen tart cherries. Restricted percentage cherries can be placed in reserve or be used to earn diversion credits as prescribed in §§ 930.159 and 930.162. These activities include, in part, the development of new products, new market development and market expansion, as well as charitable contributions, and the development of export markets.

Changes in the domestic tart cherry market have provided challenges to the industry, particularly competition from imported cherry products. In the last five years, there has been a large increase in the volume of imported tart cherry products, especially tart cherry juice. The Board sees this juice market as a potential opportunity to expand domestic sales. The Board assigned a series of committees to look into the growing juice market, examine the impact of imports on the overall domestic market, and recommend actions that could help domestic handlers capture market share. As a result, the Board determined that the use of diversion credit for new markets and market expansion would be a valuable way to reach the developing juice market that is not currently utilizing domestic cherries.

The Board believes the development of new products, new markets, and expansion of current markets is an important part of the future success of the domestic industry. These projects are intended to help expand the market for tart cherries and increase demand. The Board sees the use of diversion credits as a way to encourage these activities using restricted fruit that may otherwise be stored or destroyed.

However, creating new products or establishing sales in new markets can be costly and time consuming. In 2015, the Board increased the eligibility for diversion credit from one year to a three-year duration for new market and market expansion projects and saw participation rise. In discussing this change, Board members indicated that three years still did not provide handlers sufficient time to develop and recoup the costs and resources needed to establish one of these projects. The Board believes extending the availability of diversion credits from three years to five years will provide an incentive for handlers to develop new products, new markets, or to expand current markets.

Further, the Board believes that allowing handlers to apply for previously approved projects that the original handler has not fulfilled creates additional opportunities and promotes project development. Under the Order's regulations, diversion credit for new products and new markets can be issued for tart cherries for products or markets not yet commercially established. Consequently, the Board's administrative policy was that once a handler received approval for a project, that handler maintained the right to commercially develop that project for up to three years. However, the Board found that sometimes a handler received approval for a project but never started it. The Board recommended that if the handler does not start the project, it should still be considered a new product, new market, or market expansion activity, and other handlers should be able to apply for the previously approved project.

With this change, a handler has one year to begin the new product, new market, or market expansion project with the opportunity to appeal for an additional six months if necessary to start the project. If the handler does not make a shipment and does not request an extension, other handlers can apply to develop the project. The Board believes this will encourage handlers to start projects or create the opportunity for another handler to apply for the project if the original handler cannot, or chooses not to, proceed.

Finally, the Board recommended an expedited option so that diversion credit for some market expansion projects can be approved once the sales information is verified by Board staff, rather than review by a subcommittee. Adding this flexibility to the approval process will make it faster for diversion applicants.

Currently, all types of new market, new product, and market expansion projects are reviewed by an appointed subcommittee, which can take considerable time. In hope of handlers participating in these activities, the Board recognized the need to make the approval process faster so that decisions on applications are not delayed. In the case of market expansion projects, some tart cherry handlers are competing to source buyers not currently using domestic tart cherries rather than developing a new product. The Board believes these transactions are vital to expanding sales of tart cherries. The Board recommended an expedited option for these market expansion projects. Diversion credit for these transactions will be approved once a statement from a buyer of its intent to use domestic tart cherries in products not currently supplied by the domestic market is sent to and verified by Board staff, rather than after review by the Board subcommittee. The Board believes this will expedite the approval process for diversion requests.

The Secretary finds, from the recommendation and supporting information supplied by the Board, that changing the number of years that new product, new market development, and market expansion projects are eligible for handler diversion credit tends to

effectuate the declared policy of the Act and so approves these changes.

Final Regulatory Flexibility Analysis

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

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

There are approximately 600 producers of tart cherries in the regulated area and approximately 40 handlers of tart cherries who are subject to regulation under the Order. Small agricultural producers are defined by the Small Business Administration (SBA) as those having annual receipts of less than $750,000, and small agricultural service firms have been defined as those whose annual receipts are less than $7,500,000 (13 CFR 121.201).

According to the National Agricultural Statistics Service and Board data, the average annual grower price for tart cherries during the 2016–17 season was approximately $0.273 per pound. With total utilization at around 323.1 million pounds for the 2016–17 season, the total 2016–17 crop value is estimated at $88.2 million. Dividing the crop value by the estimated number of producers (600) yields an estimated average receipt per producer of $147,000. This is well below the SBA threshold for small producers. In 2016, The Food Institute estimated a free on board (f.o.b.) price of $0.83 per pound for frozen tart cherries, which make up the majority of processed tart cherries. Multiplying the f.o.b price by total utilization of 323.1 million pounds results in an estimated handler-level tart cherry value of $268 million. Dividing this figure by the number of handlers (40) yields estimated average annual handler receipts of $6.7 million, which is below the SBA threshold for small agricultural service firms. Assuming a normal distribution, the majority of producers and handlers of tart cherries may be classified as small entities.

This rule revises § 930.162 by changing the number of years that new product, new market development, and market expansion projects are eligible for handler diversion credit from three years to five years. This action also permits handlers to apply for previously awarded projects if the original handler has not made a shipment within one year of approval, and provides an expedited approval option for some market expansion activities. These changes are intended to encourage handlers to participate in new product, new market, and market expansion activities, to expand demand, and make the approval process more efficient. The authority for these actions is provided in § 930.59.

It is not anticipated that this rule will impose additional costs on handlers or growers, regardless of size. Rather, this action should help handlers receive better returns on their new market development and market expansion projects by extending the time period that handlers can receive diversion credit for those activities. This provides more opportunity for handlers to recover the time and resources required to establish these projects.

In addition, extending the number of years that these marketing projects are eligible for diversion credits may provide incentive for handlers to develop these programs and may enable additional sales, which could improve returns for growers and handlers. Board members indicated that three years does not provide handlers enough time to develop and recover the costs and resources needed to implement one of these projects. The Board expects increasing the time frame will provide an incentive for additional handlers to participate in these exempt activities. Additionally, the changes open up the opportunity for another handler if the original handler does not carry out an approved project. Creating a longer window for use of restricted fruit and making the process accessible to more handlers should help the industry in its efforts to expand demand.

Finally, this action changes the process by which handlers receive approval for market expansion projects that involve tart cherry handlers competing to source buyers not currently using domestic tart cherries. The Board believes this will help expand sales of tart cherries. The Board recommended that diversion credit for these sales transactions be approved once the sales information is verified by Board staff, rather than after review by the subcommittee. The Board believes this will expedite the approval process for these types of diversion requests.

The Board does not believe that these changes significantly impact the calculations for free and restricted percentages. These changes are intended to facilitate projects that create future sales opportunities. The effects of this rule are not expected to be disproportionately greater or less for small handlers or producers than for larger entities.

Regarding alternatives to this action, the Board considered a number of options in its discussion, including leaving the length of time that new product, new market, and market expansion programs are eligible for handler diversion credit unchanged. However, given the increased participation rate since the time period was extended in 2015 and the Board's desire to quickly open up opportunities for handlers, the Board preferred to expand the opportunity for diversion credits for these projects. Therefore, the alternatives were rejected.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581–0177, Tart Cherries Grown in the States of Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin. No changes in those requirements are necessary as a result of this action. Should any changes become necessary, they would be submitted to OMB for approval.

This rule imposes no additional reporting or recordkeeping requirements on either small or large tart cherry handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

As noted in the initial regulatory flexibility analysis, USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this final rule.

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

Further, the Board's meetings were widely publicized throughout the tart cherry industry, and all interested persons were invited to attend the meeting and participate in Board deliberations. Like all Board meetings, the May 3, 2017, meeting was a public meeting, and all entities, both large and small, were able to express their views on this issue.

A proposed rule concerning this action was published in the **Federal**

Register on January 2, 2018 (83 FR 77). Copies of the proposed rule were sent via email to Board members and tart cherry handlers. The proposed rule was made available through the internet by USDA and the Office of the Federal Register. A 30-day comment period ending February 1, 2018, was provided to allow interested persons to respond to the proposal.

Two comments were received. Both commenters urged adoption of the changes, noting the Board had worked hard on this proposal and had listened to the industry as part of the process. Accordingly, no changes will be made to the rule as proposed, based on the comments received.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: *http://www.ams.usda.gov/rules-regulations/moa/small-businesses.* Any questions about the compliance guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant matter presented, including the information and recommendation of the Board and other available information, it is hereby found that this rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

List of Subjects in 7 CFR Part 930

Marketing agreements, Reporting and recordkeeping requirements, Tart cherries.

For the reasons set forth in the preamble, 7 CFR part 930 is amended as follows:

PART 930—TART CHERRIES GROWN IN THE STATES OF MICHIGAN, NEW YORK, PENNSYLVANIA, OREGON, UTAH, WASHINGTON, AND WISCONSIN

■ 1. The authority citation for part 930 continues to read as follows:

Authority: 7 U.S.C. 601–674.

[Subpart Redesignated as Subpart A]

■ 2. Redesignate ''Subpart—Order Regulating Handling'' as ''Subpart A—Order Regulating Handling''.

[Subpart Redesignated as Subpart B and Amended]

■ 3. Redesignate ''Subpart—Administrative Rules and Regulations'' as subpart B and revise the heading to read as follows:

Subpart B—Administrative Requirements

■ 4. In § 930.162:

■ a. Revise the sentences at the end of paragraphs (b)(1) and (b)(2);

■ b. Redesignate paragraphs (c)(3),(4), and (5) as paragraphs (c)(4),(5), and (6);

■ c. Add new paragraph (c)(3); and

■ d. Add paragraph (h).

The revisions and additions read as follows:

§ 930.162 Exemptions.

* * * * *

(b) * * *

(1) * * * In addition, the maximum duration of any credit activity is five years from the date of the first shipment.

(2) * * * In addition, shipments of tart cherries or tart cherry products in new market development and market expansion outlets are eligible for handler diversion credit for a period of five years from the handler's date of the first shipment into such outlets.

* * * * *

(c) * * *

(3) When applying to the Board for an exemption for the use of domestic tart cherry products in markets not currently served by the domestic industry, handlers may provide a verifiable statement from the buyer of its intent to use domestic tart cherry products to the Board staff for review in lieu of review by the subcommittee as detailed in paragraph (d) of this section. A verifiable statement is defined as a written statement from the buyer that it will use domestic tart cherries in products or markets not currently supplied by domestic sources, which will be reviewed and documented by Board staff.

* * * * *

(h) *Extensions and transfers.* (1) If no shipments are made within the first year of any approved exemption project from the date of approval, new applications for a similar project (same market or product) are eligible for approval; *provided that,* handlers with an approved exemption project have the opportunity to apply to the subcommittee for a six-month extension of this time period.

(2) For projects granted extensions, if no shipment is made prior to the end of the extension period, new applications for the same market or project are eligible for approval.

[Subpart Redesignated as Subpart C]

■ 5. Redesignate ''Subpart—Assessment Rates'' as ''Subpart C—Assessment Rate''.

Dated: July 2, 2018.

Bruce Summers,

Administrator, Agricultural Marketing Service.

[FR Doc. 2018–14516 Filed 7–5–18; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF HOMELAND SECURITY

8 CFR Part 212

[Docket No: USCBP–2016–0003]; [CBP Decision No. 18–06]

RIN 1651–AB09

Elimination of Nonimmigrant Visa Exemption for Certain Caribbean Residents Coming to the United States as H–2A Agricultural Workers

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Final rule.

SUMMARY: This finalizes interim amendments to the Department of Homeland Security's (DHS) regulations, published in the **Federal Register** on February 8, 2016, that eliminated the nonimmigrant visa exemption for certain Caribbean residents seeking to come to the United States as H–2A agricultural workers and the spouses or children who accompany or follow these workers to the United States. As a result of the interim final rule, these nonimmigrants are required to have both a valid passport and visa. The Department of State (DOS) revised its regulations in a parallel interim final rule and is issuing a parallel final rule to adopt all interim changes as final.

DATES: This rule is effective on August 6, 2018.

FOR FURTHER INFORMATION CONTACT: Stephanie E. Watson, U.S. Customs and Border Protection, Office of Field Operations, (202) 325–4548, or via email at *Stephanie.E.Watson@cbp.dhs.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

On February 8, 2016, DHS published an interim final rule (IFR) in the **Federal Register** (81 FR 6430) requiring a British, French, or Netherlands national, or a national of Barbados, Grenada, Jamaica, or Trinidad and Tobago, who has his or her residence in British, French, or Netherlands territory located in the adjacent islands of the Caribbean area, or in Barbados, Grenada, Jamaica, or Trinidad and Tobago, to obtain a valid, unexpired visa if the alien is proceeding to the United States as an H–2A agricultural worker. The IFR also

eliminated the visa exemption for spouses and children accompanying or following to join such workers. Additionally, the IFR eliminated a visa exemption for workers in the U.S. Virgin Islands, as well for their spouses and children accompanying or following to join such workers, pursuant to an unexpired indefinite certification granted by the Department of Labor (DOL). DOS published a parallel rule in the **Federal Register** on the same day. *See* 81 FR 5906; *see also* 81 FR 7454 (correction).[1]

The H–2A nonimmigrant classification applies to an alien seeking to enter the United States to perform agricultural labor or services of a temporary or seasonal nature in the United States. Prior to the DHS and DOS interim final rules, H–2A agricultural workers were generally required to possess and present both a passport and a valid unexpired H–2A visa when entering the United States. Certain residents of the Caribbean, however, were exempted by regulation from having to possess and present a valid unexpired H–2A visa to be admitted to the United States as a temporary agricultural worker. Specifically, a visa was not required for H–2A agricultural workers who are British, French, or Netherlands nationals, or nationals of Barbados, Grenada, Jamaica, or Trinidad and Tobago, who have their residence in British, French, or Netherlands territory located in the adjacent islands of the Caribbean area, or in Barbados, Grenada, Jamaica, or Trinidad and Tobago. Additionally, a visa was not required for the spouse or child accompanying or following such an H–2A agricultural worker to the United States.

DHS, in conjunction with DOS, determined that the nonimmigrant visa exemption for these classes of Caribbean residents, when coming to the United States as H–2A agricultural workers or as the spouses or children accompanying or following these workers, was outdated and incongruent with the visa requirement for other H–2A agricultural workers from other countries. Both departments determined that eliminating the visa exemption furthered the national security interests of the United States and ensured that these applicants for admission, like other H–2A agricultural workers, would be appropriately screened via DOS's visa issuance process prior to arrival in the United States. By requiring a visa, DOS can ensure that these persons possess positive evidence of the intended purpose of their stay in the United States upon arrival at a U.S. port of entry. Removing the visa exemption also lessens the possibility that persons who pose security risks to the United States, as well as other potential immigration violators, may improperly gain admission to the United States.

II. Discussion of Comments

A. Overview

Although the interim regulatory amendments were promulgated without prior public notice and comment procedures pursuant to the good cause and foreign affairs exceptions in section 553 of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)(3)(B) and 5 U.S.C. 553(a)(1), respectively), the IFR provided for the submission of public comments that would be considered before adopting the interim amendments as final. The prescribed 30-day public comment period closed on April 8, 2016. During this time, DHS received three comments. Two of the comments were supportive of the rule and one was critical of it.

B. Discussion

For ease of discussion, DHS has divided the one critical comment received on the IFR into two subparts that raise related, but separate, issues.

Comment: The commenter stated that, by eliminating this exemption, DHS is upending a long-standing opportunity for individuals from these specific locations to easily come to the United States and earn substantially more money than they could at home. According to the commenter, implementation of this rule, which creates new costs and inconveniences for individuals from these areas, could dramatically decrease or essentially prevent these workers from coming to the United States. The commenter states that, in the case of a Jamaican worker, the cost of securing a visa will be more than the average Jamaican worker could likely afford.

Response: While the visa exemption for agricultural workers from the specified Caribbean countries dates back more than 70 years, it was created primarily to address U.S. labor shortages during World War II by expeditiously providing a source of agricultural workers from the British Caribbean to meet the needs of agricultural employers in the southeastern United States. This basis for the exemption no longer exists and continuing to provide an exemption for these individuals would be incongruent with the visa requirements for H–2A workers from other countries. While removing this exemption may make the process more difficult for individuals from these specified areas, it creates an equitable standard for everyone who would like to enter the United States as an H–2A agricultural worker or as the spouse or child accompanying or following such an individual. It also better ensures that individuals from the specified Caribbean areas seeking admission as H–2A nonimmigrants, and their spouses and children, are in fact eligible for admission under the desired classification and permits greater screening for potential fraudulent employment. Furthermore, by eliminating this exemption, the United States Government is better situated to ensure that workers are protected from illegal employment and recruitment-based abuses, including the imposition of fees prohibited under 8 CFR 214.2(h)(5)(xi).

Comment: According to the same commenter, in eliminating this exemption, DHS and DOS are making the United States less secure by creating an incentive for individuals to seek to enter the United States illegally. The commenter states that the employers who would have hired the aliens affected by the IFR will now look to fill their positions by hiring other workers, potentially even illegal migrants, who may be willing to work for minimum wage or less. The commenter states that the new demand for inexpensive labor may encourage aliens to attempt to migrate to the United States illegally.

Response: The exemption itself posed a security risk to the United States. Prior to the amendments in the IFR, H–2A agricultural workers from these specified Caribbean areas did not undergo the same visa issuance process as H–2A applicants from other countries. These individuals did not have to undergo a face-to-face consular interview and the associated fingerprint and security checks prior to seeking admission at a U.S. port of entry. As of February 19, 2016, the effective date of the IFR, these individuals have been subject to the same procedures as other H–2A applicants, providing consistency with the applicable procedures required for applicants from other countries, which include a more thorough screening afforded by the visa application process.

DHS does not believe that requiring these individuals to obtain a visa will encourage illegal migration. Rather, removing this exemption lessens the possibility that persons who pose security risks to the United States, as well as other potential immigration

[1] There was one substantive difference between the DOS and DHS IFRs. The DOS IFR removed Antigua from its list of exempt countries in its title 22 regulations. The DHS title 8 regulations did not include Antigua in its list of exempt countries. As such, the DHS IFR did not reference Antigua.

violators, may improperly gain admission to the United States. As mentioned above, although the removal of this exemption may make the process more difficult for individuals from these specified areas, it creates an equitable standard for H–2A applicants and furthers the national security interests of the United States.

Comment: The two supportive comments stated that the amendments in the IFR improve national security, facilitate the legitimate movement of people into the United States, and promote equality among all individuals seeking to come to the United States as temporary agricultural workers. One commenter also noted that the amendments provide protection for H–2A workers by ensuring that they learn more about their rights and responsibilities when being interviewed for a visa.

Response: CBP agrees with these comments and concurs that the amendments to the regulations support the benefits described.

C. Conclusion

After careful consideration of the comments received, for the reasons stated above, as well as the reasons outlined in the interim final rule, CBP is adopting the interim regulations, published on February 8, 2016, as final without change.

III. Statutory and Regulatory Requirements

A. Executive Orders 13563, 12866, and 13771

Executive Orders 13563 and 12866 direct 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 both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Executive Order 13771 (''Reducing Regulation and Controlling Regulatory Costs'') directs agencies to reduce regulation and control regulatory costs and provides that ''for every one new regulation issued, at least two prior regulations be identified for elimination, and that the cost of planned regulations be prudently managed and controlled through a budgeting process.''

OIRA has designated this rule not significant under Executive Order 12866. Nonetheless, DHS has considered the potential costs and benefits of this rule, as presented below, to inform the public of the costs and benefits of this rule.

This rule is not an E.O. 13771 regulatory action because this rule is not significant under E.O. 12866. *See* Section 4 of Executive Order 13771 and OMB's Memorandum titled ''Guidance Implementing Executive Order 13771, Titled 'Reducing Regulation and Controlling Regulatory Costs'" (April 5, 2017).[2] Additionally, in this memorandum, OMB indicated that when a final rule neither increases nor decreases the cost of the interim final rule, the regulatory action does not need to be offset under this executive order. This final rule does not increase or decrease the cost of the interim final rule. For this reason, as well, this rule is not subject to the offset requirements of Executive Order 13771.

Prior to publishing the IFR in February 2016, a British, French, and Netherlands national and a national of Barbados, Grenada, Jamaica, and Trinidad and Tobago, who have his or her residence in a British, French, or Netherlands territory located in the adjacent islands of the Caribbean area or in Barbados, Grenada, Jamaica, or Trinidad and Tobago, were not required to obtain a visa before traveling to the United States as H–2A agricultural workers. The IFR required these prospective H–2A agricultural workers to obtain a visa prior to travel to the United States. Any spouses or children of these workers also now have to obtain a visa before being brought to the United States. Since 99 percent of such workers[3] came from Jamaica, our analysis will focus on that country. The IFR also eliminated the visa exemption for workers in the U.S. Virgin Islands pursuant to an unexpired indefinite certification granted by DOL. Because these certifications have been obsolete for many years,[4] eliminating them has no effect on the economy; hence, we will ignore this provision for the remainder of the analysis.

Data on the number of visa applications Jamaican travelers need to obtain as a result of this rule is not available. A U.S Citizenship and Immigration Services (USCIS) database tracks the number of petitions for H–2A workers from Jamaica, but does not include the spouses or children who now also need visas to travel to the United States. A CBP database tracks the number of Jamaican nationals arriving under the H–2A program, but counts multiple arrivals by a single person as separate arrivals. For the purposes of this analysis, we use the number of petitions as our primary estimate of the number of visas that are needed under this rule. We use the number of total travelers from Jamaica under the H–2A program to illustrate the upper bound of costs that could result from this rule.

Employers petitioned on behalf of an annual average of 190 workers from Jamaica under this program from FY 2011–2015[5] and an annual average of 4,215 Jamaicans arrived during that time period,[6] which includes arrivals by H–2A agricultural workers as well as their spouses and children. This number also includes multiple arrivals in the same year by the same individuals. Because the number of unique individuals arriving from Jamaica under the H–2A program is not available, we calculate costs based on a range of 190 (our primary estimate) to 4,215 prospective visa applicants. The current nonimmigrant visa application processing fee, also called the Machine-Readable Visa (MRV) fee, is $190. We assume this fee will be paid by the employer for the workers and by the employees for their spouses and children. We estimate that the imposition of the fee costs workers or employers between $36,100 (our primary estimate) and $800,850 per year.

Under this rule, workers are required to apply for a visa using Form DS–160 and undergo an interview at a U.S. embassy or consulate prior to traveling to the United States. According to the Paperwork Reduction Act estimate for Form DS–160,[7] the Department of State estimates that the visa application takes 1.25 hours to complete. The interview itself typically lasts approximately 5–10 minutes; however, when accounting for potential wait time, the interview process may take up to 2 hours. Since the only U.S. embassy in Jamaica is in Kingston, visa applicants may have to travel up to 3.5 hours each way to appear for an interview, depending on their location. We therefore assume that filling out the D–160, traveling to and from the embassy for the visa interview, and the visa interview itself will require

[2] This memorandum is available at: *https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-21-OMB.pdf.*

[3] Source: Communication with the Office of Field Operations (OFO) on October 11, 2016.

[4] *See* section 3 of the Virgin Islands Nonimmigrant Alien Adjustment Act of 1982, Public Law 97–271, 96 Stat. 1157, as amended (8 U.S.C. 1255 note).

[5] Source: Communication with USCIS on October 17, 2016.

[6] Source: CBP's BorderStat Database (internal database), accessed October 5, 2016.

[7] The supporting statement for Form DS–160 is available here: *https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201707-1405-001.*

a total of 10.25 hours of the applicant's time. To the extent the actual time burden to travel to and from the interview is less than we estimated, costs would be lower. Using the average Jamaican wage rate of $3.62/hour [8] and a range of 190 to 4,215 workers per year, we estimate the cost of the time to Jamaican workers as a result of this rule to be between $7,050 (our primary estimate) and $156,398 per year. Combining this with the cost of the visa application fee, we estimate that the total annual cost of this rule is between $43,150 and $957,248.

We are unable to quantify the benefits of this rule; therefore we discuss the benefits qualitatively. Requiring these prospective H–2A agricultural workers to obtain visas ensures that they are properly screened prior to arrival in the United States. This lessens the possibility that a person who poses a security risk to the United States and other potential immigration violators may improperly gain admission to the United States. DHS has determined that visitors from the countries affected by this rule are not a lower security risk than those coming from other countries; therefore, CBP believes that they should be subject to the same screening. Also, prescreening and appearing before consular officers provide greater opportunities to ensure compliance with DHS and DOL H–2A rules, including those regulatory provisions prohibiting the payment of fees by workers in connection with or as a condition of employment or recruitment.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), as amended by the Small Business Regulatory Enforcement and Fairness Act of 1996, requires an agency to prepare a regulatory flexibility analysis that describes the effect of a proposed rule on small entities when the agency is required to publish a general notice of proposed rulemaking. A small entity may be a small business (defined as any independently owned and operated business not dominant in its field that qualifies as a small business per the Small Business Act); a small not-for-profit organization; or a small governmental jurisdiction (locality with fewer than 50,000 people). Since a general notice of proposed rulemaking was not necessary, a regulatory flexibility analysis is not required.

C. Unfunded Mandates Reform Act of 1995

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

D. Executive Order 13132

The rule will not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with section 6 of Executive Order 13132, this rule does not have sufficient federalism implications to warrant the preparation of a federalism summary impact statement.

Amendments to the Regulations

For the reasons set forth above, the interim final rule amending 8 CFR part 212, which was published at 81 FR 6430 on February 8, 2016, is adopted as final without change.

Dated: June 14, 2018.

Kristjen Nielsen,

Secretary.

[FR Doc. 2018–14534 Filed 7–5–18; 8:45 am]

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[8] Derived from International Labor Organization's ILOSTAT internet Database. Available at *http://www.ilo.org/ilostat.* Accessed October 12, 2016. Our weekly wage estimate (18,832 Jamaican Dollars per week) is from the ''Mean nominal monthly earnings of employees by type of scenario'' report for all sectors in 2013 which is the last data year available. Our weekly hours worked estimate (40.7 hours per week) is from the ''Hours of work, by economic activity'' report for all sectors in 2008 which is the last year available for this data point. We converted the wage rate to U.S. dollars using the currency converter available at *http://www.xe.com/currencyconverter/* on October 12, 2016. 18,832 Jamaican Dollars divided by 40.7 hours per week, multiplied by 0.0078155 U.S. dollars per Jamaican dollar = $3.62 U.S. dollars per hour.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 1, 21, 25, 26, 27, 34, 43, 45, 60, 61, 63, 65, 91, 97, 107, 110, 119, 121, 125, 129, 133, 135, 137, 141, 142, 145, and 183

[Docket No.: FAA–2018–0119; Amdt Nos. 1–72, 21–101, 25–145, 26–7, 27–49, 34–6, 43–50, 45–31, 60–5, 61–141, 63–40, 65–57A, 91–350, 97–1338, 107–2, 110–2, 119–19, 121–380, 125–68, 129–53, 133–16, 135–139, 137–17, 141–19, 142–10, 145–32, 183–17]

RIN 2120–AL05

Aviation Safety Organization Changes; Correction

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; correction.

SUMMARY: The FAA is correcting a final rule published on March 5, 2018. In that rule, the FAA replaced specific references to offices within the Aircraft Certification Service and the Flight Standards Service with generic references not dependent on any particular office structure. The FAA incorrectly assigned amendment number 65–56 to this rule. The correct amendment number is 65–57A and this action fixes this error.

DATES: Effective July 6, 2018.

FOR FURTHER INFORMATION CONTACT: For questions concerning AIR offices referred to in this action, contact Suzanne Masterson, Transport Standards Branch (AIR–670), Policy and Innovation Division, Aircraft Certification Service, Federal Aviation Administration, 2200 South 216th St, Des Moines, WA 98189; telephone (206) 231–3211 or (425) 227–1855; email *suzanne.masterson@faa.gov.*

For questions concerning AFS offices referred to in this action, contact Joseph Hemler, Commercial Operations Branch (AFS–820), Flight Standards Service, Federal Aviation Administration, 55 M Street SE, 8th floor, Washington, DC 20003–3522; telephone (202) 267–1100; email *joseph.k.hemler-jr@faa.gov.*

SUPPLEMENTARY INFORMATION:

Background

On March 5, 2018, the FAA published a final rule entitled, ''Aviation Safety Organization Changes'' (83 FR 9162). In that final rule, the FAA replaced specific references to Aircraft Certification Service (AIR) and Flight Standards Service (AFS) offices with generic references not dependent on any particular office structure. This rule did not impose any new obligations and the

intent was to eliminate any confusion about with whom regulated entities and other persons should interact when complying with these various rules.

In that document, the FAA assigned amendment number 65–56 to the rule. However, the FAA previously assigned that amendment number to a final rule that published on December 16, 2014, entitled ''Elimination of the air traffic control tower operator certificate for controllers who hold a federal aviation administration credential with a tower rating on'' (79 FR 74607). The correct amendment number should have been 65–57A, and this action fixes that error.

Correction

1. On page 9162, in the first column, in the heading under the docket number correct ''65–56'' to read ''65–57A''.

Issued under authority provided by 49 U.S.C. 106(f), 44701(a), and 44703 in Washington, DC, on June 27, 2018.

Dale Bouffiou,

Deputy Executive Director, Office of Rulemaking.

[FR Doc. 2018–14399 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF STATE

22 CFR Part 41

[Public Notice 10425]

RIN 1400–AD17

Visas: Documentation of Nonimmigrants Under the Immigration and Nationality Act, as Amended

AGENCY: Department of State.

ACTION: Final rule.

SUMMARY: As a result of this rule, the Department of State finalizes without change a final rule establishing that a passport and a visa is required of a British, French, or Netherlands national, or of a national of Antigua, Barbados, Grenada, Jamaica, or Trinidad and Tobago, who has residence in British, French, or Netherlands territory located in the adjacent islands of the Caribbean area, or has residence in Antigua, Barbados, Grenada, Jamaica, or Trinidad and Tobago, if the alien is proceeding to the United States as an agricultural worker. In light of past experience, and to promote consistency of treatment across H–2A agricultural workers, prudent border management requires that these temporary workers obtain a visa, which already is required of most other H–2A agricultural workers. The previous rule created a vulnerability by allowing temporary workers from these countries to enter the United States without a visa. As a consequence of the Department of Homeland Security (DHS) revising its regulations in parallel with State Department actions, temporary workers from these countries will continue to need H–2A visas to enter the United States.

DATES: The rule is effective on August 6, 2018.

FOR FURTHER INFORMATION CONTACT: U.S. Department of State, Office of Legislation and Regulations, CA/VO/L/R, 600 19th Street NW, Washington, DC 20522, *VisaRegs@state.gov.*

SUPPLEMENTARY INFORMATION: On February 4, 2016, the Department of State (Department) published an interim final rule that would require a British, French, or Netherlands national, or a national of Antigua, Barbados, Grenada, Jamaica, or Trinidad and Tobago, who has a residence in British, French, or Netherlands territory located in the adjacent islands of the Caribbean area, or has residence in Antigua, Barbados, Grenada, Jamaica, or Trinidad and Tobago, to obtain a passport and visa if the alien is proceeding to the United States as an agricultural worker. A minor correction was published on February 12, 2016.

For further information about this rulemaking, please see the interim final rule, published at 81 FR 5906 and correction, published at 81 FR 7454.

Analysis of Comments: Public comments were due on April 4, 2016. The Department received three comments. One comment supported the rule as a necessary security measure. The Department will not make any changes in response to this comment. The remaining two comments were not responsive to the rulemaking. One comment was critical of United States immigration policies gemerally, and the other indicated support for the rule but focused on issues related to domestic agricultural concerns. Accordingly, the rule is final as published.

Regulatory Findings

The Regulatory Findings included in the interim final rule are incorporated herein.

Executive Order 12866 and 13771

OMB has designated this rule ''not significant'' under E.O. 12866. This rule is not subject to the requirements of E.O. 13771 (82 FR 9339, February 3, 2017) because this rule is not significant under E.O. 12866 .

The costs of this rulemaking are discussed in the companion DHS rule, RIN 1651–AB09, included elsewhere in this edition of the **Federal Register**. That discussion is incorporated by reference herein. The Department has reviewed the costs and benefits of this rule to ensure its consistency with the regulatory philosophy and principles set forth in Executive Order 12866 and has determined that the benefits of this rule justify its costs.

Accordingly, the interim rule amending 22 CFR part 41 which was published at 81 FR 5906 on February 4, 2016, is adopted as final without change.

Dated: June 29, 2018.

Carl C. Risch,

Assistant Secretary, Bureau of Consular Affairs, Department of State.

[FR Doc. 2018–14513 Filed 7–5–18; 8:45 am]

BILLING CODE 4710–06–P

DEPARTMENT OF DEFENSE

Department of the Navy

32 CFR Part 763

[Docket ID: USN–2018–HQ–0006]

RIN 0703–AB00

Rules Governing Public Access

AGENCY: Department of the Navy, Department of Defense.

ACTION: Final rule.

SUMMARY: This final rule removes DoD's regulation requiring individuals wishing to visit Kahoʻolawe Island, Hawaii, to receive advance authorization from the Commanding Officer of Naval Base, Pearl Harbor before doing so. This part provided entry procedures for individuals wishing to visit Kahoʻolawe Island, Hawaii, and its adjacent waters due to ongoing military training operations and the presence of unexploded ordnance (UXO). On November 11, 2003, upon the completion of UXO clearance and environmental restoration, control of access to Kahoʻolawe was passed from the United States to the State of Hawaii. Since that time, Navy has not exercised access control to Kahoʻolawe Island or its adjacent waters. This part is no longer required.

DATES: This rule is effective on July 6, 2018.

FOR FURTHER INFORMATION CONTACT: Steven James at 703–601–0514.

SUPPLEMENTARY INFORMATION: It has been determined that publication of this rule removal in the CFR for public comment is impracticable, unnecessary, and contrary to public interest since it is based on removing policies and procedures that are no longer in effect, and which have not been in effect for over 14 years.

Removal of this part does not reduce burden or cost on the public in any way, nor does it add any costs. This burden ended in 2003. Kaho'olawe Island was used by the armed forces of the United States as a training area, including bombing and gunnery training ranges, under authority granted by Executive Order No. 10436 of February 20, 1953. The Commanding Officer, Naval Base Pearl Harbor controlled entry to the area. Title X of the Fiscal Year 1994 Department of Defense Appropriations Act directed the Navy to convey Kaho'olawe and its surrounding waters to the state of Hawaii. As directed by Title X, and in accordance with a required memorandum of understanding between the U.S. Navy and the State of Hawaii, the Navy transferred the title of the island of Kaho'olawe to the state of Hawaii on May 9, 1994. On November 11, 2003, upon the completion of UXO clearance and environmental restoration, control of access to Kaho'olawe was passed from the United States to the State of Hawaii. Since that time, Navy has not exercised access control to Kaho'olawe Island or its adjacent waters.

List of Subjects in 32 CFR Part 763

Federal buildings and facilities, Military law, National defense measures.

PART 763—[REMOVED]

■ Accordingly, by the authority of 5 U.S.C. 301, 32 CFR part 763 is removed.

Dated: June 28, 2018.

E.K. Baldini,

Lieutenant Commander, Judge Advocate General's Corps, U.S. Navy, Federal Register Liaison Officer.

[FR Doc. 2018–14508 Filed 7–5–18; 8:45 am]

BILLING CODE 3810–FF–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 117

[Docket No. USCG–2018–0505]

Drawbridge Operation Regulation; Gulf Intracoastal Waterway, Indian Rocks Beach, FL

AGENCY: Coast Guard, DHS.

ACTION: Notice of deviation from drawbridge regulation.

SUMMARY: The Coast Guard has issued a temporary deviation from the operating schedule that governs the Indian Rocks (SR688) Bridge across the Gulf Intracoastal Waterway, mile 128.2, Indian Rocks Beach, FL. The deviation is necessary to accommodate repairs to the Bridge. This deviation allows the bridge to open, at requested times, a single leaf, and with a 6 hour notice for double leaf openings.

DATES: This deviation is effective without actual notice from July 6, 2018 through 6 p.m. on July 31, 2018. For the purposes of enforcement, actual notice will be used from 6 a.m. May 29, 2018, until July 6, 2018.

ADDRESSES: The docket for this deviation, USCG–2018–0505 is available at *http://www.regulations.gov.* Type the docket number in the ''SEARCH'' box and click ''SEARCH''. Click on Open Docket Folder on the line associated with this deviation.

FOR FURTHER INFORMATION CONTACT: If you have questions on this temporary deviation, call or email MST1 Deborah A. Schneller, Coast Guard Sector Saint Petersburg Waterways Management; telephone (813) 228–2194 x8133, email *Deborah.A.Schneller@uscg.mil.*

SUPPLEMENTARY INFORMATION: Florida Department of Transportation (FDOT), bridge owner, via Quinn Construction Inc, has requested a temporary deviation from the operation that governs the Indian Rocks Bridge across the Gulf Intracoastal Waterway, mile 128.2. This deviation is necessary to facilitate mechanical and electrical repairs, painting, roadway and sidewalk grating replacement which includes concrete removal, and spall repair. The bridge is a double-leaf bascule bridge and has a vertical clearance in the closed to navigation position of 21 feet at mean high water.

The current operating schedule is set out in 33 CFR 117.5. Under this temporary deviation, the bridge will operate on demand but single leaf only and with a 6 hour notice for double leaf openings. This section of the Gulf Intracoastal Waterway is predominantly used by a variety of vessels including U.S. government vessels, small commercial vessels and recreational vessels. The Coast Guard has carefully considered the restrictions with waterway users in publishing this temporary deviation.

Vessels able to pass through the bridge in the closed position may do so at anytime. The bridge will be able to open for emergencies and there is no immediate alternate route for vessels to pass. The Coast Guard will also inform the users of the waterways through our Local and Broadcast Notices to Mariners of the change in operating schedule for the bridge so that vessel operators can arrange their transits to minimize any impact caused by the temporary deviation.

In accordance with 33 CFR 117.35(e), the drawbridge must return to its regular operating schedule immediately at the end of the effective period of this temporary deviation. This deviation from the operating regulations is authorized under 33 CFR 117.35.

Dated: June 25, 2018.

Barry L. Dragon,

Director, Bridge Branch, Seventh Coast Guard District.

[FR Doc. 2018–14521 Filed 7–5–18; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 17

RIN 2900–AP20

Third Party Billing for Medical Care Provided Under Special Treatment Authorities

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: The Department of Veterans Affairs (VA) is amending its medical regulations to clarify that VA will not bill third party payers for care and services provided by VA under certain statutory provisions, which we refer to as ''special treatment authorities.'' These special treatment authorities direct VA to provide care and services to veterans based upon discrete exposures or experiences that occurred during active military, naval, or air service. VA is authorized, but not required by law, to recover or collect charges for care and services provided to veterans for non-service-connected disabilities. This rule establishes that VA will not exercise its authority to recover or collect reasonable charges from third party payers for care and services provided under the special treatment authorities.

DATES: This final rule is effective August 6, 2018.

FOR FURTHER INFORMATION CONTACT: Joseph Duran, Director, Policy and Planning, VHA Office of Community Care (10D1A1), Veterans Health Administration, Department of Veterans Affairs, 810 Vermont Avenue NW, Washington, DC 20420, (303–370–1637). (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: In a document published in the **Federal Register** on November 22, 2017, VA proposed to amend its regulation concerning billing third party payers for

health care received under its special treatment authorities. 82 FR 55547.

VA is authorized by law under 38 U.S.C. 1729 to recover or collect reasonable charges from third parties under certain situations for care and services provided for non-service-connected disabilities. VA does not have authority to recover or collect charges from third parties for care or services provided for service-connected disabilities.

Under the statutes referred to as the special treatment authorities, VA provides care and services to veterans for conditions and disabilities that are related to certain exposures or experiences during active military, naval, or air service, regardless of whether such condition or disability is formally adjudicated by the Veterans Benefits Administration (VBA) to be service-connected. These authorities are codified at 38 U.S.C. 1710(a)(2)(F) and (e), 1720D, and 1720E. These statutory provisions do not expressly refer to the conditions or disabilities resulting from such exposures or experiences as service-connected. Therefore, if veterans meet the eligibility criteria of these discrete categories in law, they receive the health care benefits enumerated in the special treatment authorities. A brief description of each of the special treatment authorities follows.

Subject to the availability of appropriations, the limitations found in 38 U.S.C. 1710(e)(2) and (3), and the definitions in 1710(e)(4), under section 1710(a)(2)(F), VA provides hospital care and medical services, and may furnish nursing home care, to veterans who were exposed to specified hazards or served under certain circumstances as identified in 38 U.S.C. 1710(e). The exposures include herbicide exposure, ionizing radiation, and certain chemical and biological weapons testing, and circumstances of service include service in the Southwest Asia theater during the Persian Gulf War and at Camp Lejeune during specified time periods. A more comprehensive list of the specific exposures and disabilities is located at 38 U.S.C. 1710(e).

Under 38 U.S.C. 1720D, VA may provide counseling and appropriate care and services to help veterans overcome psychological trauma, which in the judgment of a mental health professional employed by VA, resulted from a physical assault of a sexual nature, battery of a sexual nature, or sexual harassment that occurred while the veteran was serving on active duty, active duty for training, or inactive duty training.

Under 38 U.S.C. 1720E, VA is authorized to provide any veteran whose service records include documentation of nasopharyngeal radium irradiation treatments a medical examination, hospital care, medical services, and nursing home care that is needed for the treatment of any cancer of the head or neck that the Secretary finds may be associated with the veteran's receipt of those treatments in active military, naval, or air service. Additionally, notwithstanding the absence of such documentation, VA may provide such care to a veteran who served as an aviator in the active military, naval, or air service before the end of the Korean conflict or a veteran who underwent submarine training in active naval service before January 1, 1965.

The special treatment authorities do not require an adjudication of service-connection to establish eligibility for care. These veterans are eligible under those authorities for treatment of specific conditions, which although not adjudicated as service-connected, are treated as the practical equivalent for medical care purposes. Therefore, in the proposed rule, we proposed adding a new paragraph (a)(9) in § 17.101 to exclude from recovery or collections any reasonable charges from third parties for care and services provided under the special treatment authorities. VA provided a 60-day comment period, which ended on January 22, 2018. We received 2 comments on the proposed rule.

One commenter explained that he was born at Camp Lejeune and that he and his family members have illnesses that he believes are related to exposures while on the base. He questioned why he was denied eligibility for the Camp Lejeune family member program and stated that more people should be eligible for the program. While we are sympathetic to the commenter, this rulemaking only codifies VA's practice of not exercising its discretionary authority in section 1729 to recover or collect from a third party the cost of care and services provided under a special treatment authority, by creating an exception to 38 CFR 17.101. This comment is, therefore, beyond the scope of the rulemaking and we make no changes based on this comment.

The other commenter raised concerns about the commenter's claim for unspecified benefits and a subsequent court decision that are not related to this regulation. The comment is beyond the scope of this rulemaking and we make no changes based on this comment.

Based on the rationale set forth in the **SUPPLEMENTARY INFORMATION** to the proposed rule and in this final rule, VA is adopting the proposed rule as a final rule with no changes.

Effect of Rulemaking

Title 38 of the Code of Federal Regulations, as revised by this final rulemaking, represents VA's implementation of its legal authority on this subject. Other than future amendments to this regulation or governing statutes, no contrary guidance or procedures are authorized. All existing or subsequent VA guidance must be read to conform with this rulemaking if possible or, if not possible, such guidance is superseded by this rulemaking.

Paperwork Reduction Act

Although this action contains provisions constituting collections of information at 38 CFR 17.101, under the Paperwork Reduction Act of 1995, 44 U.S.C. 3501–3521), no new or proposed collections of information are associated with this final rule.

The information collection requirements for § 17.101 are currently approved by the Office of Management and Budget (OMB) and have been assigned OMB control number 2900–0606.

Regulatory Flexibility Act

The Secretary hereby certifies that this final rule will 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. We are not imposing any new requirements that would have such an effect. Our standards almost entirely conform to the existing statutory requirements and existing practices in the program. Therefore, pursuant to 5 U.S.C. 605(b), this rule is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

Executive Orders 12866, 13563, and 13771

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, and other advantages; distributive impacts; and equity). Executive Order 13563 (Improving Regulation and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. Executive Order 12866 (Regulatory Planning and

Review) defines a ''significant regulatory action,'' requiring review by OMB, unless OMB waives such review, 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.

The economic, interagency, budgetary, legal, and policy implications of this final rule have been examined, and it has been determined not to be a significant regulatory action under Executive Order 12866. VA's impact analysis can be found as a supporting document at *http://www.regulations.gov,* usually within 48 hours after the rulemaking document is published. Additionally, a copy of the rulemaking and its impact analysis are available on VA's website at *http://www.va.gov/orpm,* by following the link for ''VA Regulations Published From FY 2004 Through Fiscal Year To Date.'' This rule is not an E.O. 13771 regulatory action because this rule is not significant under E.O. 12866

Unfunded Mandates

The Unfunded Mandates Reform Act of 1995 requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before issuing any rule that may result in an 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. This final rule would have no such effect on State, local, and tribal governments, or on the private sector.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance numbers and titles for the programs affected by this document are 64.011—Veterans Dental Care; 64.012—Veterans Prescription Service; 64.013—Veterans Prosthetic Appliances; 64.014—Veterans State Domiciliary Care; 64.015—Veterans State Nursing Home Care; 64.026—Veterans State Adult Day Health Care; 64.029—Purchase Care Program; 64.033—VA Supportive Services for Veteran Families Program; 64.034—VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces; 64.035—Veterans Transportation Program; 64.039—CHAMPVA; 64.040—VHA Inpatient Medicine; 64.041—VHA Outpatient Specialty Care; 64.042—VHA Inpatient Surgery; 64.043—VHA Mental Health Residential; 64.044—VHA Home Care; 64.045—VHA Outpatient Ancillary Services; 64.046—VHA Inpatient Psychiatry; 64.047—VHA Primary Care; 64.048—VHA Mental Health clinics; 64.049—VHA Community Living Center; 64.050—VHA Diagnostic Care.

List of Subjects in 38 CFR Part 17

Administrative practice and procedure, Alcohol abuse, Alcoholism, Claims, Day care, Dental health, Drug abuse, Foreign relations, Government contracts, Grant programs-health, Grant programs-veterans, Health care, Health facilities, Health professions, Health records, Homeless, Medical and dental schools, Medical devices, Medical research, Mental health programs, Nursing home care, Philippines, Reporting and recordkeeping requirements, Scholarships and fellows, Travel, Transportation expenses, Veterans.

Signing Authority

The Secretary of Veterans Affairs, or designee, approved this document 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. Jacquelyn Hayes-Byrd, Acting Chief of Staff, Department of Veterans Affairs, approved this document on June 28, 2018, for publication.

Dated: July 2, 2018.

Consuela Benjamin,

Regulation Development Coordinator, Office of Regulation Policy & Management, Office of the Secretary, Department of Veterans Affairs.

For the reasons set forth in the preamble, VA amends 38 CFR part 17 as follows:

PART 17—MEDICAL

■ 1. The authority citation for part 17 continues to read in part as follows:

Authority: 38 U.S.C. 501, and as noted in specific sections.

* * * * *

■ 2. Amend § 17.101 by:

■ a. Adding paragraph (a)(9).

■ b. Revising the authority citation at the end of the section.

The addition and revision read as follows:

§ 17.101 Collection or recovery by VA for medical care or services provided or furnished to a veteran for a nonservice-connected disability.

(a) * * *

(9) *Care provided under special treatment authorities.* (i) Notwithstanding any other provisions in this section, VA will not seek recovery or collection of reasonable charges from a third party payer for:

(A) Hospital care, medical services, and nursing home care provided by VA or at VA expense under 38 U.S.C. 1710(a)(2)(F) and (e).

(B) Counseling and appropriate care and services furnished to veterans for psychological trauma authorized under 38 U.S.C. 1720D.

(C) Medical examination, and hospital care, medical services, and nursing home care furnished to veteran for cancer of the head or neck as authorized under 38 U.S.C. 1720E.

(ii) VA may continue to exercise its right to recover or collect reasonable charges from third parties, pursuant to this section, for the cost of care that VA provides to these same veterans for conditions and disabilities that VA determines are not covered by any of the special treatment authorities.

* * * * *

(Authority: 38 U.S.C. 101, 501, 1701, 1705, 1710, 1720D, 1720E, 1721, 1722, 1729)

[FR Doc. 2018–14573 Filed 7–5–18; 8:45 am]

BILLING CODE 8320–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R04–OAR–2017–0642; FRL–9980–50—Region 4]

Air Plan Approval; AL; Section 128 Board Requirements for Infrastructure SIPs

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is taking final action to approve a State Implementation Plan (SIP) submission, submitted by the State of Alabama, through the Alabama Department of Environmental Management (ADEM), on October 24, 2017, and a portion of a December 9, 2015, infrastructure SIP submission. The October 24, 2017 submission addresses the general Clean Air Act (CAA or Act) conflict of interest

requirements applicable to Alabama state boards or agency personnel with respect to the approval of permits or enforcement orders. This submission also specifically addresses requirements for implementation of the following national ambient air quality standards (NAAQS): 1997, 2006, and 2012 Fine Particulate Matter ($PM_{2.5}$), 2008 8-hour Ozone, 2008 Lead, 2010 Nitrogen Dioxide (NO_2), and 2010 Sulfur Dioxide (SO_2). The CAA requires that each state adopt and submit a SIP for the implementation, maintenance and enforcement of each NAAQS promulgated by EPA. Whenever EPA promulgates a new or revised NAAQS, the CAA requires the state to make a new SIP submission establishing that the existing SIP meets the various applicable requirements, or revising the SIP to meet those requirements. This type of SIP submission is commonly referred to as an ''infrastructure'' SIP. In this action, EPA is approving the October 24, 2017, submission with respect to: The CAA conflict of interest requirements; and the related conflict of interest infrastructure SIP requirements for the 1997, 2006, and 2012 $PM_{2.5}$, 2008 8-hour Ozone, 2008 Lead, 2010 NO_2, and 2010 SO_2 NAAQS. In addition, EPA is approving a portion of ADEM's December 9, 2015, infrastructure SIP submission (as supplemented by the October 24, 2017 submission) related to the conflict of interest requirements for the 2012 $PM_{2.5}$ NAAQS. This action removes EPA's obligation to promulgate a Federal Implementation Plan (FIP) to address these CAA state board requirements for Alabama.

DATES: This rule will be effective August 6, 2018.

ADDRESSES: EPA has established a docket for this action under Docket Identification No. EPA–R04–OAR–2017–0642. All documents in the docket are listed on the *www.regulations.gov* website. Although listed in the index, some information is not publicly available, i.e., Confidential Business Information or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically through www.regulations.gov or in hard copy at the Air Regulatory Management Section, Air Planning and Implementation Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street SW, Atlanta, Georgia 30303–8960. EPA requests that if at all possible, you contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to schedule your inspection. The Regional Office's official hours of business are Monday through Friday 8:30 a.m. to 4:30 p.m., excluding Federal holidays.

FOR FURTHER INFORMATION CONTACT: Nacosta C. Ward, Air Regulatory Management Section, Air Planning and Implementation Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street SW, Atlanta, Georgia 30303–8960. The telephone number is (404) 562–9140. Ms. Ward can be reached via electronic mail at *ward.nacosta@epa.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

States must submit infrastructure SIP submissions meeting the applicable requirements of sections 110(a)(1) and (2) of the CAA within three years after EPA's promulgation of a new or revised NAAQS. Sections 110(a)(1) and (2) require states to address basic SIP requirements, including emissions inventories, monitoring, and modeling to assure attainment and maintenance of the new or revised NAAQS. More specifically, section 110(a)(1) provides the procedural and timing requirements for infrastructure SIP submissions. Section 110(a)(2) lists specific requirements that states must meet for ''infrastructure'' SIP purposes, as applicable, related to the newly established or revised NAAQS. In particular, section 110(a)(2)(E)(ii) requires states to include provisions in their SIP to address the state board requirements of section 128.

EPA is finalizing its proposed approval of Alabama's December 9, 2015 and October 24, 2017,[1] submissions to incorporate into its SIP certain regulatory provisions to address the state board requirements of section 128. As a result of the addition of these new SIP provisions to meet the requirements of section 128, EPA is also finalizing approval of these submissions as satisfying the section 110(a)(2)(E)(ii) infrastructure requirement for the 1997, 2006, and 2012 $PM_{2.5}$, 2008 8-hour Ozone, 2008 Lead, 2010 NO_2, and 2010 SO_2 NAAQS. This final action fully addresses the SIP deficiencies related to section 110(a)(2)(E)(ii) and section 128 from EPA's prior disapprovals of infrastructure SIP submissions for the 1997 and 2006 $PM_{2.5}$ NAAQS on October 15, 2012 (77 FR 62449), 2008 8-hour Ozone NAAQS on April 2, 2015 (80 FR 17689), 2008 Lead NAAQS on October 9, 2015 (80 FR 61111), 2010 NO_2 NAAQS on November 21, 2016 (81 FR 83142), and 2010 SO_2 NAAQS on January 12, 2017 (82 FR 3637). Thus, this final action also satisfies EPA's FIP obligation with regard to that infrastructure SIP requirement for these NAAQS based on the prior disapprovals.

EPA proposed to approve Alabama's October 24, 2017, submission related to the state board requirements as meeting the requirements of section 128, and also as meeting the infrastructure requirements of section 110(a)(2)(E)(ii) for the 1997 and 2006 $PM_{2.5}$, 2008 8-hour Ozone, 2008 Lead, 2010 NO_2, and 2010 SO_2 NAAQS and a portion of the December 9, 2015, infrastructure SIP submission related to the state board requirements for the 2012 $PM_{2.5}$ NAAQS in a notice of proposed rulemaking (NPR) published on February 8, 2018 (83 FR 5594). The details of Alabama's submissions and the rationale for EPA's actions related to how Alabama addressed the requirements of section 128 and the related infrastructure section 110(a)(2)(E)(ii) requirements for the aforementioned NAAQS are explained in the NPR.

II. Response to Comments

EPA received a total of nine sets of comments, but only one commenter submitted comments that are relevant to this action.

Comment 1: The Commenter contends that Alabama's new provisions related to conflicts of interest do not fully comply with the CAA section 128 because the provisions apply to the members of applicable boards or bodies, rather than to the board or body itself. Specifically, the Commenter states: ''because the 128(a)(1) applies to the board itself but [Alabama Rule] 335–1–1–.03(1)(h) does not apply to the board itself, but rather to its members, 335–1–1–.03(1)(h) does not meet the requirement of 128(a)(1).'' The Commenter contends that this raises concerns about the enforceability of this provision. The Commenter expresses concern that it could not name the board itself as a defendant because the provision does not apply to the board, and that it could be difficult to enforce the conflict of interest provisions against individual board members because the members each could assert they are not the majority. The Commenter also expresses concern about remedies in such an enforcement action, contending that a ''U.S. District Judge would have to decide which members to remove from the board.'' Therefore, the Commenter suggested

[1] Alabama's October 24, 2017 submission became state effective on December 8, 2017.

that EPA should only conditionally approve the SIP submissions—specifically, that EPA approve the submissions on the condition that the state revise 335–1–1–.03(1)(h) so that it applies to the Alabama Environmental Management Commission (EMC) as a collective entity, rather than to the individual members of the EMC.

EPA's Response 1: EPA does not agree with the Commenter that Alabama Rule 335–1–1–.03(2)(h) [2] does not satisfy the requirements of section 128(a)(1) because the provision applies to each individual member of the board or body, rather than to the board or body itself as a whole. Section 128(a)(1) requires SIPs to (a) ''contain requirements that (1) any board or body which approves permits or enforcement orders under [the CAA] shall have at least a majority of members who represent the public interest and do not derive any significant portion of income from persons subject to permits or enforcement orders under [the CAA].'' Upon approval, the Alabama SIP will contain requirements to ensure that the EMC will have at least a majority of members who represent the public interest and who do not derive a significant portion of income from regulated entities, and that all of the members of the EMC will disclose any potential conflicts of interest. This is because the EMC is made up of the members themselves (there is no separate governing board or body) and because each member will be responsible for meeting all requirements of section 128, including the majority requirements of section 128(a)(1). By electing to make each individual member of the EMC directly responsible for compliance with section 128 requirements, Alabama has assured that the EMC as a whole will meet these requirements.

Further, EPA notes that the CAA does not explicitly require that the provisions of section 128(a)(1) apply directly to a board or body itself as a distinct entity. Ultimately, the requirements of this provisions are met if a majority of board members meet the public-interest and significant-portion-of-income requirements. In fact, as noted in the notice of proposed approval, 83 FR 5597, states have some flexibility to determine the specific provisions needed to satisfy the requirements of section 128, so long as the statutory requirements are met.[3] [4] In this instance, Alabama determined that requiring each member of the board to meet the requirements of section 128(a)(1) is an appropriate means to assure that the EMC as a whole meets the substantive requirements. Thus, EPA believes Alabama's approach satisfies the majority composition requirements of section 128(a)(1), about which the commenter expressed concern, and does not require any amendment.

The Commenter also expresses concern about potential difficulties with pursuing citizen suits as a basis for suggesting that Rule 335–1–1–.03(2)(h) is not enforceable. Specifically, the Commenter suggests that it would be unable to name the board itself as a defendant, then posits that individual board members could say they are not the majority, and concludes that a ''U.S. District Judge would have to decide which members to remove from the board.'' EPA does not agree that being unable to seek enforcement against the board itself versus the individual members will preclude enforcement of the requirements in the event of potential noncompliance. EPA does not believe that Rule 335–1–1–.03(2)(h) presents unique enforcement challenges or that requiring compliance by each member of the EMC, rather than the EMC itself, eliminates the opportunity for judicial review for non-compliance. In particular, the EPA does not agree that the only remedy available to a federal district court is for the court to decide which members to remove from the board. For example, the court could direct board members to comply with the section 128 requirements.

Comment 2: The Commenter also expresses concerns ''with regard to CAA 128(a)(2)'s obligation to adequately disclose potential conflicts of interest, [Rule] 335–1–1–.03(1)(h) and [Rule] 335–1–1–.04(6)'s lack of any specifics as to what constitutes adequate disclosure can lead to confusion and potential lengthy litigation.''

EPA's Response 2: EPA does not agree that omitting an explicit regulatory definition or other specification of what constitutes adequate disclosure is impermissible. EPA notes that the CAA itself does not define what constitutes ''adequately'' disclosing potential conflicts of interest. This means that what constitutes adequate disclosure may depend upon the specific facts and circumstances of a given situation. While EPA's 1978 guidance provides a recommended definition for ''adequately disclosed,'' this guidance also specifies that it does not create a requirement that all SIPs must include EPA's suggested definitions verbatim, or that states must include any definitions in SIPs at all.[5] As noted in the proposed action, EPA has approved similar state law requirements for other states that closely track or mirror the explicit statutory language of section 128, and which do not define ''adequately disclosed.'' [6] Nevertheless, EPA concludes that by requiring each member of the EMC and the management of ADEM to comply with applicable federal law and regulations, those individuals are required to disclose any potential conflicts of interest adequately. The determination of whether they have done so will turn upon the specific facts and circumstances of a given situation, per the explicit requirement of section 128(a)(2). Because Alabama's SIP revision meets CAA requirements and is consistent with EPA guidance and past approvals with respect to the requirements of section 128, EPA believes that state does not need to make the revisions suggested by the Commenter.

III. Incorporation by Reference

In this rule, EPA is finalizing regulatory text that includes incorporation by reference. In accordance with requirements of 1 CFR 51.5, EPA is finalizing the incorporation by reference of ADEM's Section 335–1–1–.03, *Organization and Duties of the Commission* and Section 335–1–1–.04, *Organization of the Department,* state effective December 8, 2017, which revise Alabama's SIP to include language that mandates members of the Alabama Environmental Management Commission and the ADEM Director, Deputy Director, Division Chiefs, and all ADEM personnel meet all requirements of the state ethics law and the conflict of interest provisions of applicable Federal laws and regulations. EPA has made, and will continue to make, these

[2] The Commenter provided a citation to Alabama rule 335–1–1–.03(1)(h) in its comments, but the SIP submission requests incorporation of Alabama rule 335–1–1–.03(2)(h). EPA notes that Alabama rule 335–1–1–.03 does not include a (1)(h), and believes the Commenter's citation was in error. EPA is, therefore, citing to 335–1–1–.03(2)(h) in its responses to the comments.

[3] The U.S. House of Representatives conference committee report for the 1977 amendments stated that ''it is the responsibility of each state to determine the specific requirements to meet the general requirements of [section 128].'' H.R. Rep. 95–564 (1977), reprinted in *Legislative History of the Clean Air Act Amendments of 1977,* 526–527 (1978).

[4] In guidance, EPA has recognized that states may have a variety of procedures and special concerns that may warrant differing approaches to implementation of section 128. ''Guidance to States for Meeting Conflict of Interest Requirements of Section 128,'' Memorandum from David O. Bickart, Deputy General Counsel, to Regional Air Directors, March 2, 1978 (''1978 Guidance'').

[5] 1978 Guidance, ''Model Letter from Regional Offices to States,'' at 2–3.

[6] *See also* EPA proposed rule on South Dakota, 79 FR 71040, 71052, finalized at 80 FR 4799.

materials generally available through *www.regulations.gov* and at the EPA Region 4 Office (please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section of this preamble for more information). Therefore, these materials have been approved by EPA for inclusion in the SIP, have been incorporated by reference by EPA into that plan, are fully federally enforceable under sections 110 and 113 of the CAA as of the effective date of the final rulemaking of EPA's approval, and will be incorporated in the next update to the SIP compilation.[7]

IV. Final Action

As described above, EPA is taking action to approve SIP revisions needed to assure that Alabama's SIP meets the state board requirements of section 128 of the CAA. Approval of Alabama's October 24, 2017 SIP submission, and a portion of the December 9, 2015 SIP submission also meets the section 110(a)(2)(E)(ii) infrastructure SIP requirements for the 1997, 2006, and 2012 $PM_{2.5}$, 2008 8-hour Ozone, 2008 Lead, 2010 NO_2, and 2010 SO_2 NAAQS. With this approval, the deficiencies that EPA identified in the previous partial disapprovals of Alabama's infrastructure SIP submissions related to the state board requirements for the 1997 and 2006 $PM_{2.5}$, 2008 8-hour Ozone, 2008 Lead, 2010 NO_2, and 2010 SO_2 NAAQS are resolved.

V. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. *See* 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. This action merely approves state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this action:

- Is not a significant regulatory action subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011);
- Is not an Executive Order 13771 (82 FR 9339, February 2, 2017) regulatory action because SIP approvals are exempted under Executive Order 12866;
- Does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- Is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- Does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4);
- Does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- Is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- Is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- Is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and
- Does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

The SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the rule does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), nor will it impose substantial direct costs on tribal governments or preempt tribal law.

The Congressional Review Act, 5 U.S.C. 801 *et seq.,* as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this action and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the **Federal Register**. A major rule cannot take effect until 60 days after it is published in the **Federal Register**. This action is not a ''major rule'' as defined by 5 U.S.C. 804(2).

Under section 307(b)(1) of the CAA, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by September 4, 2018. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this action for the purposes of judicial review nor does it extend the time within which a petition for judicial review may be filed, and shall not postpone the effectiveness of such rule or action. This action may not be challenged later in proceedings to enforce its requirements. *See* section 307(b)(2).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Lead, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Sulfur oxides, Volatile organic compounds.

Dated: June 25, 2018.

Onis ''Trey'' Glenn, III,

Regional Administrator, Region 4.

40 CFR part 52 is amended as follows:

PART 52—APPROVAL AND PROMULGATION OF IMPLEMENTATION PLANS

■ 1. The authority citation for part 52 continues to read as follows:

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

Subpart B—Alabama

■ 2. Section 52.50 is amended by:

■ a. In paragraph (c), adding a new heading for ''Chapter No. 335–1–1 Organization'' and adding new entries for ''Section 335–1–1–.03,'' and ''Section 335–1–1–.04'' at the beginning of the table; and

■ b. In paragraph (e), adding new entries for ''110(a)(1) and (2) Infrastructure Requirements for the 1997 Annual $PM_{2.5}$ NAAQS,'' ''110(a)(1) and (2) Infrastructure Requirements for the 2006 24-hour $PM_{2.5}$ NAAQS,'' ''110(a)(1) and (2) Infrastructure Requirements for the 2012 24-hour $PM_{2.5}$ NAAQS,'' ''110(a)(1) and (2) Infrastructure Requirements for the 2008 Lead NAAQS,'' ''110(a)(1) and (2) Infrastructure Requirements for the 2008 8-hour Ozone NAAQS,'' ''110(a)(1) and (2) Infrastructure Requirements for the 2010 NO_2 NAAQS,'' and ''110(a)(1) and (2) Infrastructure Requirements for the 2010 SO_2 NAAQS'' at the end of the table to read as follows:

§ 52.50 Identification of plan.

* * * * *

[7] 62 FR 27968 (May 22, 1997).

(c) * * *

EPA-APPROVED ALABAMA REGULATIONS

State citation	Title/subject	State effective date	EPA approval date	Explanation
Chapter No. 335–1–1 Organization				
Section 335–1–1–.03	Organization and Duties of the Commission.	12/8/2017	7/6/2018, [Insert citation of publication].	
Section 335–1–1–.04	Organization of the Department.	12/8/2017	7/6/2018, [Insert citation of publication].	
* *	*	*	*	* *

* * * * * (e) * * *

EPA-APPROVED ALABAMA NON-REGULATORY PROVISIONS

Name of nonregulatory SIP provision	Applicable geographic or nonattainment area	State submittal date/ effective date	EPA approval date	Explanation
* *	*	*	*	* *
110(a)(1) and (2) Infrastructure Requirements for the 1997 Annual $PM_{2.5}$ NAAQS.	Alabama	12/8/2017	7/6/2018, [Insert citation of publication].	Addressing the state board requirements of sections 128 and 110(a)(2)(E)(ii) only.
110(a)(1) and (2) Infrastructure Requirements for the 2006 24-hour $PM_{2.5}$ NAAQS.	Alabama	12/8/2017	7/6/2018, [Insert citation of publication].	Addressing the state board requirements of sections 128 and 110(a)(2)(E)(ii) only.
110(a)(1) and (2) Infrastructure Requirements for the 2012 24-hour $PM_{2.5}$ NAAQS.	Alabama	12/8/2017	7/6/2018, [Insert citation of publication].	Addressing the state board requirements of sections 128 and 110(a)(2)(E)(ii) only.
110(a)(1) and (2) Infrastructure Requirements for the 2008 Lead NAAQS.	Alabama	12/8/2017	7/6/2018, [Insert citation of publication].	Addressing the state board requirements of sections 128 and 110(a)(2)(E)(ii) only.
110(a)(1) and (2) Infrastructure Requirements for the 2008 8-hour Ozone NAAQS.	Alabama	12/8/2017	7/6/2018, [Insert citation of publication].	Addressing the state board requirements of sections 128 and 110(a)(2)(E)(ii) only.
110(a)(1) and (2) Infrastructure Requirements for the 2010 NO_2 NAAQS.	Alabama	12/8/2017	7/6/2018, [Insert citation of publication].	Addressing the state board requirements of sections 128 and 110(a)(2)(E)(ii) only.
110(a)(1) and (2) Infrastructure Requirements for the 2010 SO_2 NAAQS.	Alabama	12/8/2017	7/6/2018, [Insert citation of publication].	Addressing the state board requirements of sections 128 and 110(a)(2)(E)(ii) only.

§ 52.53 [Amended]

■ 3. Section 52.53 is amended by removing paragraphs (a) through (e).

[FR Doc. 2018–14525 Filed 7–5–18; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket Nos. 10–90; FCC 18–53]

Connect America Fund

AGENCY: Federal Communications Commission.

ACTION: Denial of petition for reconsideration.

SUMMARY: In this document, the Federal Communications Commission (Commission) addresses the petition for reconsideration filed by Alaska Communications Systems (ACS) of the October 31, 2016 Commission's ACS Connect America Fund (CAF) Phase II Order. The Commission denies the petition.

DATES: The denial of the petition for reconsideration is effective August 6, 2018.

FOR FURTHER INFORMATION CONTACT: Alexander Minard, Wireline Competition Bureau, (202) 418–7400 or TTY: (202) 418–0484.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Order on Reconsideration in WC Docket Nos. 10–90; FCC 18–53, adopted on April 25, 2018 and released on April 26, 2018. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY–A257, 445 12th Street SW, Washington, DC 20554 or at the following internet address: *https://www.fcc.gov/document/fcc-addresses-alaska-communications-systems-high-cost-petition.*

I. Introduction

1. In this Order, the Commission addresses the petition for reconsideration filed by ACS of the October 31, 2016 Commission ACS CAF Phase II Order. The *ACS CAF II Order,* 81 FR 83706, November 22, 2016, established the CAF Phase II voice and broadband service obligations for ACS. In its petition, ACS seeks reconsideration of the Commission's definition of ''high-cost,'' which the Commission adopted to provide ACS flexibility to meet its service commitment by deploying to certain locations within census blocks that otherwise have been identified as ''low cost.'' The Commission required ACS to certify, in order to take advantage of that flexibility, that its minimum capital expenditure (capex) for each location in the ''low cost'' census block was at least $5,000, whereas ACS asks that the threshold be lowered to $2,577.79.

2. The Commission hereby denies the ACS petition. In denying the petition, the Commission determines that it struck an appropriate balance in providing ACS some flexibility in meeting its service commitment, while ensuring that high-cost support is targeted to areas that need it most.

II. Discussion

3. The Commission denies ACS' petition to reconsider the conditions the Commission placed on the flexibility it granted ACS. In structuring support, the Commission adopted a tailored approach that reflects the unique challenges of serving Alaska, while preserving and adhering to its fundamental universal service principles and policies—including targeting support to locations that are truly in need of support. In its petition, ACS states that it ''objects to none of [the] conditions [of substituting high-cost locations in low-cost census blocks], but seeks reconsideration only of the meaning of 'high-cost' in [that] context.''

4. As a matter of policy, the Commission decided that the minimum capex for permitting ACS to substitute a location in a low-cost census block for a location in a high-cost census block would be $5,000 as a way of prioritizing support going to higher-cost unserved locations even when allowing ACS to forego deploying to locations in model-identified eligible census blocks. Setting the threshold at or near the lower bound of what ACS estimates is the capex required to serve a location in a high-cost census block would counter the Commission's objective in the *ACS CAF II Order,* because it would allow funding to be re-directed to relatively lower cost locations while leaving higher cost locations unserved. These relatively lower cost locations that would be eligible under the revised threshold are precisely the locations that are more likely to be served even in the absence of universal service support. Particularly given that ACS does not propose that their support levels be adjusted to account for the fact that they would be serving relatively lower cost locations, granting the ACS request would work against the Commission's efforts to efficiently serve the higher cost locations which are least likely to be served apart from universal service support. Therefore, the Commission chose to set the minimum threshold at the average capex for locations in high-cost areas otherwise available to ACS, instead of at the lower bound otherwise used for determining funded locations. This decision thus made sure such flexibility was available to ACS only in instances where the location is among the more costly to serve.

5. As the steward of the limited Universal Service Fund (USF), the Commission has discretion to tailor high-cost support to areas that are the most costly to serve. It is reasonable and entirely within the Commission's authority to limit the flexibility by prioritizing deployment to locations with a greater need for funding, based on the amount of capex ACS actually spends. ACS seems to concede this is a lawful and proper exercise of the Commission's discretion as it seeks even greater flexibility. The $5,000 minimum threshold ensures that ACS is meeting its obligation to serve the locations in model-determined high-cost areas, while allowing ACS some flexibility to exchange some unserved locations in adjacent census blocks for which the cost model did not calculate support, but which nevertheless ultimately are among the costliest for ACS to serve. As the flexibility to swap locations is an exception based on the unique circumstance of ACS in Alaska, the Commission finds that establishing this limit is reasonable and consistent with its overarching universal service principal and policies. The Commission is not persuaded by ACS's arguments that there is no reasonable basis for the $5,000 minimum capex certification requirement or that this obligation is contrary to the public interest.

6. ACS is also misguided in arguing that the $5,000 minimum threshold will leave certain locations unserved and deny support to locations that are otherwise entitled to it. ACS is not required to substitute any locations, and regardless of whether it does, must still deploy to 31,571 locations by the end of the term of support. The Commission made a limited exception in the *ACS CAF II Order* that allows ACS to use high-cost support in model-determined low-cost census blocks where the population is lacking service and where it is very costly. Although the level of the threshold will affect which specific locations are served and counted toward the requirement, the public interest is served because the number of locations ACS is required to serve remains the same.

7. ACS has long argued that the CAM does not appropriately account for the significantly higher costs required to build and operate in Alaska. It is due, in part, to this advocacy that the Commission adopted an ACS-specific order. However, accepting ACS's premise that the CAM underestimates locations' costs would counsel *against* establishing a threshold at the lower end of what ACS's own analysis of the CAM would define as a high-cost location. To use a threshold at such a level would imply that the Commission should allow ACS the flexibility to substitute locations that may not even require support while abandoning locations that are clearly in need of high-cost support. This is because accepting the premise that the CAM underestimates costs would suggest the lower bound threshold ACS proposes is likely too low. By setting the threshold at $5,000 per location, the Commission was able to allow for some flexibility while also reducing subsidization of lower cost locations. Based on ACS' representations regarding capex costs in Alaska and the costs to build to these unserved locations, meeting this threshold should not be problematic. Therefore, the Commission finds its decision was reasoned and serves the public interest. ACS provided nothing in its Petition that persuades us to alter this requirement.

III. Procedural Matters

A. Paperwork Reduction Act

8. This document does not contain new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104–13. In addition, therefore, it does not contain any new or information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, *see* 44 U.S.C. 3506(c)(4).

B. Congressional Review Act

9. The Commission will send a copy of this Report and Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. 801(a)(1)(A).

IV. Ordering Clauses

10. Accordingly, *it is ordered*, pursuant to the authority contained in sections 1, 4(j), 214, 254, and 405 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(j), 214, 254, and 405 and § 1.429 of the Commission's rules, 47 CFR 1.429, that this Order *is adopted*.

11. *It is further ordered* that, pursuant to the authority contained in sections 1, 4(j), 214, 254, and 405 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(j), 214, 254, and 405, and § 1.429 of the Commission's rules, 47 CFR 1.429, the Petition for Reconsideration of the Commission's Order, filed by Alaska Communications, *is denied* as discussed herein.

12. *It is further ordered* that, pursuant to the authority contained in § 1.103 of the Commission's rules, 47 CFR 1.103, this Order *shall be effective* August 6, 2018.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2018–14148 Filed 7–5–18; 8:45 am]

BILLING CODE 6712–01–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 679

[Docket No. 170714670–8561–02]

RIN 0648–BH05

Fisheries of the Exclusive Economic Zone Off Alaska; Reclassifying Squid Species in the BSAI and GOA

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule.

SUMMARY: NMFS issues regulations to implement Amendment 117 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands Management Area (BSAI FMP), implement Amendment 106 to the Fishery Management Plan for Groundfish of the Gulf of Alaska (GOA FMP), and update the species code tables for octopus. This final rule prohibits directed fishing for the squid species complex (squids) by Federally permitted groundfish fishermen, specifies a squid retention limit in the Gulf of Alaska (GOA) groundfish fisheries consistent with the existing Bering Sea and Aleutian Islands Management Area (BSAI) squid retention limit, and makes minor corrections to the octopus species code tables. This action is intended to promote the goals and objectives of the Magnuson-Stevens Fishery Conservation and Management Act, the FMPs, and other applicable laws.

DATES: Effective August 6, 2018.

ADDRESSES: Electronic copies of Amendment 117 to the BSAI FMP, Amendment 106 to the GOA FMP, and the Environmental Assessment/Regulatory Impact Review (collectively the ''Analysis'') prepared for this action may be obtained from *www.regulations.gov.*

Electronic copies of the Initial Regulatory Flexibility Analyses for the BSAI and GOA Groundfish Harvest Specifications for 2018 and 2019 may be obtained from *www.regulations.gov.*

Written comments regarding the burden-hour estimates or other aspects of the collection-of-information requirements contained in this final rule may be submitted by mail to NMFS, Alaska Region, P.O. Box 21668, Juneau, AK 99082–1668, Attn: Ellen Sebastian, Records Officer; in person at NMFS, Alaska Region, 709 West 9th Street, Room 420A, Juneau, AK; by email to *OIRA_Submission@omb.eop.gov;* or by fax to (202) 395–5806.

FOR FURTHER INFORMATION CONTACT: Megan Mackey, (907) 586–7228.

SUPPLEMENTARY INFORMATION:

Authority for Action

NMFS manages the groundfish fisheries in the exclusive economic zones of the BSAI and GOA under the BSAI FMP and GOA FMP (collectively the FMPs). The North Pacific Fishery Management Council (Council) prepared the FMPs under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), 16 U.S.C. 1801 *et seq.* Regulations implementing the FMPs appear at 50 CFR part 679. General regulations governing U.S. fisheries appear at 50 CFR part 600.

This final rule implements Amendments 117/106 and updates the species code for octopus in several tables to 50 CFR part 679. The Council submitted Amendments 117/106 for review by the Secretary of Commerce, and the notice of availability of these amendments was published in the **Federal Register** on March 27, 2018, with comments invited through May 29, 2018 (83 FR 13117). NMFS published the proposed rule for this action on April 11, 2018 (83 FR 15538), with comments invited through May 11, 2018. NMFS received three comment letters from three members of the public. The comments are summarized and responded to under the heading ''Comments and Responses'' below.

A detailed review of the provisions and rationale for this action is provided in the preamble to the proposed rule and is briefly summarized in this final rule.

Background

In June 2017, the Council voted unanimously to recommend FMP Amendments 117/106 to reclassify squids as non-target ecosystem component species, not in need of conservation and management. Squids are currently classified as target species in the FMPs, though as discussed below, squids are currently only caught incidental to other target fisheries. To implement FMP Amendments 117/106, NMFS implements regulations to prohibit directed fishing for squids by Federally permitted groundfish fishermen and to specify a squid retention limit in the GOA groundfish fisheries consistent with the existing BSAI squid retention limit. The following sections of this preamble describe (1) groundfish stock classification in FMPs and a brief

history of this action; (2) the National Standards (NS) guidance for determining which species require conservation and management; (3) FMP Amendments 117/106; (4) the regulatory changes made by this final rule; and (5) the comments received and NMFS responses to those comments.

Stock Classification in FMPs and a Brief History of This Action

Among other requirements, FMPs must comply with the Magnuson-Stevens Act NS (16 U.S.C. 1851). Relevant to this final rule, the NS guidelines at 50 CFR 600.305(d)(11), (12) and (13) define three classifications for stocks in an FMP: (1) Target stocks in need of conservation and management that fishermen seek to catch; (2) non-target stocks in need of conservation and management that are caught incidentally during the pursuit of target stocks; and (3) ecosystem component (EC) species that do not require conservation and management, but may be listed in an FMP in order to achieve ecosystem management objectives.

Squids are currently classified as target species in the FMPs and directed fishing for squids is allowed. For squid, NMFS annually establishes an overfishing level (OFL) that should not be exceeded, an allowable biological catch (ABC) that is the maximum permissible harvest amount, and a total allowable catch (TAC). These terms, and the process for establishing the OFL, ABC, and TAC for squids, are described in the preamble to the proposed rule and are not repeated here (April 11, 2018, 83 FR 15538). The TAC levels established annually for squids are too low to support a directed fishery in either the BSAI or GOA. Directed fishing for squids has been closed in the BSAI and GOA through the annual harvest specifications each year since 2011. Thus, squids are only harvested incidentally in fisheries targeting other species.

Since 2010, the Council's non-target committee, Plan Teams, and Scientific and Statistical Committee have recommended that the Council explore reclassifying squids as EC category species because they do not meet the target species category classification, there is no demand for squid, and squid have not been targeted or open to directed fishing in either the BSAI or GOA for many years (see Section 1.2 of the Analysis). Further, there is no conservation concern for squids because they are extremely short-lived and highly productive, the current fishing mortality is considered insignificant at a population level, and they are unlikely to be overfished in the absence of a directed fishery (see Section 3.2.5 of the Analysis).

Determining Which Species Require Conservation and Management

Section 302(h)(1) of the Magnuson-Stevens Act requires a regional fishery management council to prepare an FMP for each fishery under its authority that is in need of conservation and management. ''Conservation and management'' is defined in section 3(5) of the Magnuson-Stevens Act. The NS guidelines at § 600.305(c) (revised on October 18, 2016, 81 FR 71858), provide direction for determining which stocks will require conservation and management and provide direction to regional fishery management councils and NMFS for how to consider these factors in making this determination. Specifically, the guidelines direct regional fishery management councils and NMFS to consider a non-exhaustive list of ten factors when deciding whether stocks require conservation and management.

Section 2.2.1 of the Analysis considers each of the 10 factors' relevance to squids. The Analysis showed that squids are an important component of the marine ecosystem, particularly due to their importance as prey for marine mammals, fish and other squids. However, despite being classified as a target species, there are currently no directed fisheries for squids. Squids are not important to commercial, recreational, or subsistence users, and the fisheries for BSAI and GOA squids are not important to the National or regional economy. There are no developing fisheries for squids in the exclusive economic zone off Alaska nor in waters of the State of Alaska. In the absence of a directed fishery, squids are unlikely to become overfished because they are short-lived and highly productive, and current surveys are considered substantial underestimates of true squids biomass in both the BSAI and GOA. Therefore, maintaining squids in the FMPs for conservation and management is not likely to improve or maintain the condition of the stocks.

Amendments 117/106

In June 2017, the Council recommended, and NMFS now implements, Amendments 117/106 to reclassify squids as EC category species in the FMPs. Based on a review of the scientific information, and after considering the revised NS guidelines, the Council and NMFS determined that squids are not in need of conservation and management, and that classifying squids in the EC category is an appropriate action.

Though the Council determined, and NMFS concurs, that squids are not in need of conservation and management, squid population status and bycatch should be monitored to continually assess vulnerability of squids to the fishery given their importance in the ecosystem. Therefore, this final rule retains recordkeeping and reporting requirements for squid bycatch. This final rule prohibits directed fishing for squids to meet the intent of Amendments 117/106 that squids are not a target species complex. Because the definition of directed fishing at § 679.2 is based on a maximum retainable amount (MRA), this final rule specifies a retention limit for squids so that NMFS can implement the prohibition on directed fishing to meet the intent of Amendments 117/106.

This Final Rule and the Anticipated Effects

In addition to classifying squids as an EC category species in the FMPs under Amendments 117/106, NMFS issues regulations to limit and monitor the catch of squids. This final rule—

- prohibits directed fishing for squids in the BSAI and GOA groundfish fisheries;
- maintains recordkeeping and reporting requirements of squids in the BSAI and GOA groundfish fisheries, but modifies the pertinent regulations for clarity;
- specifies a squids retention limit, or MRA, in the GOA Federal groundfish fisheries consistent with the existing BSAI squids MRA of 20 percent; and
- revises the species code tables in the regulations to indicate octopus is a multi-species category by using the plural, octopuses.

To prohibit directed fishing, this final rule revises §§ 679.20(i) and 679.22(i) to prohibit directed fishing for squids at all times in the BSAI and GOA groundfish fisheries.

To clarify definitions and recordkeeping and reporting requirements, this final rule adds a definition for squids at § 679.2 and adds an instruction to § 679.5 to use the squids species code in Table 2c to 50 CFR part 679 (Table 2c) to record and report squid catch. These revisions maintain NMFS' ability to monitor the catch, retention, and discard of squids.

The MRA is the proportion or percentage of retained catch of a species closed for directed fishing (incidental catch species) to the retained catch of a species open for directed fishing (basis species). This final rule moves squids out of the basis species category and

into the incidental catch species category consistent with the prohibition on directed fishing for squids under this final rule.

In developing this final rule, the Council and NMFS considered a range of squids MRA percentages: 2 percent, 10 percent, and the current MRA of 20 percent. Section 4.6.2 of the Analysis discusses that a more constraining MRA is more likely to increase discards of dead squids rather than discourage targeting. There are no conservation concerns for squids. Therefore, the Council recommended and NMFS is specifying an MRA for squids of 20 percent in the GOA groundfish fisheries consistent with the existing MRA for squids in the BSAI groundfish fisheries.

This final rule corrects a minor technical inaccuracy in the species code for octopus. This correction does not affect existing reporting requirements.

Comments and Responses

NMFS received three unique comments from three members of the public on the proposed rule.

Comment 1: Squid is a target species in many market sectors. This regulation is not science based and demonstrates willful mismanagement of the Federal public trust. Do not enact these changes.

Response: While there are markets for squids in some places, squids have limited economic value relative to many of the BSAI and GOA groundfish and therefore are not targeted by commercial, recreational, or subsistence fishery participants. In addition, the preamble to the proposed rule (83 FR 15538, April 11, 2018), and the Analysis state that squids are closed to directed fishing and therefore are not directly targeted in the North Pacific groundfish fisheries. This final rule was developed after considering the best available scientific information provided in the Analysis prepared by the Council and NMFS. Specifically, the Analysis examined the biological, economic, and management implications of classifying squids in the EC category. The Analysis describes that there are no conservation concerns for squids. Squids are short-lived and highly productive. Bottom trawl surveys are considered substantial underestimates of true squid biomass in both the BSAI and GOA. Fishing related mortality is extremely low compared with the estimated predation mortality in food web models. In the absence of a directed fishery, squids are very unlikely to become overfished. Therefore, based on the best scientific information available, NMFS determined that squids are not in need of conservation and management and that classifying squids in the EC category is an appropriate action.

Comment 2: The squids retention limit should be zero.

Response: Although squids do not require conservation and management, it is still appropriate to take measures to minimize squids bycatch to the extent practicable. This is consistent with NS 9, which requires that management measures, to the extent practicable, minimize bycatch and to the extent bycatch cannot be avoided, minimize bycatch mortality, and the Council's long-standing practice of minimizing the bycatch of species such as forage fish and grenadiers that are important to the ecosystem but that do not require conservation and management. The preferred alternative maintains the current MRA of 20 percent, rather than imposing a more stringent MRA because a more restrictive MRA does not appear necessary. As noted in the response to Comment 1 above, there are no conservation concerns for squids. Further, Section 4.6.2 of the Analysis discusses that a more constraining MRA is more likely to increase discards of dead squids rather than discourage targeting. Therefore, a retention limit of zero would be unnecessarily constraining and would not be likely to benefit squids.

Comment 3: One commenter expressed support for this action and noted this action provides operational relief to the owners and operators of trawl catcher vessels that may be constrained by a squid OFL in the Bering Sea pollock fishery.

Response: NMFS acknowledges the comment.

Changes From the Proposed Rule

No changes were made from the proposed rule.

Classification

The Administrator, Alaska Region, NMFS has determined that this final rule is necessary to properly classify squids in the FMPs based on the best available scientific information, and is consistent with Amendment 117 to the BSAI FMP, Amendment 106 to the GOA FMP, other provisions of the Magnuson-Stevens Act, and other applicable laws.

This final rule has been determined to be not significant for the purposes of Executive Order 12866.

Small Entity Compliance Guide

Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 states that, for each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis, the agency shall publish one or more guides to assist small entities in complying with the rule, and shall designate such publications as ''small entity compliance guides.'' The preamble to the proposed rule and this final rule serve as the small entity compliance guide. This action does not require any additional compliance from small entities that is not described in the preambles. Copies of the proposed rule and this final rule are available from the NMFS website at *http://alaskafisheries.noaa.gov.*

Regulatory Impact Review (RIR)

An RIR was prepared to assess the costs and benefits of available regulatory alternatives. A copy of this analysis is available from NMFS (see **ADDRESSES**). The Council recommended Amendments 117/106 based on those measures that maximized net benefits to the Nation. Specific aspects of the economic analysis related to the impact of this final rule on small entities are discussed below.

Final Regulatory Flexibility Analysis (FRFA)

This section contains the FRFA for this final rule. Section 604 of the Regulatory Flexibility Act (RFA) requires that, when an agency promulgates a final rule under section 553 of Title 5 of the U.S. Code, after being required by that section or any other law to publish a general notice of proposed rulemaking, the agency shall prepare a FRFA. Section 604 describes the required contents of a FRFA: (1) A statement of the need for and objectives of the rule; (2) a statement of the significant issues raised by the public comments in response to the IRFA, a statement of the assessment of the agency of such issues, and a statement of any changes made in the proposed rule as a result of such comments; (3) the response of the agency to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration (SBA) in response to the proposed rule, and a detailed statement of any changes made to the proposed rule in the final rule as a result of the comments; (4) a description of and an estimate of the number of small entities to which the rule will apply or an explanation of why no such estimate is available; (5) a description of the projected reporting, recordkeeping, and other compliance requirements of the rule, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record; and (6) a description of the steps the agency

has taken to minimize the significant economic impact on small entities consistent with the stated objectives of applicable statutes including a statement of the factual, policy, and legal reasons for selecting the alternative adopted in this final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on small entities was rejected.

A description of this final rule and the need for and objectives of the rule are contained in the preamble to this final rule and the preamble to the proposed rule (83 FR 15538, April 11, 2018), and are not repeated here.

Public and Chief Counsel for Advocacy Comments on the Proposed Rule

NMFS published the proposed rule on April 11, 2018. An IRFA was prepared and summarized in the ''Classification'' section of the preamble to the proposed rule. The comment period closed on May 11, 2018, for the proposed rule and on May 29, 2018, for the notice of availability for the amendments. NMFS received three unique comments from three members of the public on the proposed rule and Amendments 117/106. The Chief Counsel for Advocacy of the SBA did not file any comments on the proposed rule.

NMFS received no comments specifically on the IRFA. However, one of the comments supported the action because it provides operational relief to the owners and operators of trawl catcher vessels.

Number and Description of Small Entities Regulated by This Final Rule

This final rule directly regulates any vessel operator harvesting squids in the Federally managed groundfish fisheries in the BSAI and GOA. The thresholds applied to determine if an entity or group of entities are ''small'' under the RFA depend on the industry classification for the entity or entities. Businesses classified as primarily engaged in commercial fishing are considered small entities if they have combined annual gross receipts not in excess of $11.0 million for all affiliated operations worldwide (81 FR 4469; January 26, 2016). The most recent estimates of the number of fishing vessels participating in the BSAI and GOA groundfish fisheries that are small entities are provided in Table 2 in the IRFAs for the BSAI and GOA annual harvest specifications for 2018 and 2019 (see **ADDRESSES**). In 2016, there were 119 catcher vessels and 5 catcher/processors in the BSAI, and 920 catcher vessels and 3 catcher/processors in the GOA. These estimates likely overstate the number of small entities in the groundfish fisheries off Alaska because some of these vessels are affiliated through common ownership or membership in a cooperative, and the affiliated vessels together would exceed the $11.0 million annual gross receipts threshold for small entities.

The only potential adverse economic impact that has been identified for this final rule is that vessel owners or operators who may wish to conduct directed fishing for squids in the future, and who wish to retain more squids than allowed under the 20 percent MRA, will not be able to do so. This potential adverse impact will not affect any current participants relative to opportunities available to them in recent years, because directed fishing for squid has been closed in the BSAI and GOA since 2011. Therefore, no current participants will lose an economic opportunity that is available to them today or has been available to them in recent years.

The degree to which this final rule could limit current fishery permit holders' future economic activity in the BSAI or GOA could be viewed as an adverse impact of this final rule. This adverse economic impact could affect any future participant in these groundfish fisheries. Therefore, all fishing vessels currently participating in the BSAI and GOA groundfish fisheries that are small entities could be adversely impacted by this final rule in the future. However, based on the very limited number of vessel operators who have expressed interest in conducting directed fishing for squids in the past, the actual number of small entities that will be adversely impacted by this final rule is likely zero or very few. Vessel operators may continue to catch and retain squids in the BSAI and GOA groundfish fisheries as long as they maintain their catch within the 20 percent MRA.

For operators of vessels currently participating in these fisheries, the economic impacts of this final rule are primarily beneficial or neutral. Removing squids from the BSAI target species category will remove the squids TAC from inclusion in the 2 million mt optimum yield (OY) cap in the BSAI. The amount of the OY cap that has been reserved for squids will be available to increase the TAC limit or limits for other BSAI target species. This effect will benefit participants in the BSAI fisheries that experience TAC increases relative to what the TACs would have been without this final rule. Some of the entities that experience benefits from increased TACs in the future may be small entities. The effects on target species TACs will be neutral for the GOA fisheries, as the OY has not constrained TACs in the GOA to date. Therefore, removing the squids TAC in the GOA will not allow for an increase in the TAC for another target species.

For participants in the Bering Sea pollock fishery, moving squids from the target species category to the EC category will remove the squid OFL as a potential constraint for the Bering Sea pollock fishery, thereby increasing the flexibility of the Bering Sea pollock fishery participants to focus on minimizing the bycatch of salmon and other PSC in the pollock fisheries. Removing this constraint will reduce the costs associated with trying to simultaneously minimize the catch of squid and the catch of salmon and other PSC. However, none of the directly regulated entities in the Bering Sea pollock fishery are considered small entities because all of them are affiliated through either ownership or membership in a cooperative and, when considered together, have annual gross receipts that exceed $11.0 million annually.

Recordkeeping, Reporting, and Other Compliance Requirements

Under this final rule, requirements for recording and reporting the catch, discard, and production of squid in logbooks or on catch or production reports will be maintained as they are in existing regulations. This final rule makes only minor modifications to clarify the recordkeeping and reporting requirements in § 679.5, Table 2a to 50 CFR part 679, and Table 2c to 50 CFR part 679. Therefore, moving squids from the target species category to the EC category will not change recordkeeping and reporting costs for fishery participants or impose any additional or new costs on participants.

Description of Significant Alternatives That Minimize Adverse Impacts on Small Entities

The Council and NMFS considered three alternatives. Among the three alternatives, Alternative 2 Option 3 (the preferred alternative) provides the most economic benefits to current participants in the BSAI and GOA groundfish fisheries. The primary economic benefit of this final rule is to reduce the potential constraints imposed by the OFLs, ABCs, and TACs for squids on BSAI and GOA groundfish fisheries. Among the three options considered for the squids MRA (20 percent, 10 percent, and 2 percent), the 20 percent MRA that was selected minimizes the economic impact on any fishing vessel that is a small entity

because it provides the greatest opportunity to retain squid as catch in other groundfish fisheries.

Alternative 1 is the no action alternative and would have continued to classify squids as target species in the FMPs. OFLs, ABCs, and TACs would have continued to be set for squids as a species group in both the BSAI and GOA. Relative to Alternative 2, Alternative 1 could be considered less beneficial to small entities because all catch specifications would need to be maintained, and current constraints on the BSAI and GOA groundfish fisheries would continue. However, Alternative 2 (this final rule) could be considered more restrictive to small entities than Alternative 1 if the prohibition on directed fishing for squids under this final rule limits future participants' ability to conduct directed fishing for squids more so than would have occurred under the status quo. Alternative 1 would have allowed NMFS to determine annually whether to open a directed fishery for squids.

Alternative 2 classifies squids in the BSAI and GOA in the EC category and implements a regulation prohibiting directed fishing for squids that could only be revised through subsequent rulemaking. However, the Council recommended and NMFS concurs that the benefits of this final rule to current fishery participants, including small entities, outweigh the potential future adverse impacts of the prohibition against directed fishing for squids. In addition, this provision can be re-evaluated by the Council and NMFS in the future if fishery participants want to develop directed fisheries for squids.

Alternative 3 would have classified squids in the FMPs as ''non-target'' species, in which case OFLs and ABCs would still have been established but TAC would no longer be specified. Relative to Alternative 2, Alternative 3 would have been less beneficial to small entities because certain catch specifications and their associated fishery constraints would still need to be maintained. When comparing Alternatives 1 and 3, Alternative 3 would have removed the requirement for setting TACs; however, the current potential constraints on other groundfish fisheries if an OFL or ABC for squids were achieved would continue. Therefore Alternative 3 would have been only slightly more beneficial than Alternative 1 to small entities.

Collection-of-Information Requirements

This final rule refers to collection-of-information (''recordkeeping and reporting'') requirements approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA). The relevant information collections are approved under OMB Control Number 0648–0213 (Alaska Region Logbook Family of Forms) and OMB Control Number 0648–0515 (Alaska Interagency Electronic Reporting System). This final rule makes minor revisions to these information collection requirements to clarify the location of the species code for squids in the tables to 50 CFR part 679. These revisions do not change the public reporting burden of the approved information collections or require revisions to the currently approved supporting statements for these collections.

Send comments on these or any other aspects of the collection of information to NMFS Alaska Region at the **ADDRESSES** above, by email to *OIRA_Submission@omb.eop.gov,* or by fax to (202) 395–5806.

Notwithstanding any other provision of the law, no person is required to respond to, and no person shall be subject to penalty for failure to comply with, a collection of information subject to the requirements of the PRA, unless that collection of information displays a currently valid OMB control number. All currently approved NOAA collections of information may be viewed at *http://www.cio.noaa.gov/services_programs/prasubs.html.*

List of Subjects in 50 CFR Part 679

Alaska, Fisheries, Recordkeeping and reporting requirements.

Dated: June 29, 2018.

Samuel D. Rauch, III,

Deputy Assistant Administrator for Regualtory Programs, National Marine Fisheries Service.

For the reasons set out in the preamble, NMFS amends 50 CFR part 679 as follows:

PART 679—FISHERIES OF THE EXCLUSIVE ECONOMIC ZONE OFF ALASKA

■ 1. The authority citation for part 679 continues to read as follows:

Authority: 16 U.S.C. 773 *et seq.;* 1801 *et seq.;* 3631 *et seq.;* Pub. L. 108–447; Pub. L. 111–281.

■ 2. In § 679.2, add a definition for ''Squids'' in alphabetical order to read as follows:

§ 679.2 Definitions.

* * * * *

Squids (see Table 2c to this part and § 679.20(i)).

* * * * *

■ 3. In § 679.5, revise paragraph (a)(3) introductory text and paragraphs (c)(3)(vi)(F) and (c)(4)(vi)(E) to read as follows:

§ 679.5 Recordkeeping and reporting (R&R).

(a) * * *

(3) *Fish to be recorded and reported.* The operator or manager must record and report the following information (see paragraphs (a)(3)(i) through (iv) of this section) for all groundfish (see Table 2a to this part), prohibited species (see Table 2b to this part), forage fish (see Table 2c to this part), grenadiers (see Table 2c to this part), and squids (see Table 2c to this part). The operator or manager may record and report the following information (see paragraphs (a)(3)(i) through (iv) of this section) for non-groundfish (see Table 2d to this part):

* * * * *

(c) * * *

(3) * * *

(vi) * * *

(F) *Species codes.* The operator must record and report required information for all groundfish (see Table 2a to this part), prohibited species (see Table 2b to this part), forage fish (see Table 2c to this part), grenadiers (see Table 2c to this part), and squids (see Table 2c to this part). The operator may record and report information for non-groundfish (see Table 2d to this part).

* * * * *

(4) * * *

(vi) * * *

(E) *Species codes.* The operator must record and report required information for all groundfish (see Table 2a to this part), prohibited species (see Table 2b to this part), forage fish (see Table 2c to this part), grenadiers (see Table 2c to this part), and squids (see Table 2c to this part). The operator may record and report information for non-groundfish (see Table 2d to this part).

* * * * *

■ 4. In § 679.20, revise paragraph (b)(2) introductory text, paragraph (i) subject heading, and paragraphs (i)(3) through (5) to read as follows:

§ 679.20 General limitations.

* * * * *

(b) * * *

(2) *GOA.* Initial reserves are established for pollock, Pacific cod, flatfish, octopuses, sharks, and sculpins, which are equal to 20 percent of the TACs for these species or species groups.

* * * * *

(i) *Forage fish, grenadiers, and squids.*

* * * * *

(3) *Closure to directed fishing.* Directed fishing for forage fish,

grenadiers, and squids is prohibited at all times in the BSAI and GOA.

(4) *Limits on sale, barter, trade, and processing.* The sale, barter, trade, or processing of forage fish, grenadiers, and squids is prohibited, except as provided in paragraph (i)(5) of this section.

(5) *Allowable fishmeal production.* Retained catch of forage fish, grenadiers, or squids not exceeding the maximum retainable amount may be processed into fishmeal for sale, barter, or trade.

* * * * *

■ 5. In § 679.22, revise paragraph (i) to read as follows:

§ 679.22 Closures.

* * * * *

(i) *Forage fish, grenadiers, and squids closures.* See § 679.20(i)(3).

■ 6. Revise Table 2a to part 679 to read as follows:

TABLE 2a TO PART 679—SPECIES CODES: FMP GROUNDFISH

Species description	Code
Atka mackerel (greenling)	193
Flatfish, miscellaneous (flatfish species without separate codes)	120
FLOUNDER:	
Alaska plaice	133
Arrowtooth	121
Bering	116
Kamchatka	117
Starry	129
Octopuses	870
Pacific cod	110
Pollock	270
ROCKFISH:	
Aurora (*Sebastes aurora*)	185
Black (BSAI) (*S. melanops*)	142
Blackgill (*S. melanostomus*)	177
Blue (BSAI) (*S. mystinus*)	167
Bocaccio (*S. paucispinis*)	137
Canary (*S. pinniger*)	146
Chilipepper (*S. goodei*)	178
China (*S. nebulosus*)	149
Copper (*S. caurinus*)	138
Darkblotched (*S. crameri*)	159
Dusky (*S. variabilis*)	172
Greenstriped (*S. elongatus*)	135
Harlequin (*S. variegatus*)	176
Northern (*S. polyspinis*)	136
Pacific Ocean Perch (*S. alutus*)	141
Pygmy (*S. wilsoni*)	179
Quillback (*S. maliger*)	147
Redbanded (*S. babcocki*)	153
Redstripe (*S. proriger*)	158
Rosethorn (*S. helvomaculatus*)	150
Rougheye (*S. aleutianus*)	151
Sharpchin (*S. zacentrus*)	166
Shortbelly (*S. jordani*)	181
Shortraker (*S. borealis*)	152
Silvergray (*S. brevispinis*)	157
Splitnose (*S. diploproa*)	182
Stripetail (*S. saxicola*)	183
Thornyhead (all *Sebastolobus* species)	143
Tiger (*S. nigrocinctus*)	148
Vermilion (*S. miniatus*)	184
Widow (*S. entomelas*)	156
Yelloweye (*S. ruberrimus*)	145
Yellowmouth (*S. reedi*)	175
Yellowtail (*S. flavidus*)	155
Sablefish (blackcod)	710
Sculpins	160
SHARKS:	
Other (if salmon, spiny dogfish or Pacific sleeper shark—use specific species code)	689
Pacific sleeper	692
Salmon	690
Spiny dogfish	691
SKATES:	
Alaska (*Bathyraja parmifera*)	703
Aleutian (*B. aleutica*)	704
Whiteblotched (*B. maculate*)	705
Big (*Raja binoculata*)	702
Longnose (*R. rhina*)	701
Other (if Alaska, Aleutian, whiteblotched, big, or longnose skate—use specific species code)	700
SOLE:	
Butter	126

TABLE 2a TO PART 679—SPECIES CODES: FMP GROUNDFISH—Continued

Species description	Code
Dover	124
English	128
Flathead	122
Petrale	131
Rex	125
Rock	123
Sand	132
Yellowfin	127
Turbot, Greenland	134

■ 7. Revise Table 2c to part 679 to read as follows:

TABLE 2c TO PART 679—SPECIES CODES: FMP FORAGE FISH SPECIES (ALL SPECIES OF THE FOLLOWING FAMILIES), GRENADIER SPECIES, AND SQUIDS.

Species identification	Code
FORAGE FISH:	
Bristlemouths, lightfishes, and anglemouths (family *Gonostomatidae*)	209
Capelin smelt (family *Osmeridae*)	516
Deep-sea smelts (family *Bathylagidae*)	773
Eulachon smelt (family *Osmeridae*)	511
Gunnels (family *Pholidae*)	207
Krill (order *Euphausiacea*)	800
Lanternfishes (family *Myctophidae*)	772
Pacific Sand fish (family *Trichodontidae*)	206
Pacific Sand lance (family *Ammodytidae*)	774
Pricklebacks, war-bonnets, eelblennys, cockscombs and Shannys (family *Stichaeidae*)	208
Surf smelt (family *Osmeridae*)	515
GRENADIERS:	
Giant Grenadiers (*Albatrossia pectoralis*)	214
Other Grenadiers	213
SQUID:	
Squids	875

■ 8. Revise Table 10 to part 679 to read as follows:

Table 10 to Part 679—Gulf of Alaska Retainable Percentages.

BASIS SPECIES		INCIDENTAL CATCH SPECIES (for DSR caught on catcher vessels in the SEO, see § 679.20 (j)[6])																
Code	Species	Pollock	Pacific cod	DW Flat (2)	Rex sole	Flathead sole	SW Flat (3)	Arrow-tooth	Sablefish	Aggregated rockfish(7)	SR/RE ERA (1)	DSR SEO (C/Ps only) (5)	Atka mackerel	Aggregated forage fish(9)	Skates (10)	Other species (6)	Grenadiers (12)	Squids
110	Pacific cod	20	n/a(9)	20	20	20	20	35	1	5	(1)	10	20	2	5	20	8	20
121	Arrowtooth	5	5	20	20	20	20	n/a	1	5	0	0	20	2	5	20	8	20
122	Flathead sole	20	20	20	20	n/a	20	35	7	15	7	1	20	2	5	20	8	20
125	Rex sole	20	20	20	n/a	20	20	35	7	15	7	1	20	2	5	20	8	20
136	Northern rockfish	20	20	20	20	20	20	35	7	15	7	1	20	2	5	20	8	20
141	Pacific ocean perch	20	20	20	20	20	20	35	7	15	7	1	20	2	5	20	8	20
143	Thornyhead	20	20	20	20	20	20	35	7	15	7	1	20	2	5	20	8	20
152/151	Shortraker/rougheye (1)	20	20	20	20	20	20	35	7	15	n/a	1	20	2	5	20	8	20
193	Atka mackerel	20	20	20	20	20	20	35	1	5	(1)	10	n/a	2	5	20	8	20
270	Pollock	n/a	20	20	20	20	20	35	1	5	(1)	10	20	2	5	20	8	20
710	Sablefish	20	20	20	20	20	20	35	n/a	15	7	1	20	2	5	20	8	20
Flatfish, deep-water(2)		20	20	n/a	20	20	20	35	7	15	7	1	20	2	5	20	8	20
Flatfish, shallow-water(3)		20	20	20	20	20	n/a	35	1	5	(1)	10	20	2	5	20	8	20
Rockfish, other (4)		20	20	20	20	20	20	35	7	15	7	1	20	2	5	20	8	20
172	Dusky rockfish	20	20	20	20	20	20	35	7	15	7	1	20	2	5	20	8	20
Rockfish, DSR-SEO (5)		20	20	20	20	20	20	35	7	15	7	n/a	20	2	5	20	8	20
Skates(10)		20	20	20	20	20	20	35	1	5	(1)	10	20	2	n/a	20	8	20
Other species (6)		20	20	20	20	20	20	35	1	5	(1)	10	20	2	5	n/a	8	20
Aggregated amount of non-groundfish species(11)		20	20	20	20	20	20	35	1	5	(1)	10	20	2	5	20	8	20

Notes to Table 10 to Part 679					
1	Shortraker/rougheye rockfish				
		SR/RE	*Sebastes* borealis (shortraker) (152)		
			S. aleutianus (rougheye) (151)		
		SR/RE ERA	Shortraker/rougheye rockfish in the Eastern Regulatory Area (ERA).		
	Where an MRA is not indicated, use the MRA for SR/RE included under Aggregated Rockfish				
2	Deep-water flatfish	Dover sole (124), Greenland turbot (134), Kamchatka flounder (117), and deep-sea sole			
3	Shallow-water flatfish	Flatfish not including deep-water flatfish, flathead sole (122), rex sole (125), or arrowtooth flounder (121)			
4	Other rockfish	Western Regulatory Area	means other rockfish and demersal shelf rockfish		
		Central Regulatory Area			
		West Yakutat District			
		Southeast Outside District	means other rockfish		
		Other rockfish			
		S. aurora (aurora) (185)	*S. variegates* (harlequin)(176)	*S. brevispinis* (silvergrey)(157)	
		S. melanostomus (blackgill)(177)	*S. wilsoni* (pygmy)(179)	*S. diploproa* (splitnose)(182)	
		S. paucispinis (bocaccio)(137)	*S. babcocki* (redbanded)(153)	*S. saxicola* (stripetail)(183)	
		S. goodei (chilipepper)(178)	*S. proriger* (redstripe)(158)	*S. miniatus* (vermilion)(184)	
		S. crameri (darkblotch)(159)	*S. zacentrus* (sharpchin)(166)	*S. reedi* (yellowmouth)(175)	
		S. elongatus (greenstriped)(135)	*S. jordani* (shortbelly)(181)		
		S. entomelas (widow)(156)	*S. flavidus* (yellowtail)(155)		
	In the Eastern Regulatory Area only, Other rockfish also includes *S. polyspinis* (northern)(136)				
5	Demersal shelf rockfish (DSR)	*S. pinniger* (canary)(146)	*S. maliger* (quillback)(147)	*S. ruberrimus* (yelloweye)(145)	
		S. nebulosus (china)(149)	*S. helvomaculatus* (rosethorn)(150)		
		S. caurinus (copper)(138)	*S. nigrocinctus* (tiger)(148)		
		DSR-SEO = Demersal shelf rockfish in the Southeast Outside District (SEO). Catcher vessels in the SEO have full retention of DSR (see § 679.20(j)).			
6	Other species	Sculpins (160)	Octopuses (870)	Sharks (689)	

■ 9. Revise Table 11 to part 679 to read as follows:

7	Aggregated rockfish	Aggregated rockfish (see § 679.2) means any species of the genera *Sebastes* or *Sebastolobus* except *Sebastes ciliates* (dark rockfish), *Sebastes melanops* (black rockfish), and *Sebastes mystinus* (blue rockfish), except in:	
		Southeast Outside District	where DSR is a separate species group for those species marked with an MRA
		Eastern Regulatory Area	where SR/RE is a separate species group for those species marked with an MRA
8	n/a	Not applicable	
Notes to Table 10 to Part 679			
9	Aggregated forage fish (all species of the following taxa)	Bristlemouths, lightfishes, and anglemouths (family *Gonostomatidae*)	209
		Capelin smelt (family *Osmeridae*)	516
		Deep-sea smelts (family *Bathylagidae*)	773
		Eulachon smelt (family *Osmeridae*)	511
		Gunnels (family *Pholidae*)	207
		Krill (order *Euphausiacea*)	800
		Laternfishes (family *Myctophidae*)	772
		Pacific Sand fish (family *Trichodontidae*)	206
		Pacific Sand lance (family *Ammodytidae*)	774
		Pricklebacks, war-bonnets, eelblennys, cockscombs and shannys (family *Stichaeidae*)	208
		Surf smelt (family *Osmeridae*)	515
10	Skates Species and Groups	Alaska (*Bathyraja. Parmifera*)	703
		Aleutian (*B. aleutica*)	704
		Whiteblotched (*Raja binoculata*)	705
		Big Skates (*Raja binoculata*)	702
		Longnose Skates (*R. rhina*)	701
		Other Skates (*Rathyraja* and *Raja spp.*)	700
11	Aggregated non-groundfish	All legally retained species of fish and shellfish, including IFQ halibut, that are not listed as FMP groundfish in Tables 2a and 2c to this part.	
12	Grenadiers	Giant grenadiers (*Albatrossia pectoralis*)	214
		Other grenadiers (all grenadiers that are not Giant grenadiers)	213

Table 11 to Part 679—BSAI Retainable Percentages.

BASIS SPECIES		INCIDENTAL CATCH SPECIES																	
Code	Species	Pollock	Pacific cod	Atka mackerel	Alaska plaice	Arrow-tooth	Kam-chatka	Yellow fin sole	Other flatfish[2]	Rock sole	Flathead sole	Green-land turbot	Sable-fish[1]	Short-raker/ rougheye	Aggregated rockfish[6]	Squids[7]	Aggregated forage fish[7]	Other species[4]	Grenadiers (7)
110	Pacific cod	20	na[5]	20	20	35	35	20	20	20	20	1	1	2	5	20	2	20	8
121	Arrowtooth	20	20	20	20	na	20	20	20	20	20	7	1	2	5	20	2	3	8
117	Kamchatka	20	20	20	20	20	na	20	20	20	20	7	1	2	5	20	2	3	8
122	Flathead sole	20	20	20	35	35	35	35	35	35	na	35	15	7	15	20	2	20	8
123	Rock sole	20	20	20	35	35	35	35	35	na	35	1	1	2	15	20	2	20	8
127	Yellowfin sole	20	20	20	35	35	35	na	35	35	35	1	1	2	5	20	2	20	8
133	Alaska Plaice	20	20	20	na	35	35	35	35	35	35	1	1	2	5	20	2	20	8
134	Greenland turbot	20	20	20	20	35	35	20	20	20	20	na	15	7	15	20	2	20	8
136	Northern	20	20	20	20	35	35	20	20	20	20	35	15	7	15	20	2	20	8
141	Pacific Ocean perch	20	20	20	20	35	35	20	20	20	20	35	15	7	15	20	2	20	8
152/ 151	Shortraker/ Rougheye	20	20	20	20	35	35	20	20	20	20	35	15	na	5	20	2	20	8
193	Atka mackerel	20	20	na	20	35	35	20	20	20	20	1	1	2	5	20	2	20	8
270	Pollock	na	20	20	20	35	35	20	20	20	20	1	1	2	5	20	2	20	8
710	Sablefish[1]	20	20	20	20	35	35	20	20	20	20	35	na	7	15	20	2	20	8
Other flatfish[2]		20	20	20	35	35	35	35	na	35	35	1	1	2	5	20	2	20	8
Other rockfish[3]		20	20	20	20	35	35	20	20	20	20	35	15	7	15	20	2	20	8
Other species[4]		20	20	20	20	35	35	20	20	20	20	1	1	2	5	20	2	na	8
Aggregated amount non-groundfish species[8]		20	20	20	20	35	35	20	20	20	20	1	1	2	5	20	2	20	8

[1] **Sablefish**: for fixed gear restrictions, see § 679.7(f)(3)(ii) and (f)(11).
[2] **Other flatfish** includes all flatfish species, except for Pacific halibut (a prohibited species), flathead sole, Greenland turbot, rock sole, yellowfin sole, Alaska plaice, arrowtooth flounder and Kamchatka flounder.
[3] **Other rockfish** includes all "rockfish" as defined at § 679.2, except for Pacific ocean perch; and northern, shortraker, and rougheye rockfish.
[4] The **Other species** includes sculpins, sharks, skates, and octopuses.
[5] **na** = not applicable
[6] **Aggregated rockfish** includes all "rockfish" as defined at § 679.2, except shortraker and rougheye rockfish.
[7] **Forage fish, grenadiers, and squids** are all defined at Table 2c to this part.
[8] All legally retained species of fish and shellfish, including CDQ halibut and IFQ halibut that are not listed as FMP groundfish in Tables 2a and 2c to this part.

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Proposed Rules

Federal Register
Vol. 83, No. 130
Friday, July 6, 2018

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 AGRICULTURE

Agricultural Marketing Service

7 CFR Part 906

[Doc. No. AMS–SC–17–0049; SC17–906–2 PR]

Oranges and Grapefruit Grown in Lower Rio Grande Valley in Texas; Changing of Container Requirements

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule invites comments on a recommendation to change the container requirements under the marketing order for oranges and grapefruit grown in the Lower Rio Grande Valley in Texas. This action would remove five containers from the list of authorized containers and add seven new containers to the list. This change would also modify the descriptions of two authorized containers.

DATES: Comments must be received by August 6, 2018.

ADDRESSES: Interested persons are invited to submit written comments concerning this proposed rule. Comments must be sent to the Docket Clerk, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250–0237; Fax: (202) 720–8938; or internet: *http://www.regulations.gov.* All comments should reference the document number and the date and page number of this issue of the **Federal Register** and will be made available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed at: *http://www.regulations.gov.* All comments submitted in response to this proposal will be included in the record and will be made available to the public. Please be advised that the identity of the individuals or entities submitting the comments will be made public on the internet at the address provided above.

FOR FURTHER INFORMATION CONTACT: Doris Jamieson, Marketing Specialist, or Christian D. Nissen, Regional Director, Southeast Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; Telephone: (863) 324–3375, Fax: (863) 291–8614, or Email: *Doris.Jamieson@ams.usda.gov* or *Christian.Nissen@ams.usda.gov.*

Small businesses may request information on complying with this regulation by contacting Richard Lower, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Richard.Lower@ams.usda.gov.*

SUPPLEMENTARY INFORMATION: This action, pursuant to 5 U.S.C. 553, proposes amendments to regulations used to carry out a marketing order as defined in 7 CFR 900.2(j). This proposed rule is issued under Marketing Agreement and Order No. 906, as amended (7 CFR part 906), regulating the handling of oranges and grapefruit grown in the Lower Rio Grande Valley in Texas. Part 906 (referred to as the ''Order'') is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.'' The Texas Valley Citrus Committee (Committee) locally administers the Order and is comprised of growers and handlers of Texas citrus operating within the production area.

The Department of Agriculture (USDA) is issuing this proposed rule in conformance with Executive Orders 13563 and 13175. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this proposed rule does not meet the definition of a significant regulatory action, it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ''Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017, titled 'Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017).

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

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

This proposed rule would remove five containers from the list of authorized containers under the Order and would add seven new containers to the list. This action would also modify the descriptions of two authorized containers. The Committee recommended these changes to align the Order's container regulations with current industry practices. The Committee unanimously recommended the changes at a meeting on June 8, 2017.

Section 906.40(d) of the Order authorizes the issuance of regulations to fix the size, weight, capacity, dimensions, or pack of the container or containers which may be used in the packaging, transportation, sale, shipment, or other handling of fruit. Section 906.340 provides that no handler shall handle any variety of oranges or grapefruit grown in the production area unless such fruit is packed in one of the containers specified under the Order. This section also specifies a detailed list of the containers currently authorized under the Order. In addition, this section allows the Committee to approve the use of other types and sizes of containers for testing for research purposes.

The Committee reviewed the containers listed in § 906.340 and compared them to the containers being utilized throughout the industry. This process included surveying handlers to

determine which containers were being used. As a result, the Committee determined five of the authorized containers were no longer being used to pack Texas oranges or grapefruit.

The Committee also reviewed the list of experimental containers that had been approved for testing purposes. Seven of the experimental containers have been widely accepted throughout the Texas citrus industry and are being used to pack and ship Texas citrus. As a result of the review, the Committee voted to remove the five containers that were no longer being used from the list of authorized containers and add the seven experimental containers to § 906.340.

The Committee also discussed that while the description in § 906.340(a)(1)(ii) of the closed fully telescopic fiberboard carton with approximate inside dimensions of 16½ by 10¾ by 9½ inches is correct, this container is commonly known throughout the Texas citrus industry as a standard carton. Consequently, for clarification purposes, the Committee voted to add the words ''Standard Carton'' to this container description.

Further, the Committee noted that in § 906.340(a)(1)(iv) poly or mesh bags can be used to pack oranges and grapefruit to a capacity of 5, 8, 10, or 18 pounds of fruit, but that only oranges can be packed in the 4-pound bags. During the discussion, Committee members agreed handlers should also be allowed to ship grapefruit in 4-pound bags. Thus, the Committee voted to update the description to allow for the packing of both oranges and grapefruit in poly or mesh bags having a capacity of 4 pounds.

The Committee believes these proposed changes would reflect the containers being utilized throughout the industry and would align the regulations with current industry practices.

Section 8e of the Act provides that when certain domestically produced commodities, including oranges, are regulated under a Federal marketing order, imports of that commodity must meet the same or comparable grade, size, quality, and maturity requirements. As this rule changes the container requirements under the domestic handling regulations, no corresponding change to the import regulations is required.

Initial Regulatory Flexibility Analysis

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

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

There are approximately 170 producers of oranges and grapefruit in the production area and 13 handlers subject to regulation under the Order. Small agricultural producers are defined by the Small Business Administration (SBA) as those having annual receipts less than $750,000, and small agricultural service firms are defined as those whose annual receipts are less than $7,500,000 (13 CFR 121.201).

Based on National Agricultural Statistics Service (NASS) and Committee data, the average price for Texas citrus during the 2016–17 season was approximately $16 per carton, and total shipments were 7.6 million cartons. Using the average price and shipment information, the number of handlers (13), and assuming a normal distribution, the majority of handlers would have average annual receipts of 9.4 million, which is greater than $7,500,000. ($16 per carton times 7.6 million cartons equals $121.6 million, divided by 13 equals 9.4 million per handler.) Thus, the majority of Texas citrus handlers may be classified as large business entities.

In addition, based on NASS information, the weighted grower price for Texas citrus during the 2016–17 season was approximately $9.35 per carton. Using the weighted average price and shipment information, the number of producers (170) and assuming a normal distribution, the majority of producers would have annual receipts of $418,000, which is less than $750,000. ($9.35 per carton times 7.6 million cartons equals $71.06 million, divided by 170 equals $418,000 per producer.) Thus, the majority of Texas citrus producers may be classified as small entities.

This proposed rule would revise the container requirements established under the Order. This rule would remove five containers from the list of authorized containers and add seven new containers to the list. This action would also update one container to allow handlers to use it to pack oranges and grapefruit, and would modify the description of another container to indicate it is the standard container used by the industry. These changes would align the list of authorized containers with current industry needs and practices. This rule would revise § 906.340. Authority for these changes is provided in § 906.40.

It is not anticipated that this proposed rule would impose additional costs on handlers or growers, regardless of size. The containers that would be removed from the list of authorized containers are no longer being used by the industry. This rule would provide an additional container for packing grapefruit, clarify the description for one container, and adjust the container regulations to better reflect current industry practices. The benefits of this rule are expected to be equally available to all fresh orange and grapefruit growers and handlers, regardless of size.

The Committee considered alternatives to this action, including making no changes to the list of authorized containers. However, it was determined that making the recommended changes would provide an up-to-date list of containers currently being used by the Texas citrus industry. Therefore, the Committee rejected this alternative.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581–0189, Generic Fruit Crops. No changes in those requirements would be necessary as a result of this action. Should any changes become necessary, they would be submitted to OMB for approval.

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

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

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

In addition, the Committee's meeting was widely publicized throughout the Texas citrus industry, and all interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. Like all

Committee meetings, the June 8, 2017, meeting was a public meeting, and all entities, both large and small, were able to express their views on this issue. Finally, interested persons are invited to submit comments on this proposed rule, including the regulatory and information collection impacts of this action on small businesses.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: *http://www.ams.usda.gov/rules-regulations/moa/small-businesses.* Any questions about the compliance guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

A 30-day comment period is provided to allow interested persons to respond to this proposal. All written comments timely received will be considered before a final determination is made on this matter.

List of Subjects in 7 CFR Part 906

Grapefruit, Marketing agreements, Oranges, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 906 is proposed to be amended as follows:

PART 906—ORANGES AND GRAPEFRUIT GROWN IN LOWER RIO GRANDE VALLEY IN TEXAS

■ 1. The authority citation for 7 CFR part 906 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. Revise § 906.340(a)(1) to read as follows:

§ 906.340 Container, pack, and container marking regulations.

(a) * * *

(1) *Containers.* (i) Closed fiberboard carton with approximate inside dimensions of 13¼ x 10½ x 7¼ inches: *Provided,* That the container has a Mullen or Cady test of at least 200 pounds;

(ii) Closed fully telescopic fiberboard carton with approximate inside dimensions of 16½ x 10¾ x 9½ inches (Standard carton);

(iii) Poly or mesh bags having a capacity of 4, 5, 8, 10, or 18 pounds of fruit;

(iv) Rectangular or octagonal bulk fiberboard crib with approximate dimensions of 46 to 47½ inches in length, 37 to 38 inches in width, and 36 inches in height: *Provided,* That the container has a Mullen or Cady test of at least 1,300 pounds, and that it is used only once for the shipment of citrus fruit: *And Provided further,* That the container may be used to pack any poly or mesh bags authorized in this section, or bulk fruit;

(v) Rectangular or octagonal ⅔ fiberboard crib with approximate dimensions of 46 to 47½ inches in length, 37 to 38 inches in width, and 24 inches in height: *Provided,* That the crib has a Mullen or Cady test of at least 1,300 pounds, and that it is used only once for the shipment of citrus fruit: *And Provided further,* That the container may be used to pack any poly or mesh bags authorized in this section, or bulk fruit;

(vi) Octagonal fiberboard crib with approximate dimensions of 46 to 47½ inches in width, 37 to 38 inches in depth, and 26 to 26½ inches in height: *Provided,* That the crib has a Mullen or Cady test of at least 1,300 pounds, and that it is used only once for the shipment of citrus fruit: *And Provided further,* That the crib may be used to pack any poly or mesh bags authorized in this section, or bulk fruit;

(vii) Fiberboard box holding two layers of fruit, with approximate dimensions of 23 inches in length, 15½ inches in width, and 7 inches in depth;

(viii) Reusable collapsible plastic container with approximate dimensions of 23 inches in length, 15 inches in width, and 7 to 11 inches in depth;

(ix) Reusable collapsible plastic bin with approximate dimensions of 36¾ x 44¾ x 27 inches;

(x) Octagonal bulk triple wall fiberboard crib with approximate dimensions of 37¾ inches in length, 25 inches in width, and 25 inches in height: *Provided,* That the container has a Mullen or Cady test of at least 1,100 pounds: *And Provided further,* That the container may be used to pack any poly or mesh bags authorized in this section, or bulk fruit;

(xi) Bag having the capacity of 15 pounds of fruit, either in a combination ½ poly and ½ mesh bag or mesh bag;

(xii) Reusable collapsible plastic mini bin with approximate dimensions of 39½ inches in length, 24 inches in width, and 30½ inches in height: *Provided,* That the container may be used to pack any poly or mesh bags authorized in this section, or bulk fruit;

(xiii) Bag having the capacity of three pounds of fruit;

(xiv) Standard carton with approximate inside dimensions of 16.375 x 10.6875 x 10.25 inches;

(xv) ⅘ Body master carton with approximate inside dimensions of 19.5385 x 13.125 x 11.625 inches, one piece;

(xvi) Euro ⅘ (5 Down) with approximate inside dimensions of 22.813 x 14.688 x 7.0 up to 7.936 inches;

(xvii) Fiberboard one piece display container with approximate inside dimensions of 23 inches x 15 inches x 9½ up to 10½ inches in depth;

(xviii) Such types and sizes of containers as may be approved by the committee for testing in connection with a research project conducted by or in cooperation with the committee: *Provided,* That the handling of each lot of fruit in such test containers shall be subject to prior approval and under the supervision of the committee.

* * * * *

Dated: July 2, 2018.

Bruce Summers,

Administrator, Agricultural Marketing Service.

[FR Doc. 2018–14511 Filed 7–5–18; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 981

[AMS–SC–18–0018; SC18–981–3]

Handling of Almonds Grown in California

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule invites comments on proposed amendments to Marketing Order No. 981, which regulates the handling of almonds grown in California. The proposed amendments would change the dates associated with the process to nominate members to the Almond Board of California (Board) as well as the start of the term of office of members of the Board. The proposed amendments would also add authority to allow future revisions of the nomination methods and term of office start date through the development of regulations using informal rulemaking.

DATES: Comments must be received by September 4, 2018.

ADDRESSES: Interested persons are invited to submit written comments concerning this proposed rule. Comments must be sent to the Docket Clerk, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250–0237; Fax: (202) 720–8938; or internet: *http://www.regulations.gov.* All comments should reference the document number and the date and

page number of this issue of the **Federal Register** and will be made available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed at: *http://www.regulations.gov.* All comments submitted in response to this proposed rule will be included in the record and will be made available to the public. Please be advised that the identity of the individuals or entities submitting the comments will be made public on the internet at the address provided above.

FOR FURTHER INFORMATION CONTACT: Debbie Wray, Senior Marketing Specialist, or Julie Santoboni, Rulemaking Branch Chief, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, Stop 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Debbie.Wray@ams.usda.gov* or *Julie.Santoboni@ams.usda.gov.*

Small businesses may request information on complying with this regulation by contacting Richard Lower, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Richard.Lower@ams.usda.gov.*

SUPPLEMENTARY INFORMATION: This action, pursuant to 5 U.S.C. 553, proposes amendments to regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This proposed rule is issued under Marketing Order No. 981, as amended (7 CFR part 981), regulating the handling of almonds grown in California. Part 981 (referred to as the ''Order'') is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.'' The Board locally administers the Order and is comprised of almond growers and handlers operating within California.

Section 608c(17) of the Act and the applicable rules of practice and procedure governing the formulation of marketing agreements and orders (7 CFR part 900) authorizes amendment of the Order through this informal rulemaking action. The Agricultural Marketing Service (AMS) will consider comments received in response to this proposed rule and, based on all the information available, will determine if the Order amendments are warranted. If AMS determines amendment of the Order is warranted, a subsequent proposed rule and notice of referendum would be issued, and growers would be allowed to vote for or against the proposed Order amendments. AMS would then issue a final rule effectuating any amendments approved by growers in the referendum.

The Department of Agriculture (USDA) is issuing this proposed rule in conformance with Executive Orders 13563 and 13175. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this proposed rule does not meet the definition of a significant regulatory action, it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ''Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017, titled 'Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017).

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. This proposed rule is not intended to have retroactive effect. This proposed rule shall not be deemed to preclude, preempt, or supersede any State program covering almonds grown in California.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with USDA a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. A handler is afforded the opportunity for a hearing on the petition. After the hearing, USDA would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed no later than 20 days after the date of entry of the ruling.

Section 1504 of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) (Pub. L. 110–246) amended section 8c(17) of the Act, which in turn required the addition of supplemental rules of practice to 7 CFR part 900 (73 FR 49307; August 21, 2008). The amendment of section 8c(17) of the Act and additional supplemental rules of practice authorize the use of informal rulemaking (5 U.S.C. 553) to amend Federal fruit, vegetable, and nut marketing agreements and orders. USDA may use informal rulemaking to amend marketing orders based on its consideration of the nature and complexity of the proposed amendments, the potential regulatory and economic impacts on affected entities, and any other relevant matters.

AMS has considered these factors and has determined that the amendments proposed are not unduly complex, and the nature of the proposed amendments is appropriate for utilizing the informal rulemaking process to amend the Order. A discussion of the potential regulatory and economic impacts on affected entities is discussed later in the ''Initial Regulatory Flexibility Analysis'' section of this proposed rule.

The proposed amendments were unanimously recommended by the Board following deliberations at a public meeting held on December 4, 2017. The proposed rule would amend the Order by: (1) Changing the nomination deadline for Board nominees from January 20 to April 1, the deadline for presenting nominees to USDA for selection from February 20 to June 1, and the start of the term of office from March 1 to August 1; (2) adding the ability to propose future revisions to Board nomination methods by developing regulations through informal rulemaking; and (3) adding the ability to propose future revisions to the start date of the Board's term of office by developing regulations through informal rulemaking.

In addition to these proposals, AMS proposes to make any additional changes to the Order as may be necessary to conform to any amendment that may result from this rulemaking action.

Proposal 1—Nomination and Term of Office Dates

Section 981.32 provides that, each year, nominees for open Board member and alternate member positions shall be chosen by ballot delivered to the Board. In support of this nomination process, § 981.32 further provides that on or before January 20 of each year, the Board shall mail to all handlers and growers, other than the cooperative(s) of record, the required ballots with all necessary voting information; and that nominees chosen by the Board in this manner shall be submitted by the Board to the USDA Secretary of Agriculture (Secretary) on or before February 20 of each year. If a nomination for any Board member or alternate is not received by the Secretary on or before February 20, the Secretary may select, without nomination, such member or alternate from persons belonging to the group to be represented.

Section 981.33 provides that the term of office of Board members and alternate members selected by the Secretary pursuant to § 981.32 shall begin on March 1.

This proposal would amend § 981.32 by changing the nomination deadline for Board nominees from January 20 to April 1 and the deadline for presenting nominees for selection to the Secretary from February 20 to June 1. It would also amend § 981.33 by changing the start of the term of office from March 1 to August 1. A clarifying change would also be made to § 981.33 to remove language related to a previous amendment to the Order that is no longer needed.

Changing the two nomination process dates from January 20 and February 20 to April 1 and June 1, respectively, could provide several benefits. First, preparing ballots to mail in January is very challenging for the Board because it prepares for and hosts major industry activities in December, including a Board meeting and a large, multi-day almond conference that is held at an off-site location. The Board office is also closed the last week of December every year. Because of these year-end activities, it is difficult for the Board to prepare for a nomination mailing in January. Changing the nomination dates would allow the Board sufficient time to prepare nominations for mailing.

In addition, the Board believes that more industry members might participate in the nomination process if it occurred later in the calendar year. This is because many industry members are busy with or returning from winter holiday season activities in December and January and, therefore, may be less likely to participate in nomination proceedings that are occurring at that time.

In addition to the challenges the Board faces in meeting the January nomination deadline, there is currently only one month between the deadline for mailing ballots (January 20) and the date that the Board must process returned ballots and prepare a nomination package to submit to USDA (February 20). In addition to this short timeframe, there are only 9 or 10 days between the February 20 deadline by which the Board must submit nominations to USDA and the March 1 term of office start date. This short timeframe does not provide adequate time for the nominations to be processed and new member selections to be made prior to the new term of office. The proposed changes would provide 60 days between the April 1 and June 1 nomination process deadline dates, compared to the existing 30 days between the current dates of January 20 and February 20. The proposed changes would also provide 60 days between the June 1 deadline for the Board to submit the nominations to USDA and the new August 1 term of office start date, compared to the existing 10 days between the current dates of February 20 and March 1. Extending the times between these dates would improve the overall preparation and processing of nominations.

The proposal to change the term of office start date would improve Board cohesiveness because the Board would then operate on the same timeline as the crop year and the Board's committees. The Order's crop year is defined in § 981.19 as August 1 through July 31. The Board is responsible for all program planning and budgeting for each crop year. However, with the current term of office beginning on March 1, Board members responsible for annual program planning and budget recommendations leave office prior to the end of the crop year; conversely, new Board members also begin serving in the middle of a crop year. Starting the term of office on August 1 would allow Board members to administer activities for an entire crop year as well as provide valuable insight related to the next crop year's activities. In addition, changing the start of the term of office to August 1 would align with the appointment of individuals to various committees that operate under the Board, which occurs at the beginning of each crop year.

Changing the term of office start date from March 1 to August 1 would require current members and alternates to serve a few additional months, beyond the original March 1 start date, until their respective successors were selected and qualified pursuant to § 981.33(a).

These changes to the nomination and term of office dates that appear in two sections of the Order (§§ 981.32 and 981.33) are being proposed as a single amendment because of the relation of the nomination process to the start date of the term of office; that is, if the nomination process dates are changed to occur later in the calendar year (on April 1 and June 1, respectively, as described above), then the start date of the term of office would also need to change from March 1 to a date that would follow the new nomination process dates. As noted above, the Board recommended the term of office start date be changed to August 1.

Proposal 2—Regulation Authority for Nomination Methods

Section 981.32 provides the methods by which nominations for open Board member and alternate member positions shall be chosen, including the dates by which (1) ballots and voting information shall be mailed by the Board to all handlers and growers, other than cooperative(s) of record, and (2) nominations shall be submitted by the Board to the Secretary. Changes to these dates are included in Proposal 1 above (to change from January 20 to April 1 and from February 20 to June 1, respectively).

This proposal would change § 981.32 by adding authority to modify the nomination methods described in paragraph (a) through the future development of regulations using the informal rulemaking process. Currently, changes to the nomination methods require formal rulemaking. The Board would still be required to discuss future proposed changes at its meetings and to vote on whether to recommend changes to USDA. If amended, future changes would still require notice be given to the public with an opportunity for the public to comment on the proposed changes. However, it is anticipated that this proposed amendment would streamline future changes to the Order by allowing such changes to be proposed and finalized through the use of informal rulemaking.

Proposal 3—Regulation Authority for Term of Office Start Date

Section 981.33 provides that the term of office of Board members and alternate members selected by the Secretary pursuant to § 981.32 shall begin on March 1. A change to this term of office start date is included in Proposal 1 above (to change from March 1 to August 1).

This proposal would change § 981.33 by adding authority to modify the term of office start date through the future development of regulations using the informal rulemaking process. Currently, changes to the term of office start date require formal rulemaking. The Board would still be required to discuss a future proposed change at its meetings and to vote on whether to recommend a change to USDA. If amended, a future change to the term of office start date would still require notice be given to the public with an opportunity for the public to comment on the proposed change. However, it is anticipated that this proposed amendment would streamline future changes to the Order by allowing such changes to be proposed and finalized through the use of informal rulemaking.

Initial Regulatory Flexibility Analysis

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

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

There are approximately 6,800 almond growers in the production area and approximately 100 almond handlers subject to regulation under the Order. Small agricultural service firms are defined by the Small Business Administration (SBA) as those having annual receipts of less than $7,500,000, and small agricultural producers are defined as those having annual receipts of less than $750,000 (13 CFR 121.201).

The National Agricultural Statistics Service (NASS) reported in its 2012 Agricultural Census that there were 6,841 almond farms in the production area (California), of which 6,204 had bearing acres. The following computation provides an estimate of the proportion of agricultural producers (farms) and agricultural service firms (handlers) that would be considered small under the SBA definitions.

The NASS Census data indicates that out of the 6,204 California farms with bearing acres of almonds, 4,471 (72 percent) have fewer than 100 bearing acres.

For the almond industry's most recently reported crop year (2016), NASS reported an average yield of 2,280 pounds per acre and a season average grower price of $2.44 per pound. A 100-acre farm with an average yield of 2,280 pounds per acre would produce about 228,000 pounds of almonds. At $2.44 per pound, that farm's production would be valued at $556,320. The Census of Agriculture indicates that the majority of California's almond farms are smaller than 100 acres; therefore, it could be concluded that the majority of growers had annual receipts from the sale of almonds in 2016–17 of less than $556,320, which is below the SBA threshold of $750,000. Thus, over 70 percent of California's almond growers would be classified as small entities according to SBA's definition.

To estimate the proportion of almond handlers that would be considered small businesses, it was assumed that the unit value per shelled pound of almonds exported in a particular year could serve as a representative almond price at the handler level. A unit value for a commodity is the value of exports divided by the quantity. Data from the Global Agricultural Trade System database of USDA's Foreign Agricultural Service showed that the value of almond exports from August 2016 to July 2017 (combining shelled and inshell almonds) was $4.072 billion. The quantity of almond exports over that time period was 1.406 billion pounds, combining shelled exports and the shelled equivalent of inshell exports. Dividing the export value by the quantity yields a unit value of $2.90 per pound. Subtracting this figure from the NASS 2016 estimate of season average grower price per pound ($2.44) yields $0.46 per pound as a representative grower-handler margin. Applying the $2.90 representative handler price per pound to 2016–17 handler shipment quantities provided by the Board showed that approximately 40 percent of California's almond handlers shipped almonds valued under $7,500,000 during the 2016–17 crop year and would therefore be considered small entities according to the SBA definition.

The proposed amendments would change the dates associated with the process to nominate Board members and alternates as well as the start of the term of office of Board members. The proposed amendments would also add authority to allow future revisions of the nomination methods and term of office dates through the development of regulations using informal rulemaking. These amendments would improve the nomination process, align the term of office with the crop year and appointment of Board committees, and streamline the process for making similar changes in the future.

The Board's proposed amendments were unanimously recommended at a public meeting of the Board on December 4, 2017. The proposed amendments are administrative in nature; therefore, if any or all of the proposals are approved in referendum, there should be no economic impact on growers or handlers. Changing the nomination dates could encourage greater industry participation on the Board because the timing of the current nominations occurs immediately after the winter holiday season, when many industry members are just returning to their operations and may be less inclined to participate. The changes to the nomination process dates and the term of office start date are expected to streamline and improve operations of the Board. Adding authority to allow the development of regulations through informal rulemaking for making future changes to the nomination methods and term of office start date could reduce the time it takes to implement the changes, thereby allowing the Board to function more effectively.

Alternatives to the proposals, including recommending no changes, were considered. However, the Board believes that changing the nomination process dates and term of office start date, as well as adding authority to make similar changes in the future by creating regulations through informal rulemaking, will be beneficial to the industry by enhancing Board operations and effectiveness.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581–0178 (Vegetable and Specialty Crops). No changes in those requirements are necessary as a result of this action. Should any changes become necessary, they would be submitted to OMB for approval.

This proposed rule would impose no additional reporting or recordkeeping requirements on either small or large California almond handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

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

USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this action.

The Board's meeting was widely publicized throughout the almond industry. All interested persons were invited to attend the meeting and encouraged to participate in Board deliberations on all issues. Like all Board meetings, the December 4, 2017, meeting was public, and all entities, both large and small, were encouraged to express their views on these proposals.

Finally, interested persons are invited to submit comments on the proposed amendments to the Order, including comments on the regulatory and information collection impacts of this action on small businesses.

Following analysis of any comments received on the amendments proposed in this proposed rule, AMS will evaluate all available information and determine whether to proceed. If appropriate, a proposed rule and notice

of referendum would be issued, and growers would be provided the opportunity to vote for or against the proposed amendments. Information about the referendum, including dates and voter eligibility requirements, would be published in a future issue of the **Federal Register**. A final rule would then be issued to effectuate any amendments favored by growers participating in the referendum.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: *http://www.ams.usda.gov/rules-regulations/moa/small-businesses.* Any questions about the compliance guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

General Findings

The findings hereinafter set forth are supplementary to the findings and determinations which were previously made in connection with the issuance of Marketing Order 981; and all said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

1. Marketing Order 981 as hereby proposed to be amended and all of the terms and conditions thereof, would tend to effectuate the declared policy of the Act;

2. Marketing Order 981 as hereby proposed to be amended regulates the handling of almonds grown in California and is applicable only to persons in the respective classes of commercial and industrial activity specified in the Marketing Order;

3. Marketing Order 981 as hereby proposed to be amended is limited in application to the smallest regional production area which is practicable, consistent with carrying out the declared policy of the Act, and the issuance of several marketing orders applicable to subdivisions of the production area would not effectively carry out the declared policy of the Act;

4. Marketing Order 981 as hereby proposed to be amended prescribes, insofar as practicable, such different terms applicable to different parts of the production area as are necessary to give due recognition to the differences in the production and marketing of almonds produced or packed in the production area; and

5. All handling of almonds produced or packed in the production area as defined in Marketing Order 981 is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects such commerce.

A 60-day comment period is provided to allow interested persons to respond to these proposals. Any comments received on the amendments proposed in this proposed rule will be analyzed, and if AMS determines to proceed based on all the information presented, a grower referendum would be conducted to determine grower support for the proposed amendments. If appropriate, a final rule would then be issued to effectuate the amendments favored by growers participating in the referendum.

List of Subjects in 7 CFR Part 981

Almonds, Marketing agreements, Nuts, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 981 is proposed to be amended as follows:

PART 981—ALMONDS GROWN IN CALIFORNIA

■ 1. The authority citation for 7 CFR part 981 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. Amend § 981.32 by revising paragraph (a)(1) and adding paragraph (a)(3) to read as follows:

§ 981.32 Nominations.

(a) *Method.* (1) Each year the terms of office of three of the members elected pursuant to § 981.31(a) and (b) shall expire, except every third year when the term of office for two of those members shall expire. Nominees for each respective member and alternate member shall be chosen by ballot delivered to the Board. Nominees chosen by the Board in this manner shall be submitted by the Board to the Secretary on or before June 1 of each year together with such information as the Secretary may require. If a nomination for any Board member or alternate is not received by the Secretary on or before June 1, the Secretary may select such member or alternate from persons belonging to the group to be represented without nomination. The Board shall mail to all handlers and growers, other than the cooperative(s) of record, the required ballots with all necessary voting information including the names of incumbents willing to accept renomination, and, to such growers, the name of any person proposed for nomination in a petition signed by at least 15 such growers and filed with the Board on or before April 1. Distribution of ballots shall be announced by press release, furnishing pertinent information on balloting, issued by the Board through newspapers and other publications having general circulation in the almond producing areas.

* * * * *

(3) The Board may recommend, subject to the approval of the Secretary, a change to the nomination method, should the Board determine that a revision is necessary.

* * * * *

■ 3. Amend § 981.33 by revising the first sentence of paragraphs (a) and (b), revising the last sentence of paragraph (c), and adding paragraph (d) to read as follows:

§ 981.33 Selection and term of office.

(a) Members and their respective alternates for positions open on the Board shall be selected by the Secretary from persons nominated pursuant to § 981.32, or, at the discretion of the Secretary, from other qualified persons, for a term of office beginning August 1. * * *

(b) The term of office of members of the Board shall be for a period of three years beginning on August 1 of the years selected except where otherwise provided. * * *

(c) * * * This limitation on tenure shall not apply to alternate members.

(d) The Board may recommend, subject to approval of the Secretary, revisions to the start date for the term of office of members of the Board.

Dated: July 2, 2018.

Bruce Summers,

Administrator, Agricultural Marketing Service.

[FR Doc. 2018–14512 Filed 7–5–18; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 1220

[Doc. No. AMS–LPS–18–0015]

Soybean Promotion and Research: Amend the Order To Adjust Representation on the United Soybean Board

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule would adjust the number of members on the United Soybean Board (Board) to reflect changes in production levels that have occurred since the Board was last reapportioned in 2015. As required by the Soybean Promotion, Research, and

Consumer Information Act (Act), membership on the Board is reviewed every 3 years and adjustments are made accordingly. This proposed change would result in an increase in Board membership for five States, increasing the total number of Board members from 73 to 78. These changes would be reflected in the Soybean Promotion and Research Order (Order) and would be effective for the 2019 appointment process.

DATES: Comments must be received by September 4, 2018.

ADDRESSES: Interested persons are invited to submit written comments concerning this proposed rule. Comments should be submitted on the internet at *www.regulations.gov* or Research and Promotion Division; Livestock and Poultry Program; Agricultural Marketing Service (AMS); U.S. Department of Agriculture (USDA), Room 2610–S, STOP 0251; 1400 Independence Avenue SW.; Washington, DC 20250–0251. All comments should reference the docket number, the date and page number of this issue of the **Federal Register** and will be made available for public inspection at the above address during regular business hours or at *www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Mike Dinkel, (202) 720–0633, *Michael.Dinkel@ams.usda.gov.*

SUPPLEMENTARY INFORMATION:

Executive Order 12866

The Office of Management and Budget (OMB) has waived the review process required by Executive Order 12866 for this action.

Executive Order 12988

This proposed rule was reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have a retroactive effect. This action would not preempt any State or local laws, regulations, or policies unless they present an irreconcilable conflict with this rule.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 1971 of the Act (7 U.S.C. 6306), a person subject to the Order may file a petition with USDA stating that the Order, any provision of the Order, or any obligation imposed in connection with the Order is not in accordance with the law and request a modification of the Order or an exemption from the Order. The petitioner is afforded the opportunity for a hearing on the petition. After a hearing, USDA would rule on the petition. The Act provides that district courts of the United States in any district in which such person is an inhabitant, or has his or her principal place of business, have jurisdiction to review USDA's ruling on the petition if a complaint for this purpose is filed within 20 days after the date of the entry of the ruling.

Regulatory Flexibility Act

The purpose of the Regulatory Flexibility Act (RFA) (5 U.S.C. 601–612) is to fit regulatory actions to the scale of businesses subject to such actions so that small businesses will not be disproportionately burdened. AMS has determined that this rule will not have a significant economic impact on a substantial number of small entities, as defined by RFA, because it only adjusts representation on the Board to reflect changes in production levels that have occurred since the Board was last reapportioned in 2015. As such, these changes will not have a significant impact on persons subject to the program.

There are an estimated 515,008 soybean producers and an estimated 10,000 first purchasers who collect the assessment, most of whom would be considered small businesses under the criteria established by the Small Business Administration (SBA) [13 CFR 121.201]. SBA defines small agricultural producers as those having annual receipts of less than $750,000.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the reporting and recordkeeping requirements included in 7 CFR part 1220 were previously approved by OMB and were assigned control number 0581–0093.

Background and Proposed Changes

The Act (7 U.S.C. 6301–6311) provides for the establishment of a coordinated program of promotion and research designed to strengthen the soybean industry's position in the marketplace, and to maintain and expand domestic and foreign markets and uses for soybeans and soybean products. The program is financed by an assessment of 0.5 percent of the net market price of soybeans sold by producers. Pursuant to the Act, an Order was made effective July 9, 1991. The Order established an initial Board with 60 members. For purposes of establishing the Board, the United States was divided into 31 States and geographical units. Representation on the Board from each unit was determined by the level of production in each unit. The initial Board was appointed on July 11, 1991. The Board is composed of soybean producers.

Section 1220.201(c) of the Order provides that at the end of each 3-year period, the Board shall review soybean production levels in the geographic units throughout the United States. The Board may recommend to the Secretary of Agriculture (Secretary) modifications in the levels of production necessary to determine Board membership for each unit.

Section 1220.201(d) of the Order provides that at the end of each 3-year period, the Secretary must review the volume of production of each unit and adjust the boundaries of any unit and the number of Board members from each such unit as necessary to conform with the criteria set forth in § 1220.201(e): (1) To the extent practicable, States with annual average soybean production of less than 3 million bushels shall be grouped into geographically contiguous units, each of which has a combined production level equal to or greater than 3 million bushels, and each such group shall be entitled to at least one member on the Board; (2) units with at least 3 million bushels, but fewer than 15 million bushels shall be entitled to one board member; (3) units with 15 million bushels or more but fewer than 70 million bushels shall be entitled to two Board members; (4) units with 70 million bushels or more but fewer than 200 million bushels shall be entitled to three Board members; and (5) units with 200 million bushels or more shall be entitled to four Board members.

The Board was last reapportioned in 2015. The total Board membership increased from 70 to 73 members, with Missouri, New Jersey, and Wisconsin each gaining one additional member. The final rule was published in the **Federal Register** (80 FR 63909) on October 22, 2015. This change was effective with the 2016 appointments.

This proposed rule would increase total membership on the Board from 73 to 78, based on production data for years 2013–2017 (excluding the crops in years in which production was the highest and in which production was the lowest) as reported by USDA's National Agricultural Statistics Service. This change would not affect the number of geographical units.

This proposed rule would adjust representation on the Board as follows:

State	Current representation	Proposed representation
Alabama	1	2
Kentucky	2	3
North Dakota	3	4

State	Current representation	Proposed representation
South Dakota	3	4
Tennessee	2	3

Board adjustments as proposed by this rulemaking would become effective, if adopted, with the 2019 appointment process.

List of Subjects in 7 CFR Part 1220

Administrative practice and procedure, Advertising, Agricultural research, Marketing agreements, Soybeans and soybean products, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, it is proposed that Title 7, part 1220 be amended as follows:

PART 1220—SOYBEAN PROMOTION, RESEARCH, AND CONSUMER INFORMATION

■ 1. The authority citation for part 1220 continues to read as follows:

Authority: 7 U.S.C. 6301–6311 and 7 U.S.C. 7401.

■ 2. In § 1220.201, the table immediately following paragraph (a) is revised to read as follows:

§ 1220.201 Membership of board.

(a) * * *

Unit	Number of members
South Dakota	4
Ohio	4
North Dakota	4
Nebraska	4
Missouri	4
Minnesota	4
Iowa	4
Indiana	4
Illinois	4
Wisconsin	3
Tennessee	3
Mississippi	3
Michigan	3
Kentucky	3
Kansas	3
Arkansas	3
Virginia	2
Pennsylvania	2
North Carolina	2
Maryland	2
Louisiana	2
Alabama	2
Texas	1
South Carolina	1
Oklahoma	1
New York	1
New Jersey	1
Georgia	1
Delaware	1
Eastern Region (Connecticut, Florida, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, West Virginia, District of Columbia, and Puerto Rico)	1
Western Region (Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming	1

* * * * *

Dated: July 2, 2018.

Bruce Summers,

Administrator.

[FR Doc. 2018–14507 Filed 7–5–18; 8:45 am]

BILLING CODE P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 33

[Docket No. FAA–2018–0568; Notice No. 18–02]

RIN 2120–AK83

Medium Flocking Bird Test at Climb Condition

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes the addition of a new test requirement to the airworthiness regulation addressing engine bird ingestion. The current regulation ensures bird ingestion capability of the turbofan engine fan blades, but the existing test conditions do not adequately demonstrate bird ingestion capability of the engine core. This proposed rule would require that, to obtain certification of a turbofan engine, a manufacturer must show that the engine core can continue to operate after ingesting a medium sized bird while operating at a lower fan speed associated with climb or landing. This new requirement would ensure that engines can ingest the largest medium flocking bird required by the existing

rule into the engine core at climb or descent conditions.

DATES: Send comments on or before September 4, 2018.

ADDRESSES: Send comments identified by docket number FAA–2018–0568 using any of the following methods:

- *Federal eRulemaking Portal:* Go to *http://www.regulations.gov* and follow the online instructions for sending your comments electronically.
- *Mail:* Send comments to Docket Operations, M–30, U.S. Department of Transportation (DOT), 1200 New Jersey Avenue SE, Room W12–140, West Building Ground Floor, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* Take comments to Docket Operations in Room W12–140 of the West Building Ground Floor at 1200 New Jersey Avenue SE, Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- *Fax:* Fax comments to Docket Operations at 202–493–2251.

Privacy: In accordance with 5 U.S.C. 553(c), DOT solicits comments from the public to better inform its rulemaking process. DOT posts these comments, without edit, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice (DOT/ALL–14 FDMS), which can be reviewed at *www.dot.gov/privacy.*

Docket: Background documents or comments received may be read at *http://www.regulations.gov* at any time. Follow the online instructions for accessing the docket or go to the Docket Operations in Room W12–140 of the West Building Ground Floor at 1200 New Jersey Avenue SE, Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Alan Strom, Federal Aviation Administration, Engine and Propeller Standards Branch, Aircraft Certification Service, AIR–6A1, 1200 District Avenue, Burlington, Massachusetts 01803–5213; telephone (781) 238–7143; fax (781) 238–7199; email *alan.strom@faa.gov.*

SUPPLEMENTARY INFORMATION:

Authority for This Rulemaking

The FAA's authority to issue rules on 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 issued under the authority described in 49 U.S.C. 44701(a)(1). Under that section, the FAA is charged with, among other things, prescribing minimum safety standards for aircraft engines used in the flight of civil aircraft in air commerce. This proposed rule is within the scope of that authority because it updates existing regulations for certification of aircraft turbofan engines.

I. Overview of Proposed Rule

This proposed rule would create an additional bird ingestion test for turbofan engines. The new requirements would be added to 14 CFR 33.76, which covers engine testing for bird ingestion. This new test would ensure that engines can ingest the largest medium flocking bird (MFB) required by the existing rule, into the engine core at climb conditions. If the engine design is such that no bird material will be ingested into the engine core [1] during the test at climb conditions, then the proposed rule would require a different test at approach conditions.

The proposed test consists of firing at the engine core one MFB, equivalent to the largest bird currently required by § 33.76(c) for the engine inlet throat area of the engine being tested, using either the following climb or descent testing conditions for an engine:

(1) *Testing for bird ingestion on climb.* The test bird would be fired at 250-knots, with the mechanical engine fan speed set at the lowest expected speed when climbing through 3,000 feet altitude above ground level (AGL). After bird ingestion, the proposal would require that the engine comply with post-test run-on requirements similar to those in existing § 33.76(d)(5), large flocking bird (LFB) test, except that, depending on the climb thrust of the engine, less than 50 percent takeoff thrust may be allowed during the first minute after bird ingestion.

(2) *Testing for bird ingestion on descent.* If the applicant determines that no bird mass will enter the core during the test at the 250-knots/climb condition, then the applicant would be required to perform an alternative test to that described in the paragraph (1). For this test, the bird would be fired at 200-knots, with the engine mechanical fan speed set at the lowest fan speed expected when descending through 3,000 feet altitude AGL on approach to landing. Applicants would be required to comply with post-test run-on requirements that are the same as the final six (6) minutes of the existing § 33.76(d)(5) post-test run-on requirements for large flocking birds (LFB). This is based on the assumption that the airplane will already be lined up with the runway.

Summary of Costs and Benefits

The FAA estimates the annualized costs of this proposed rule to be $4 million, or $52 million over 27 years (at a seven percent present discount rate).[2] The FAA estimates the annualized benefits of $5 million, or $61 million over 27 years. The following table summarizes the benefits and costs of this proposed rule.

SUMMARY OF BENEFITS AND COSTS

[$Millions] *

Impact	27-year total present value		Annualized	
	7%	3%	7%	3%
Benefits	$61.0	$100.6	$5.1	$5.5
Costs	51.5	71.5	4.3	3.9
Net Benefits	9.4	29.1	0.8	1.6

*Estimates may not total due to rounding. FAA uses discount rates of seven and three percent based on OMB guidance.

[1] Turbofan engines have fan and core rotors. The fan or low pressure compressor is at the front of the engine. The core consists of additional compressor stages behind the fan.

[2] The FAA uses a 27-year period of analysis since it represents one complete cycle of actions affected by the proposed rule. One life cycle extends through the time required for certification, production of the engines, engine installation, active aircraft service, and retirement of the engines.

II. Background

A. Statement of the Problem

On January 15, 2009, US Airways Flight 1549 (''Flight 1549'') took off from La Guardia Airport in New York City. On climb, at approximately 2,800 feet above ground level (AGL) and approximately 230-knots indicated airspeed, the airplane struck a flock of migratory Canadian geese. Both engines ingested at least two birds. Both engine cores suffered major damage and total thrust loss.

Flight 1549 was an Airbus Model A320 airplane. The A320 ''family'' of airplanes (*i.e.,* Model A318/A319/A320/A321) and the Boeing Model 737 airplanes are among the most frequently used airplanes, transporting a significant number of airline passengers around the world. Most transport airplanes and many business aircraft use turbofan engines that are susceptible to bird ingestion damage which, in some instances, has resulted in greater than 50 percent takeoff thrust loss. In twin-engine airplanes, this amount of thrust loss in both engines can prevent the airplane to climb over obstacles or maintain altitude. This is an unsafe condition because it can prevent continued safe flight and landing.

As a result of the Flight 1549 accident, the FAA began studying how to improve engine durability with respect to core engine bird ingestion.[3] As a result of this tasking, the Aviation Rulemaking Advisory Committee (ARAC) working group produced a report titled, ''Turbofan Bird Ingestion Regulation Engine Harmonization Working Group Report'', dated February 19, 2015.[4] The ARAC working group report concluded that modern fan blades (such as those on the Flight 1549 airplane engines) have relatively wider fan blade chords (width) than those in service when the current MFB ingestion test (codified in 14 CFR 33.76(c)) was developed and adopted. The ARAC working group report also pointed out that the current MFB ingestion test is conducted with the engine operating at 100 percent takeoff power or thrust. This setting is ideal for testing the fan blades but does not represent the lower fan speeds used during the climb and descent phases of aircraft flight.

When an engine ingests a bird, the amount of bird mass that enters the engine core depends on: (1) The width of the fan blade chord, (2) the airplane's speed, and (3) the rotational speed of the fan blades. The wider the chord of the fan blade and the lower the speed of the airplane, the longer the bird will remain in contact with the fan blade. As airplane speed increases, the bird spends less time on the fan blade. With higher fan speed, the bird will move radially faster away from the core. Thus, the longer the time in contact with the fan blade, from wider blades and lower airspeed, and increased centrifugal forces from a higher fan speed result in the bird being moved further outboard and away from the core. That makes it less likely that bird material will enter the core during the current test compared to the proposed test. Conversely, a lower fan speed and higher airspeed, for a given fan blade width, makes it more likely that the bird material will enter the core.

Currently, the MFB test is conducted using 100 percent power or thrust and 200 knots airspeed, simulating takeoff conditions. Consequently, the current MFB test does not simulate lower fan speed phases of flight (such as climb and descent) during which a bird, if ingested, is more likely to enter the engine core. In addition, the higher airspeed in climb is not covered by the existing test. Therefore, the existing small and medium flocking bird test prescribed in § 33.76(c) do not provide the intended demonstration of core durability against bird ingestion for climb and descent conditions.

B. Related Actions

Before proposing this rule, the FAA reviewed other actions taken by this agency to reduce threats of engine bird ingestion and concluded that these actions would not mitigate the specific risk discussed above. These actions include the following:

(1) Advisory Circular (AC) 150/5200–33B, ''Hazardous Wildlife Attractants on or Near Airports'' provides guidance on certain land uses that have the potential to attract hazardous wildlife on or near public-use airports.

(2) AC 150/5200–34A, ''Construction or Establishment of Landfills Near Public Airports'' provides guidance to minimize the impact to air safety when landfills, that often attract birds, are established near public airports.

(3) 14 CFR 139.337, Wildlife hazard management, identifies certified Airport Operator responsibilities with respect to hazardous wildlife issues.

(4) FAA Airport Safety website, Wildlife Strike Resources, available at *http://www.faa.gov/airports/airport_safety/wildlife/resources/,* provides information on wildlife strike prevention, database links, and bird strike/ingestion report forms, for use by airport authorities, airlines, industry, and the public.

Most bird ingestions occur within five miles of an airport, and the ACs discussed above generally only apply within that radius. However, the Flight 1549 accident occurred more than five miles from La Guardia Airport, and the ingested birds were migratory. Therefore, while airport bird mitigation efforts are necessary to reduce engine bird ingestion incidents, these efforts will neither eliminate all flocking bird encounters, nor reduce the chance that such encounters could affect more than one engine on an airplane.

C. National Transportation Safety Board (NTSB) Recommendations

The National Transportation Safety Board (NTSB) has issued two engine-related safety recommendations to the FAA:

(1) A–10–64: Modify the small and medium flocking bird certification test standard to require that the test be conducted using the lowest expected fan speed, instead of 100 percent fan speed, for the minimum climb rate.

(2) A–10–65: During re-evaluation of the current engine bird-ingestion certification regulations by the Bird Ingestion Rulemaking Database working group, specifically re-evaluate the LFB certification test standards to determine if they should:

(a) Apply to engines with an inlet area of less than 2.5 square meters (3,875 square inches).

(b) Include an engine core ingestion requirement.

If re-evaluation determines the need for these requirements, incorporate them into 14 CFR 33.76(d) and require that newly certificated engines be designed and tested to these requirements.

The ARAC working group addressed both NTSB safety recommendations. In response to NTSB safety recommendation A–10–64, the ARAC working group recommended the test in this proposed rule. The ARAC working group found that its recommendation would also address the intent of NTSB safety recommendation A–10–65, since the kinetic energy of the bird in the proposed rule is of the same magnitude as a LFB test.

[3] The FAA used prior studies to begin the review, such as flocking bird ingestion reports developed as Phase I and II reports for the current rule. The Phase III report, entitled, ''Aerospace Industries Association Bird Ingestion Working Group Interim Report—January 2012'' was produced after the Flight 1549 event. The Phase III report is the most germane to this proposed rule, as it contains the latest bird ingestion data available through January 2009, including the Flight 1549 accident.

[4] The FAA accepted this report on March 19, 2015. The ARAC working group report included recommendations consistent with this proposed rule. The FAA will file in the docket copies of the referenced reports for this proposed rule.

III. Discussion of the Proposal

A. Hazard Identification

There are two types of engine bird ingestion hazards related to turbofan-powered aircraft: Single- and multiple-engine bird ingestion. This proposed rule addresses the multiple-engine bird ingestion hazard, which can happen concurrently or sequentially, during the same flight.

Multiple-engine bird ingestion occurs when the airplane flies through a bird flock that spans the distance between the engines. This can cause engine damage that prevents thrust production, which can then force an off-airport landing. The ARAC working group found that the existing rules and controls are not sufficient to address the threat from multi-engine core ingestion events.[5]

B. Safety Risk Analysis

The ARAC working group conducted a risk analysis to evaluate the bird ingestion threat using criteria that included (a) bird size class, (b) engine inlet size class, (c) phase of flight, and (d) recorded events with evidence of engine core flow path bird ingestion. The analysis included (a) the overall bird ingestion rate per flight, (b) rate of multi-engine ingestions per flight, (c) rate of power loss resulting in available power below 50 percent of takeoff per flight, and (d) the percent of events during each flight phase. Results from these analyses were used to determine:

(1) If the civil air transport fleet is currently meeting its safety goal.

(2) If engines in certain inlet size groups are performing worse than others.

(3) If evidence of engine core ingestion indicates a greater chance of engine power loss (post-event power available less than 50 percent of takeoff thrust).

(4) Which flight phase poses the highest threat to engines designed under existing regulations.

The ARAC working group also analyzed the bird ingestion threat from (a) engine damage, and (b) engine failure to produce thrust due to stall, surge, etc. Thrust loss from bird damage generally refers to damage or failure of engine internal static and rotating parts. Damage that causes any of these hazards and those listed in § 33.75 (except complete inability to shut down the engine), would result in the pilot reducing thrust to idle, or shutting down the engine. Therefore, damage that causes any of the hazards listed in § 33.75(g)(2)[6] was considered to have the same effect as internal damage to static and rotating engine parts.

The ARAC working group considered two engine performance conditions after bird ingestion, namely, less than 50 percent and more than 50 percent takeoff thrust available. Less than 50 percent takeoff thrust available is a hazard, since it could prevent the airplane from climbing at a safe rate to avoid obstacles, or maintain altitude. More than 50 percent takeoff thrust available was not considered a hazard, as the airplane could still climb at a safe rate to avoid obstacles, or maintain altitude. Based on bird ingestion data from the Phase I through Phase III reports, the ARAC working group found it is extremely improbable that an airplane with more than two engines would have power loss greater than 50 percent of takeoff thrust on three or more engines.

Since a surge or stall could occur upon bird ingestion, the ARAC working group assessed whether engine surge or stall, without significant physical damage to the engine's rotating parts, would prevent continued safe flight and landing. Based on its review of in-service incidents, the ARAC working group determined that surge and stall are transitory events unlikely to cause an accident, since engine power can be recovered when the ingested material is cleared.

Modern fan blades have relatively wider fan blade chords than those in service when the small and medium flocking bird core test in § 33.76(c) was developed. At takeoff, the fan speed is higher and the airspeed is lower than during climb. Therefore, the existing MFB core test of § 33.76(c), does not provide the intended demonstration of core durability against bird ingestion for climb and descent conditions. In contrast to other phases of flight, takeoff conditions (which are simulated under the current MFB test) are more likely to move bird material away from the core section and into the fan flow path than climb and descent conditions (which are not simulated under the current MFB test). Testing the engine at the bird speed and fan speed representative of the airplane climb condition is more likely to result in significant bird material entering the engine core during the engine test. If the engine is designed so that no bird material enters the core during climb, then a test at the bird speed and fan speed associated with approach (lower bird speed but significantly lower fan speed) is another way to ensure significant bird material enters the core.

The FAA agrees with the ARAC working group conclusion that, for modern engine designs, the existing § 33.76(c) small and medium flocking bird test does not demonstrate engine core flow robustness against bird ingestion as intended.

C. Alternatives

The ARAC working group determined there were six (6) MFB test options, as follows:

(1) Conduct the existing test; then add a new and separate core test using a single bird at climb conditions.

(2) Conduct the existing test, but leave out the core bird test described in § 33.76(c)(2),[7] add a new and separate core test using a single bird at climb conditions.

(3) Conduct the existing test without the existing core bird test; change the engine and bird speed conditions to match airplane climb conditions, and then fire the final bird.

(4) Conduct the existing test using the existing core bird test; change the engine and bird speed conditions to match airplane climb conditions, and then fire the final bird.

(5) Combine a new MFB engine core bird test with the existing LFB test. Fire an additional, MFB at the engine core, at least one minute after the LFB, but before the run-on portion of the test (for reference, the LFB is fired at 50 percent blade radius or higher, well outside the core).

(6) Make no changes to the existing MFB regulation.

The ARAC working group concluded that a modified Option 1 is necessary. The working group rejected options that would have eliminated the current core bird testing requirements set forth in § 33.76(c)(2) once the new test is in place. The working group determined that the current requirements are still needed to test the ability of the engine

[5] The existing controls to prevent these hazards include airport mitigation strategies (previously mentioned), and regulatory controls that include 14 CFR: (a) Part 25 installation requirements, concerning uncontained engine debris (*e.g.*, § 25.903(d)(1)) and minimizing hazards to the airplane from foreseeable engine malfunctions (such as §§ 25.901(c) and 25.1309); (b) Section 33.76 certification test requirements; and (c) Part 33 requirements (such as §§ 33.19 and 33.94 containment requirements, § 33.17 fire protection requirements, etc.).

[6] The hazards are: (1) Non-containment of high-energy debris; (2) concentration of toxic products in the engine bleed air intended for the cabin sufficient to incapacitate crew or passengers; (3) significant thrust in the opposite direction to that commanded by the pilot; (4) uncontrolled fire; (5) failure of the engine mount system leading to inadvertent engine separation; (6) release of the propeller by the engine, if applicable; and (7) complete inability to shut the engine down.

[7] The MFB test defined in § 33.76(c)(2) requires that largest of the birds fired at the engine must be aimed at the engine core primary flow path.

fan blades to withstand impact with a bird at the higher speeds present during takeoff. Because the new test proposed in this rule uses lower fan speed and higher bird speed than those specified in the current core bird testing requirements, it would be able to measure the ability of the engine core to withstand impact of bird mass that passes through the engine fan blades during the climb and descent phases of flight. However, the new test would not ascertain whether the engine fan blades could safely withstand a higher-kinetic-energy impact with a bird during the takeoff phase of flight while operating at 100 percent takeoff power or thrust (which is measured by the current testing).

The FAA notes, however, that some aircraft are designed to operate such that their engine power during takeoff is nearly identical to their engine power during the climb and descent phases of flight. Because the takeoff and post-takeoff conditions for this group of engines are so similar, requiring an additional test that mimics post-takeoff conditions would be needlessly repetitive for these engines, as the current testing already measures bird ingestion during takeoff conditions. Accordingly, this proposed rule would allow the new test to be combined with the existing test, if the climb fan rotor speed of the engine being tested is within 1 percent of the first fan stage rotor speed at 100 percent takeoff thrust or power.

The new test would ensure that the core flow path of future engines remains sufficiently robust to maintain the civil fleet catastrophic hazard rate objective from bird ingestion. The ARAC working group chose this option since the other options did not address the safety risk, because they introduce unnecessary program test risk with no additional safety benefit.

Because the Flight 1549 accident involved the ingestion of two birds into each engine, the FAA also considered requiring that, as part of the new test proposed in this rule, an engine must be capable of sustaining an ingestion of two MFBs into the engine core. However, the FAA rejected this approach as needlessly burdensome, because the simultaneous ingestion of two MFBs into the cores of multiple engines is an extremely rare event.

D. New Bird Ingestion Test

Under this proposed rule, § 33.76 would be amended to require turbofan engine manufacturers to demonstrate compliance with an additional bird ingestion test. The new test would require firing the largest MFB required by § 33.76 (Table 2) at the engine core, at one of the following two conditions:

The first test condition is at a speed of 250-knots, with the engine fan set at the speed associated with the lowest expected climb setting for the engine while the airplane is climbing through 3,000 feet above ground level. The post-test run-on requirements would remain the same as the existing § 33.76(d)(5). Because the climb setting may be significantly less than takeoff thrust, less than 50 percent takeoff thrust would be allowed up to one minute after bird ingestion. After one minute, the engine would be required to demonstrate at least 50 percent takeoff thrust. The FAA notes that current MFB testing, which simulates takeoff conditions, does not allow a reduction below 50 percent takeoff thrust. If this condition is present for only one minute during one of the post-takeoff phases of flight, it would not result in an unsafe condition because a pilot would have more time to respond to this issue without hazard. Requiring the engine to operate satisfactorily for one minute without throttle movement will ensure that the engine will not stall or shut down in the time it takes the pilot to understand that the engine has ingested a bird.

The proposed requirements of the first condition above are intended to simulate the worst threat to the engine core in expected operating conditions. The maximum airspeed allowed below 10,000 feet is 250-knots indicated airspeed. Higher airspeed corresponds to less time for a bird to be in contact with the fan blades, reducing the likelihood that the bird would be centrifuged (moved radially outward) away from the core. Thus a test where the bird is fired at a higher speed is more likely to result in the bird going into the core as intended. The altitude, 3,000 feet AGL, was chosen for two reasons: (1) 91 percent of bird ingestion events occur at or below 3,000 feet AGL and (2) during typical takeoff and climb profiles, engine speeds are increased and the aircraft climbs quickly after reaching 3,000 feet AGL. The post-test run-on requirements for the climb point would be the same as the existing LFB test (§ 33.76(d)(5)). The LFB post-test run-on requirements were chosen because the major threat to the engine core happens away from the airport when the airplane is well above the ground.

The second test condition, should the applicant determine that no bird mass will enter the core during the test at the climb condition, must be successfully conducted at a speed of 200-knots indicated airspeed, with the engine fan set at the lowest expected mechanical fan speed while the airplane is descending through 3,000 feet AGL on approach to landing. The post-test run-on requirements would consist of the final seven minutes of the existing LFB 20-minute post-ingestion run-on requirement (§ 33.76(d)(5)) based on the assumption that the airplane would already be lined up with the runway during this phase of descent.

The conditions for the approach test point are based on a typical aircraft approach profile. The post-test run-on requirements for the approach test point were selected based on the airplane approach being lined up with the runway and ready for landing. In addition, the possibility of having a multi-engine power loss (more than 50 percent loss per engine) on approach, combined with another simultaneous event that could prevent a safe landing, is considered extremely improbable. Finally, the approach test point would be run only if the engine has been designed to centrifuge all bird material away from the core of the engine during the takeoff and climb phases of flight. This test point would reduce the total risk of power loss from engine core bird ingestion.

Additional bird ingestion testing at the 200-knot approach condition would ensure that, if the engine is designed to centrifuge all bird material away from the core flow path at takeoff and climb conditions (which is beneficial), then engine core capability to ingest bird material would still be tested. This is because an engine that centrifuges bird material away from the core at the 250-knot climb condition may not be able to centrifuge away the same amount of bird material at the lower (200-knot) speed approach condition.

The FAA notes that this proposed rule may result in the engine manufacturer having to run an additional bird ingestion test. If the manufacturer discovers during the 250-knot climb test that no bird material enters the engine core, then it is required to run the 200-knot approach test. However, the FAA anticipates the two-test scenario is unlikely, because manufacturers would evaluate the design of its engine prior to engine bird ingestion testing. Thus, a manufacturer would be able to determine, prior to commencing certification testing, whether their engine will centrifuge all bird material away from the core. Based on this determination, the manufacturer would select the appropriate bird ingestion test (either the 250-knot climb or 200-knot approach test) proposed in this rule.

The European Aviation Safety Agency (EASA) has notified the FAA that it

intends to incorporate requirements similar to those proposed here into its engine bird ingestion rule, CS–E 800. Incorporating the proposed test conditions into § 33.76 would harmonize FAA requirements with EASA requirements and ensure that applicants would only need to comply with one set of regulations. Furthermore, incorporating these changes would prevent confusion within the FAA and EASA when validating engines developed under each other's regulations.

With respect to the NTSB's recommendation to apply the LFB requirement to engines with inlet areas less than 2.5 square meters (3,875 square inches), the evidence from the Flight 1549 accident did not indicate a deficiency in current bird ingestion requirements for the fan blades. The Phase II report supports the FAA's conclusion that for engines with inlets of less than 2.5 square meters (3,875 square inches), a LFB test requirement is not necessary to meet the safety objective of preventing catastrophic effects from fan blade failure, for engines of that size.

The FAA also considered whether to increase the required size of the bird aimed at the core during the MFB test as recommended by the NTSB. The FAA evaluated the relative effects of ingesting a MFB at the new proposed climb condition, against a LFB at the take-off condition in the current regulation (§ 33.76(d)). The LFB condition resulted in a smaller mass fraction of the bird entering the core (0.39 versus 0.52 at the MFB condition). However, in terms of mass, a LFB fired into the core resulted in a 20 percent higher total mass into the core than the MFB. The FAA determined that the difference in impact energy delivered to the core inlet was insignificant between the LFB and MFB ingestion conditions (±2 percent). This is a result of the slower aircraft and engine fan rotor speed associated with the LFB ingestion criteria. For this reason, this proposed rule would not change the current LFB requirement (§ 33.76(d)).

IV. Regulatory Notices and Analyses

A. Regulatory Evaluation

Changes to Federal regulations must undergo several economic analyses. First, Executive Order 12866 and Executive Order 13563 direct that each Federal agency shall propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs. Second, the Regulatory Flexibility Act of 1980 (Pub. L. 96–354) requires agencies to analyze the economic impact of regulatory changes on small entities. Third, the Trade Agreements Act (Pub. L. 96–39) prohibits agencies from setting standards that create unnecessary obstacles to the foreign commerce of the United States. In developing U.S. standards, this Trade Act requires agencies to consider international standards and, where appropriate, that they be the basis of U.S. standards. Fourth, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4) requires agencies to prepare a written assessment of the costs, benefits, and other effects of proposed or final rules that include a Federal mandate likely to result in the expenditure by State, local, or tribal governments, in the aggregate, or by the private sector, of $100 million or more annually (adjusted for inflation with base year of 1995; current value is $155 million). This portion of the preamble summarizes the FAA's analysis of the economic impacts of this proposed rule. The FAA suggest readers seeking greater detail read the full regulatory evaluation, a copy of which the FAA placed in the docket for this rulemaking.

In conducting these analyses, the FAA has determined that this proposed rule: (1) Has benefits that justify its costs, (2) is not an economically ''significant regulatory action'' as defined in section 3(f) of Executive Order 12866, (3) is ''non-significant'' as defined in DOT's Regulatory Policies and Procedures; (4) would not have a significant economic impact on a substantial number of small entities; (5) would not create unnecessary obstacles to the foreign commerce of the United States; and (6) would not impose an unfunded mandate on state, local, or tribal governments, or on the private sector by exceeding the threshold identified above. These analyses are summarized below.

I. Total Benefits and Costs of This Rule

The FAA proposes the addition of a new test requirement to the engine bird ingestion airworthiness regulation. This new requirement would ensure that engines can ingest the medium flocking birds into the engine core at climb conditions. The ingestion of small and medium size birds can cause thrust loss from core engine bird ingestion if enough bird mass enters the engine core, which in turn can cause accidents or costly flight diversions. This proposed rule would add to the certification requirements of turbine engines a requirement that manufacturers must show that their engine cores can continue to operate after ingesting a medium sized bird while operating at a lower fan speed associated with climb out or landing. Engine manufacturers have the capability of producing such engines.

The FAA estimates the annualized cost of the proposed rule to be $4 million, or $52 million over 27 years (discounted at 7%).[8] The FAA estimates annualized benefits of $5 million, or $61 million over 27 years. The following table summarizes the benefits and costs of this proposed rule.

SUMMARY OF BENEFITS AND COSTS

[$Millions] *

Impact	27-Year total present value		Annualized	
	7%	3%	7%	3%
Benefits	$61.0	$100.6	$5.1	$5.5
Costs	51.5	71.5	4.3	3.9
Net Benefits	9.4	29.1	0.8	1.6

* Estimates may not total due to rounding. The FAA uses discount rates of seven and three percent based on OMB guidance.

[8] The FAA uses a 27-year period of analysis since it represents one complete cycle of actions affected by the proposed rule. One life cycle extends through the time required for certification, production of the engines, engine installation, active aircraft service, and retirement of the engines.

Furthermore, this proposed rule would address two engine-related safety recommendations that the National Transportation Safety Board (NTSB) issued to the FAA: (1) A–10–64 and (2) A–10–65.

ii. Who is potentially affected by this rule?

Aircraft operators and engine manufacturers.

iii. Assumptions

- The analysis is conducted in constant dollars with 2016 as the base year.
- Present value estimate follows OMB guidance of a 7 percent and a 3 percent discount rate.
- The analysis period is 27 years with 10 years of new engine certificates.
- Based on the actual production numbers of a common airline engine, it is estimated that about 220 engines are produced per year per certification.
- The FAA estimates that the average life of an engine is 27,500 cycles (flights) and that engines fly on average 1,748 flights per year. Therefore, the estimated average service life of an engine is about 16 years.
- The FAA estimates the average fuel consumption will increase by $750 per year per aircraft.

B. Regulatory Flexibility Determination

The Regulatory Flexibility Act of 1980 (RFA) establishes ''as a principle of regulatory issuance that agencies shall endeavor, consistent with the objective of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of the business, organizations, and governmental jurisdictions subject to regulation.'' To achieve that principle, the RFA requires agencies to solicit and consider flexible regulatory proposals and to explain the rationale for their actions. The RFA covers a wide range of small entities, including small businesses, not-for-profit organizations, and small governmental jurisdictions.

Agencies must perform a review to determine whether a proposed or final rule would have a significant economic impact on a substantial number of small entities. If the agency determines that it would, the agency must prepare a regulatory flexibility analysis as described in the Act. Two groups would be affected by this rule: aircraft operators and engine manufacturers.

The FAA believes that this proposed rule would not have a significant economic impact on small aircraft operators. Affected operators would incur higher fuel burn costs due to increase in engine weight (heavier blading/components) and resultant consequent increase in total aircraft weight. The FAA estimates fuel burn costs of $750 per year per aircraft, which would not result in a significant economic impact for small aircraft operators.

Similarly, the FAA believes that this proposed rule would not have a significant economic impact on engine manufacturers. The FAA identified one out of five engine manufacturers that meets the Small Business Administration definition of a small entity. The annual revenue estimate for this manufacturer is about $75 million.[9] The FAA then compared that manufacturer's revenue with its annualized compliance cost. The FAA expects that the manufacturer's projected annualized cost of complying with this rule would be 0.7 percent of its annual revenue,[10] which is not a significant economic impact.

If an agency determines that a rulemaking will not result in a significant economic impact on a substantial number of small entities, the head of the agency may so certify under section 605(b) of the RFA. Therefore, as provided in section 605(b), the head of the FAA certifies that this rulemaking will not result in a significant economic impact on a substantial number of small entities.

C. International Trade Impact Assessment

The Trade Agreements Act of 1979 (Pub. L. 96–39), as amended by the Uruguay Round Agreements Act (Pub. L. 103–465), prohibits Federal agencies from establishing standards or engaging in related activities that create unnecessary obstacles to the foreign commerce of the United States. Pursuant to these Acts, the establishment of standards is not considered an unnecessary obstacle to the foreign commerce of the United States, so long as the standard has a legitimate domestic objective, such the protection of safety, and does not operate in a manner that excludes imports that meet this objective. The statute also requires consideration of international standards and, where appropriate, that they be the basis for U.S. standards. The FAA has assessed the potential effect of this proposed rule and determined that it has legitimate domestic safety objectives and would harmonize with forthcoming EASA standards. Accordingly, this proposed rule is in compliance with the Trade Agreements Act.

D. Unfunded Mandates Assessment

Title II of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4) 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 (in 1995 dollars) in any one year by State, local, and tribal governments, in the aggregate, or by the private sector; such a mandate is deemed to be a ''significant regulatory action.'' The FAA currently uses an inflation-adjusted value of $155 million in lieu of $100 million. This proposed rule does not contain such a mandate; therefore, the requirements of Title II of the Act do not apply.

E. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) requires that the FAA consider the impact of paperwork and other information collection burdens imposed on the public. According to the 1995 amendments to the Paperwork Reduction Act (5 CFR 1320.8(b)(2)(vi)), an agency may not collect or sponsor the collection of information, nor may it impose an information collection requirement unless it displays a currently valid Office of Management and Budget (OMB) control number.

The FAA has determined that there would be no new requirement for information collection associated with this proposed rule.

F. International Compatibility

In keeping with U.S. obligations under the Convention on International Civil Aviation, it is FAA policy to conform to International Civil Aviation Organization (ICAO) Standards and Recommended Practices to the maximum extent practicable. The FAA has determined that there are no ICAO Standards and Recommended Practices that correspond to these proposed regulations. The proposed regulation is harmonized with changes the European Aviation Safety Agency (EASA) plans to make to its certification specifications.

G. Environmental Analysis

FAA Order 1050.1F identifies FAA actions that are categorically excluded from preparation of an environmental assessment or environmental impact statement under the National Environmental Policy Act in the absence of extraordinary circumstances. The FAA has determined this rulemaking action qualifies for the categorical exclusion identified in

[9] Source: *http://www.manta.com.*

[10] Ratio = annualized cost/annual revenue = $557,459/$74,800,000 = 0.7 percent.

paragraph 5–6.6(f) and involves no extraordinary circumstances.

H. Regulations Affecting Intrastate Aviation in Alaska

Section 1205 of the FAA Reauthorization Act of 1996 (110 Stat. 3213) requires the FAA, when modifying its regulations in a manner affecting intrastate aviation in Alaska, to consider the extent to which Alaska is not served by transportation modes other than aviation, and to establish appropriate regulatory distinctions. The FAA has determined that this rule would not affect intrastate aviation in Alaska.

V. Executive Order Determinations

A. Executive Order 13132, Federalism

The FAA has analyzed this proposed rule under the principals and criteria of Executive Order 13132, Federalism. The agency has determined that this action would not have a substantial direct effect on the States, or the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government, and, therefore, would not have federalism implications.

B. Executive Order 13211, Regulations That Significantly Affect Energy Supply, Distribution, or Use

The FAA analyzed this proposed rule under Executive Order 13211, Actions Concerning Regulations that Significantly Affect Energy Supply, Distribution, or Use (May 18, 2001). The FAA has determined that it would not be a ''significant energy action'' under the executive order and would not be likely to have a significant adverse effect on the supply, distribution, or use of energy.

C. Executive Order 13609, International Cooperation

Executive Order 13609, Promoting International Regulatory Cooperation, (77 FR 26413, May 4, 2012) promotes international regulatory cooperation to meet shared challenges involving health, safety, labor, security, environmental, and other issues and reduce, eliminate, or prevent unnecessary differences in regulatory requirements. The FAA has analyzed this action under the policy and agency responsibilities of Executive Order 13609, Promoting International Regulatory Cooperation. The FAA has determined that this action would eliminate differences between U.S. aviation standards and those of other civil aviation authorities, by ensuring that § 33.76 remains harmonized with EASA CS–E 800.

D. Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs

Executive Order 13771 titled ''Reducing Regulation and Controlling Regulatory Costs,'' directs that, unless prohibited by law, whenever an executive department or agency publicly proposes for notice and comment or otherwise promulgates a new regulation, it shall identify at least two existing regulations to be repealed. In addition, any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs. Only those rules deemed significant under section 3(f) of Executive Order 12866, ''Regulatory Planning and Review,'' are subject to these requirements.

This proposed rule is not expected to be an E.O. 13771 regulatory action because this proposed rule is not significant under E.O. 12866.

VI. Additional Information

A. Comments Invited

The FAA invites interested persons to participate in this rulemaking by submitting written comments, data, or views. The agency also invites comments relating to the economic, environmental, energy, or federalism impacts that might result from adopting the proposals in this document. The most helpful comments reference a specific portion of the proposal, explain the reason for any recommended change, and include supporting data. To ensure the docket does not contain duplicate comments, commenters should send only one copy of written comments, or if comments are filed electronically, commenters should submit only one time. Commenters must identify the docket or notice number of this rulemaking.

The FAA will file in the docket all comments received, as well as a report summarizing each substantive public contact with FAA personnel concerning this proposed rule. Before acting on this action, the FAA will consider all comments it receives on or before the closing date for comments. The FAA will consider comments filed after the comment period has closed if it is possible to do so without incurring expense or delay. The agency may change this proposal in light of the comments it receives.

Proprietary or Confidential Business Information: Commenters should not file proprietary or confidential business information in the docket. Such information must be sent or delivered directly to the person identified in the **FOR FURTHER INFORMATION CONTACT** section of this document, and marked as proprietary or confidential. If submitting information on a disk or CD ROM, mark the outside of the disk or CD ROM, and identify electronically within the disk or CD ROM the specific information that is proprietary or confidential.

Under 14 CFR 11.35(b), if the FAA is aware of proprietary information filed with a comment, the agency does not place it in the docket. It is held in a separate file to which the public does not have access, and the FAA places a note in the docket that it has received it. If the FAA receives a request to examine or copy this information, it treats it as any other request under the Freedom of Information Act (5 U.S.C. 552). The FAA process such a request under Department of Transportation procedures found in 49 CFR part 7.

B. Availability of Rulemaking Documents

An electronic copy of rulemaking documents may be obtained from the internet by

1. Searching the Federal eRulemaking Portal (*http://www.regulations.gov*);
2. Visiting the FAA's Regulations and Policies web page at *http://www.faa.gov/regulations_policies* or
3. Accessing the Government Printing Office's web page at http://www.access.gpo.fdsys/.

Copies may also be obtained by sending a request to the Federal Aviation Administration, Office of Rulemaking, ARM–1, 800 Independence Avenue SW, Washington, DC 20591, or by calling (202) 267–9680. Commenters must identify the docket or notice number of this rulemaking.

All documents the FAA considered in developing this proposed rule, including economic analyses and technical reports, may be accessed from the internet through the Federal eRulemaking Portal referenced in item (1) above.

List of Subjects in 14 CFR Part 33

Bird ingestion.

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend chapter I of title 14, Code of Federal Regulations as follows:

PART 33—AIRWORTHINESS STANDARDS: AIRCRAFT ENGINES

■ 1. The authority citation for part 33 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701, 44702, 44704.

■ 2. Amend § 33.76 by revising paragraph (a)(1) and adding paragraph (e) to read as follows:

§ 33.76 Bird ingestion.

(a) * * *

(1) Except as specified in paragraph (d) or (e) of this section, all ingestion tests must be conducted with the engine stabilized at no less than 100-percent takeoff power or thrust, for test day ambient conditions prior to the ingestion. In addition, the demonstration of compliance must account for engine operation at sea level takeoff conditions on the hottest day that a minimum engine can achieve maximum rated takeoff thrust or power.

* * * * *

(e) *Core engine flocking bird test.* Except as provided in paragraph (e)(4) of this section, for turbofan engines, an engine test must be performed in accordance with either paragraph (e)(1) or (2) of this section. The test specified in paragraph (e)(2) may be used to satisfy this requirement only if testing or validated analysis shows that no bird material will be ingested into the engine core during the test under the conditions specified in paragraph (e)(1).

(1) 250-knot climb core engine flocking bird test:

(i) Test requirements are as follows:

(A) Before ingestion, the engine must be stabilized at the mechanical rotor speed of the first exposed fan stage or stages that, on a standard day, produces the lowest expected power or thrust required during climb through 3,000 feet above ground level.

(B) Bird weight must be the largest specified in Table 2 of this section for the engine inlet area.

(C) Ingestion must be at 250-knots bird speed.

(D) The bird must be aimed at the first exposed rotating fan stage or stages, at the blade airfoil height, as measured at the leading edge that will result in maximum bird material ingestion into the engine core.

(ii) Ingestion of a flocking bird into the engine core under the conditions prescribed in paragraph (e)(1)(i) of this section must not cause any of the following:

(A) Sustained power or thrust reduction to less than 50 percent maximum rated takeoff power or thrust during the run-on segment specified under paragraph (e)(1)(iii)(B) of this section, that cannot be restored only by movement of the power lever.

(B) Sustained power or thrust reduction to less than flight idle power or thrust during the run-on segment specified under paragraph (e)(1)(iii)(B) of this section.

(C) Engine shutdown during the required run-on demonstration specified in paragraph (e)(1)(iii) of this section.

(D) Conditions specified in § 33.75(g)(2).

(iii) The following test schedule must be used (power lever movement between conditions must occur within 10 seconds or less, unless otherwise noted):

Note to paragraph (e)(1)(iii) introductory text: Durations specified are times at the defined conditions.

(A) Ingestion.

(B) Followed by 1 minute without power lever movement.

(C) Followed by power lever movement to increase power or thrust to not less than 50 percent maximum rated takeoff power or thrust, if the initial bird ingestion resulted in a reduction in power or thrust below that level.

(D) Followed by 13 minutes at not less than 50 percent maximum rated takeoff power or thrust. Power lever movement in this condition is unlimited.

(E) Followed by 2 minutes at 30–35 percent maximum rated takeoff power or thrust. Power lever movement in this condition is limited to 10 seconds or less.

(F) Followed by 1 minute with power or thrust increased from that set in paragraph (e)(1)(iii)(E) of this section, by 5–10 percent maximum rated takeoff power or thrust.

(G) Followed by 2 minutes with power or thrust reduced from that set in paragraph (e)(1)(iii)(F) of this section, by 5–10 percent maximum rated takeoff power or thrust.

(H) Followed by 1 minute minimum at ground idle.

(I) Followed by engine shutdown.

(2) 200-knot approach flocking bird core engine test (performed only if test or analysis shows no bird material will be ingested into the core during the test at the conditions of paragraph (e)(1) of this section):

(i) Test requirements are as follows:

(A) Before ingestion, the engine must be stabilized at the mechanical rotor speed of the first exposed fan stage or stages when on a standard day the engine thrust is set at approach idle thrust when descending 3,000 feet above ground level.

(B) Bird mass and weight must be the largest specified in Table 2 of this section for the engine inlet area.

(C) Ingestion must be 200-knot bird speed.

(D) Bird must be aimed at the first exposed rotating fan stage or stages, at the blade airfoil height measured at the leading edge that will result in maximum bird material ingestion into the engine core.

(ii) Ingestion of a flocking bird into the engine core under the conditions prescribed in paragraph (e)(2)(i) of this section may not cause any of the following:

(A) Power or thrust reduction to less than flight idle power or thrust during the run-on segment specified under paragraph (e)(2)(iii)(B) of this section.

(B) Engine shutdown during the required run-on demonstration specified in paragraph (e)(2)(iii) of this section.

(C) Conditions specified in § 33.75(g)(2).

(iii) The following test schedule must be used (power lever movement between conditions must occur within 10 seconds or less, unless otherwise noted):

Note to paragraph (e)(2)(iii) introductory text: Durations specified are times at the defined conditions.

(A) Ingestion.

(B) Followed by 1 minute without power lever movement.

(C) Followed by 2 minutes at 30–35 percent maximum rated takeoff power or thrust.

(D) Followed by 1 minute with power or thrust increased from that set in paragraph (e)(2)(iii)(C) of this section, by 5–10 percent maximum rated takeoff power or thrust.

(E) Followed by 2 minutes with power or thrust reduced from that set in paragraph (e)(2)(iii)(D) of this section, by 5–10 percent maximum rated takeoff power or thrust.

(F) Followed by 1-minute minimum at ground idle.

(G) Followed by engine shutdown.

(3) Applicants must show that an unsafe condition will not result if any engine operating limit is exceeded during the run-on period.

(4) The core engine flocking bird test of this paragraph (e) may be combined with the MFB test of paragraph (c) of this section, if the climb fan rotor speed calculated in paragraph (e)(1) of this section is within 1 percent of the first fan stage rotor speed required by paragraph (c)(1) of this section. As used in this paragraph (e)(4), ''combined'' means that, instead of separately conducting the tests specified in paragraphs (c) and (e) of this section, the test conducted under paragraph (c) of this section satisfies the requirements of this section if the bird aimed at the core of the engine meets the bird ingestion speed criteria of either:

(i) Paragraph (e)(1)(i)(C) of this section; or

(ii) Paragraph (e)(2)(i)(C) of this section if testing or validated analysis shows that no bird material will be ingested into the engine core during the test.

Issued in Washington, DC, on June 21, 2018.

David W. Hempe,

Deputy Executive Director for Regulatory Operations, Aircraft Certification Service.

[FR Doc. 2018–14270 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0547; Product Identifier 2017–NM–091–AD]

RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc., Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for certain Bombardier, Inc., Model DHC–8–400 series airplanes. This proposed AD was prompted by reports of wear on fuel couplings, bonding springs, and sleeves as well as fuel tube end ferrules and fuel component end ferrules. This proposed AD would require repetitive inspections of the existing clamshell coupling bonding wires, fuel couplings, and associated sleeves for certain criteria and replacement as necessary. This proposed AD would also require repetitive inspections of the fuel tube end ferrules, fuel component end ferrules, and ferrule o-ring flanges for damage and wear, and rework as necessary. We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, contact Bombardier, Inc., Q-Series Technical Help Desk, 123 Garratt Boulevard, Toronto, Ontario M3K 1Y5, Canada; telephone: 416–375–4000; fax: 416–375–4539; email: *thd.qseries@aero.bombardier.com;* internet: *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0547; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone: 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Anthony Flores, Aerospace Engineer, Propulsion and Program Management Section, FAA, Chicago ACO Branch, Room 107, 2300 East Devon Avenue, Des Plaines, IL 60018; telephone 847–294–7140; fax 847–294–7834; email: *anthony.flores@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0547; Product Identifier 2017–NM–091–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM based on those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this NPRM.

Discussion

Transport Canada Civil Aviation (TCCA), which is the aviation authority for Canada, has issued Canadian AD CF–2017–04R1, dated May 26, 2017 (referred to after this as the Mandatory Continuing Airworthiness Information, or ''the MCAI''), to correct an unsafe condition for certain Bombardier, Inc., Model DHC–8–400 series airplanes. The MCAI states:

> Some operators have reported discoloration and corrosion of Hydraflow part number 14J26 fuel couplings. Removal of the couplings during scheduled maintenance inspection has also shown signs of wear on the fuel tube end ferrules, fuel component end ferrules, coupling bonding springs, and coupling sleeves. These issues affect the integrity of the electrical bonding paths throughout the fuel lines and components, which in turn may lead to lightning strike induced fuel tank ignition.
>
> The initial issue of this [Canadian] AD mandated the [detailed] inspection [for wear or damage] and repair or replacement, as required, of affected fuel couplings and sleeves, fuel tubes, and fuel components, as well as the collection of wear data, to mitigate the risk of lightning strike induced fuel tank ignition.
>
> Since the initial issue of this [Canadian] AD, Transport Canada has become aware that the compliance timeframe of Part I of the initial issue of this [Canadian] AD is not suitable for new aeroplanes entering into service from the production line. Revision 1 of this [Canadian] AD updates Part I of the initial issue of this [Canadian] AD accordingly, and mandates the [repetitive] inspection and repair or replacement, as required, of affected fuel couplings and sleeves, fuel tubes, and fuel components, as well as the collection of wear data, to mitigate the risk of lightning strike induced fuel tank ignition.

Required actions include replacement of clamshell coupling bonding wires, fuel couplings and associated sleeves and rework (repair, replace, or blend, as applicable) of fuel tube end ferrules, fuel component end ferrules, and ferrule o-ring flanges. You may examine the MCAI in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0547.

Related Service Information Under 1 CFR Part 51

Bombardier has issued Service Bulletin 84–28–20, Revision C, dated April 28, 2017. This service information describes procedures for inspections of the existing clamshell coupling bonding wires, fuel couplings, and associated sleeves for certain criteria (wear and damage, including discoloration, worn coating, scuffing and grooves) and replacement. This service information also describes procedures for inspections of the fuel tube end ferrules, fuel component end ferrules, and ferrule o-ring flanges for damage and wear, and rework. This service information 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 and Requirements of This Proposed AD

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of the same type design.

Costs of Compliance

We estimate that this proposed AD affects 52 airplanes of U.S. registry.

We estimate the following costs to comply with this proposed AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspections	212 work-hours × $85 per hour = $18,020 per inspection cycle.	$0	$18,020 per inspection cycle.	$937,040 per inspection cycle.
Reporting	1 work hour × $85 per hour = $85 per inspection cycle.	0	85 per inspection cycle	4,420 per inspection cycle.

We estimate the following costs to do any necessary replacements or rework that would be required based on the results of the proposed inspection. We have no way of determining the number of aircraft that might need these replacements or rework:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Rework/Replacement	174 work-hours × $85 per hour = $14,790	$2,000	$16,790

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 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 current valid OMB control number. The control number for the collection of information required by this NPRM is 2120–0056. The paperwork cost associated with this NPRM has been detailed in the Costs of Compliance section of this document and includes time for reviewing instructions, as well as completing and reviewing the collection of information. Therefore, all reporting associated with this NPRM is mandatory. Comments concerning the accuracy of this burden and suggestions for reducing the burden should be directed to the FAA at 800 Independence Ave. SW, Washington, DC 20591, ATTN: Information Collection Clearance Officer, AES–200.

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

1. Is not a ''significant regulatory action'' under Executive Order 12866;

2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);

3. Will not affect intrastate aviation in Alaska; and

4. 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 Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

Bombardier, Inc.: Docket No. FAA–2018–0547; Product Identifier 2017–NM–091–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Bombardier, Inc., Model DHC–8–400, –401 and –402 airplanes, certificated in any category, manufacturer serial numbers 4001, 4003, and subsequent.

(d) Subject

Air Transport Association (ATA) of America Code 28, Fuel.

(e) Reason

This AD was prompted by reports of wear on fuel couplings, bonding springs, and sleeves as well as fuel tube end ferrules and fuel component end ferrules. We are issuing this AD to address such wear, which could reduce the integrity of the electrical bonding paths through the fuel line and components, and ultimately lead to fuel tank ignition in the event of a lightning strike.

(f) Compliance

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

(g) Initial Inspection Compliance Times

At the applicable times specified in paragraph (g)(1) or (g)(2) of this AD, do the actions specified in paragraphs (h)(1) and (h)(2) of this AD.

(1) For all airplanes except those identified in paragraph (g)(2) of this AD: Within 6,000 flight hours or 36 months, whichever occurs first after the effective date of this AD.

(2) For new airplanes with an original airworthiness certificate or original export certificate of airworthiness issued on or after the effective date of this AD: Within 6,000 flight hours or 36 months, whichever occurs first after the date of issuance of the original airworthiness certificate or the date of issuance of the original export certificate of airworthiness.

(h) Repetitive Inspections and Corrective Actions

At the applicable times specified in paragraph (g)(1) or (g)(2) of this AD, do the actions specified in paragraphs (h)(1) and (h)(2) of this AD. Repeat the actions thereafter at intervals not to exceed 6,000 flight hours or 36 months, whichever occurs first.

(1) Do a detailed inspection of the existing clamshell coupling bonding wires, fuel couplings, and associated sleeves for criteria, as identified in, and in accordance with the Accomplishment Instructions of Bombardier Service Bulletin 84–28–20, Revision C, dated April 28, 2017. If any conditions are found meeting the criteria specified in Bombardier Service Bulletin 84–28–20, Revision C, dated April 28, 2017, before further flight, replace affected parts with new couplings and sleeves of the same part number, in accordance with the Accomplishment Instructions of Bombardier Service Bulletin 84–28–20, Revision C, dated April 28, 2017.

(2) Do a detailed inspection of the fuel tube end ferrules, fuel component end ferrules, and ferrule o-ring flanges for damage and wear, and rework (repair, replace, or blend, as applicable), in accordance with the Accomplishment Instructions of Bombardier Service Bulletin 84–28–20, Revision C, dated April 28, 2017.

(i) Reporting

At the applicable time specified in paragraph (i)(1) or (i)(2) of this AD: Submit a report of the findings (including no findings) of the initial and repetitive inspections required by paragraph (h) of this AD by completing Tables 1 through 5 of Bombardier Service Bulletin 84–28–20, Revision C, dated April 28, 2017, and submitting them to Bombardier, Inc. Q-Series Action Center; telephone: 1–844–272–2720; email: *thd.qseries@aero.bombardier.com.*

(1) If the inspection was done on or after the effective date of this AD, submit the report within 30 days after the completion of the inspection.

(2) If the inspection was done before the effective date of this AD, submit the report within 30 days after the effective date of this AD.

(j) Credit for Previous Actions

(1) This paragraph provides credit for the actions required by paragraphs (h)(1) and (h)(2) of this AD, if those actions were performed before the effective date of this AD using the service information specified in paragraph (j)(1)(i) or (j)(1)(ii) of this AD.

(i) Bombardier Service Bulletin 84–28–20, Revision A, dated December 14, 2016.

(ii) Bombardier Service Bulletin 84–28–20, Revision B, dated February 13, 2017.

(2) This paragraph provides credit for the initial inspections required by paragraphs (h)(1) and (h)(2) of this AD and the initial reporting required by paragraph (i) of this AD, for Bombardier, Inc., Model DHC–8–402 airplane, manufacturer serial number 4164, if those actions were performed before the effective date of this AD using Bombardier Service Bulletin 84–28–20, dated September 30, 2016.

(k) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, New York ACO 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 certification office, send it to ATTN: Program Manager, Continuing Operational Safety, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone: 516–228–7300; fax: 516–794–5531. 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.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, New York ACO Branch, FAA; or Transport Canada Civil Aviation (TCCA); or Bombardier, Inc.'s TCCA Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(3) *Reporting Requirements:* 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 current 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, completing and reviewing the collection of information. All responses to this collection of information are mandatory. Comments concerning the accuracy of this burden and suggestions for reducing the burden should be directed to the FAA at: 800 Independence Ave. SW, Washington, DC 20591, Attn: Information Collection Clearance Officer, AES–200.

(l) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) Canadian AD CF–2017–04R1, dated May 26, 2017, for related information. This MCAI may be found in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0547.

(2) For more information about this AD, contact Anthony Flores, Aerospace Engineer, Propulsion and Program Management Section, FAA, Chicago ACO Branch, Room 107, 2300 East Devon Avenue, Des Plaines, IL 60018; telephone 847–294–7140; fax 847–294–7834; email: *anthony.flores@faa.gov.*

(3) For information about AMOCs, contact Joe Catanzaro, Aerospace Engineer, Propulsion Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone: 516–228–7366; fax: 516–794–5531; email: *joseph.catanzaro@faa.gov.*

(4) For service information identified in this AD, contact Bombardier, Inc., Q-Series Technical Help Desk, 123 Garratt Boulevard, Toronto, Ontario M3K 1Y5, Canada; telephone: 416–375–4000; fax: 416–375–4539; email: *thd.qseries@aero.bombardier.com;* internet: *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St, Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 12, 2018.

Michael Kaszycki,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–13477 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0585; Product Identifier 2018–NM–070–AD]

RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc., Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for certain Bombardier, Inc., Model BD–700–1A10 and BD–700–1A11 airplanes. This proposed AD was prompted by reports that non-conforming FIREX squib wire harness connectors may have been installed, which could result in FIREX squib wire harness connectors being connected to the wrong FIREX bottle connectors on affected aircraft. This proposed AD would require a visual inspection of the connections between the FIREX squib wire harness connectors and FIREX bottle connectors, installation of split ring lanyards on the FIREX squib wire harness connectors, and corrective actions if necessary. We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, contact Bombardier, Inc., 400 Côte-Vertu Road West, Dorval, Québec H4S 1Y9, Canada; telephone 514–855–5000; fax 514–855–7401; email *thd.crj@aero.bombardier.com;* internet *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0585; 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 regulatory evaluation, any comments received, and other information. The street address for Docket Operations (phone: 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: John DeLuca, Aerospace Engineer, Avionics and Administrative Services Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7369; fax 516–794–5531; email *9-avs-nyaco-cos@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0585; Product Identifier 2018–NM–070–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM because of those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this NPRM.

Discussion

Transport Canada Civil Aviation (TCCA), which is the aviation authority for Canada, has issued Canadian Airworthiness Directive CF–2018–08R1, dated March 2, 2018 (referred to after this as the Mandatory Continuing Airworthiness Information, or ''the MCAI''), to correct an unsafe condition for certain Bombardier, Inc., Model BD–700–1A10 and BD–700–1A11 airplanes. The MCAI states:

> Bombardier, Inc., has been made aware that non-conforming squib connector wire harnesses may have been installed on one of the two engine FIREX bottle installations on some of the affected aeroplanes. The subject non conformity of squib connector wire length can allow cross connection between the two squib connectors on one of the engine FIREX bottles, preventing proper function of the engine FIREX system.
>
> In the event of an engine fire, this wiring discrepancy may potentially misroute the supply of fire extinguishing agent to the wrong engine, or limit the supply from both FIREX bottles to only one engine, [and could result in the inability to extinguish an engine fire,] hence impacting the operational safety of the aeroplane.
>
> Bombardier, Inc., issued service bulletins (SB) 700–26–011, 700–26–5003, 700–26–6003, and 700–1A11–26–004, for the affected model aeroplanes, to address the potentially unsafe condition caused by the non-conforming FIREX bottle squib connector wiring.
>
> The original version of this [Canadian] AD was issued to mandate compliance with the above-mentioned SBs, as applicable.
>
> Revision 1 of this [Canadian] AD is issued to correct an error in the applicability section of the original AD.

You may examine the MCAI in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0585.

Related Service Information Under 1 CFR Part 51

We reviewed the following service information:

- Bombardier Service Bulletin 700–1A11–26–004, Revision 01, dated February 15, 2018.
- Bombardier Service Bulletin 700–26–011, Revision 01, dated February 15, 2018.
- Bombardier Service Bulletin 700–26–5003, Revision 01, dated February 15, 2018.
- Bombardier Service Bulletin 700–26–6003, Revision 01, dated February 15, 2018.

This service information describes procedures for a visual inspection of the connections between the FIREX squib wire harness connectors and the FIREX bottle connectors to determine whether the connectors are installed correctly, and installation of split ring lanyards on the FIREX squib wire harness connectors. This service information also describes procedures for re-connecting incorrectly installed connectors to the appropriate mating connectors and an operational test of the fire extinguishing system. These documents are distinct since they apply

to different airplane models in different configurations. This service information 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

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all the relevant information and determined the unsafe condition described previously is likely to exist or develop on other products of the same type designs.

Proposed AD Requirements

This proposed AD would require accomplishing the actions specified in the service information described previously.

Costs of Compliance

We estimate that this proposed AD affects 358 airplanes of U.S. registry. We estimate the following costs to comply with this proposed AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspection/Modification	2 work-hours × $85 per hour = $170	$55	$225	$80,550

According to the manufacturer, some or all of the costs of this proposed AD may be covered under warranty, thereby reducing the cost impact on affected individuals. We do not control warranty coverage for affected individuals. As a result, we have included all known costs in our cost estimate.

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. 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 Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

Bombardier, Inc.: Docket No. FAA–2018–0585; Product Identifier 2018–NM–070–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Bombardier, Inc., Model BD–700–1A10 and BD–700–1A11 airplanes, certificated in any category, serial numbers 9001 through 9839 inclusive, and serial number 9998.

(d) Subject

Air Transport Association (ATA) of America Code 26, Fire protection.

(e) Reason

This AD was prompted by reports that non-conforming FIREX squib wire harness connectors may have been installed, which could result in FIREX squib wire harness connectors being connected to the wrong FIREX bottle connectors on affected aircraft. We are issuing this AD to address this wiring discrepancy, which, in the event of an engine fire, could result in misrouting the supply of fire extinguishing agent to the wrong engine, or limit the supply from both FIREX bottles to only one engine, which could result in the inability to extinguish an engine fire.

(f) Compliance

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

(g) Required Actions

Within 1,000 flight hours or 15 months, whichever occurs first, after the effective date of this AD, perform a visual inspection for correct connections between the FIREX squib wire harness connectors and FIREX bottle connectors, and install split ring lanyards on the FIREX squib wire harness connectors, in accordance with the Accomplishment Instructions of the applicable service information listed in figure 1 to paragraph (g) of this AD. If any incorrect connections are

found: Before further flight, re-connect the connectors to the appropriate mating connecters and do an operational test of the fire extinguishing system, in accordance with the Accomplishment Instructions of the applicable service information specified in figure 1 to paragraph (g) of this AD.

Figure 1 to paragraph (g) of this AD – *Service Information Applicability*

Airplane Model	Bombardier Service Information
BD-700-1A10	Service Bulletin 700-26-011, Revision 01, dated February 15, 2018
BD-700-1A10	Service Bulletin 700-26-6003, Revision 01, dated February 15, 2018
BD-700-1A11	Service Bulletin 700-1A11-26-004, Revision 01, dated February 15, 2018
BD-700-1A11	Service Bulletin 700-26-5003, Revision 01, dated February 15, 2018

(h) Credit for Previous Actions

This paragraph provides credit for actions required by paragraph (g) of this AD, if those actions were performed before the effective date of this AD using the applicable service information listed in paragraphs (h)(1) through (h)(4) of this AD.

(1) Bombardier Service Bulletin 700–1A11–26–004, dated December 28, 2017.

(2) Bombardier Service Bulletin 700–26–011, dated December 28, 2017.

(3) Bombardier Service Bulletin 700–26–5003, dated December 28, 2017.

(4) Bombardier Service Bulletin 700–26–6003, dated December 28, 2017.

(i) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, New York ACO 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 certification office, send it to ATTN: Program Manager, Continuing Operational Safety, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7300; fax 516–794–5531. 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.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, New York ACO Branch, FAA; or Transport Canada Civil Aviation (TCCA); or Bombardier, Inc.'s TCCA Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(j) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) Canadian Airworthiness Directive CF–2018–08R1, dated March 2, 2018, for related information. This MCAI may be found in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0585.

(2) For more information about this AD, contact John DeLuca, Aerospace Engineer, Avionics and Administrative Services Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7369; fax 516–794–5531; email *9-avs-nyaco-cos@faa.gov*.

(3) For service information identified in this AD, contact Bombardier, Inc., 400 Côte-Vertu Road West, Dorval, Québec H4S 1Y9, Canada; telephone 514–855–5000; fax 514–855–7401; email *thd.crj@aero.bombardier.com;* internet *http://www.bombardier.com*. You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 25, 2018.

Dionne Palermo,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–14401 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0553; Product Identifier 2017–NM–138–AD]

RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc., Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt an airworthiness directive (AD) for certain Bombardier, Inc., Model DHC–8–102, –103, and –106 airplanes, Model DHC–8–200 series airplanes, and Model DHC–8–300 series airplanes. This proposed AD was prompted by reports of arcing and smoke emanating from the windshield, caused by loose or damaged windshield heater terminal lugs. This proposed AD would require revising the maintenance or inspection program to incorporate maintenance review board (MRB) tasks for general visual inspections of the windshield moisture seal. This proposed AD would also require re-torqueing the windshield heater terminal lugs, applying a coating to the windshield heater screw heads, doing a chemical cleaning of the wiring and components, doing a visual inspection of the wiring and components, doing an operational test of the pilot's and co-pilot's windshield heating system, and repair if necessary.

We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, contact Bombardier, Inc., Q-Series Technical Help Desk, 123 Garratt Boulevard, Toronto, Ontario M3K 1Y5, Canada; telephone 416–375–4000; fax 416–375–4539; email *thd.qseries@aero.bombardier.com;* internet *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0553; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Assata Dessaline, Aerospace Engineer, Avionics and Administrative Services Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7301; fax 516–794–5531.

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0553; Product Identifier 2017–NM–138–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM based on those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this NPRM.

Discussion

Transport Canada Civil Aviation (TCCA), which is the aviation authority for Canada, has issued Canadian AD CF–2017–25, dated July 31, 2017 (referred to after this as the Mandatory Continuing Airworthiness Information, or ''the MCAI''), to correct an unsafe condition for certain Bombardier, Inc., Model DHC–8–102, –103, and –106 airplanes, Model DHC–8–200 series airplanes, and Model DHC–8–300 series airplanes. The MCAI states:

> There have been several reports of arcing and smoke emanating from the windshields. Investigation of these incidents revealed that de-icing fluid and water could enter between the windshields and side window posts, leading to possible damage of the windshield heater terminal lugs creating arcing and smoke. In addition, investigation also revealed that the windshield heater terminal lugs tend to loosen over time. Loose terminal lugs could also have a similar effect of arcing and smoke. Both events could lead to burning of the lugs and, due to the excessive heat, cracking of the windshields. If not corrected, these conditions could cause a loss of cabin pressure resulting in an emergency descent.

Required actions include revising the maintenance or inspection program, as applicable, to incorporate MRB tasks for general visual inspections of the windshield moisture seal (for signs of cracking, erosion, wear, or other damage), re-torqueing the windshield heater terminal lugs, applying sealant to the windshield heater screw heads, doing a chemical cleaning of the wiring and components, doing a general visual inspection of the wiring and components for signs of cracking, erosion, wear, or other damage, doing an operational test of the pilot's and co-pilot's windshield heating system, and repair if necessary.

You may examine the MCAI in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0553.

Related Service Information Under 1 CFR Part 51

Bombardier has issued Service Bulletin 8–30–41, Revision A, dated March 24, 2017. This service information describes procedures for re-torqueing the windshield heater terminal lugs and applying Humisel coating to the screw heads of the windshield heater, doing a chemical cleaning and general visual inspection of the wiring and components, and doing an operational test of the windshield heating system.

Bombardier has also issued the following service information, which describes airworthiness limitation tasks for a general visual inspection of the windshield moisture seal. These documents are distinct since they apply to different airplane models.

- de Havilland Dash 8 Series 100 Maintenance Task Card, Task Number 5610/01, ''General Visual Inspection of the Windshield Moisture Seal,'' dated August 5, 2017.
- de Havilland Dash 8 Series 200 Maintenance Task Card, Task Number 5610/01, ''General Visual Inspection of the Windshield Moisture Seal,'' dated August 5, 2017.
- de Havilland Dash 8 Series 300 Maintenance Task Card, Task Number 5610/01, ''General Visual Inspection of the Windshield Moisture Seal,'' dated March 15, 2017.

This service information 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 and Requirements of This Proposed AD

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of the same type design.

Differences Between This Proposed AD and the MCAI or Service Information

The MCAI calls for revising the maintenance or inspection program, as applicable, by incorporating certain temporary revisions (TRs) into the Program Support Manual (PSM). This proposed AD instead calls for incorporating certain task cards into the

PSM. We have determined that these task cards address the unsafe condition in the same manner that the TRs would.

Costs of Compliance

We estimate that this proposed AD affects 63 airplanes of U.S. registry.

We estimate the following costs to comply with this proposed AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Labor cost	Parts cost	Cost per product	Cost on U.S. operators
3 work-hours × $85 per hour = $255	$0	$255	$16,065

We have also determined that revising the maintenance or inspection program takes an average of 90 work-hours per operator, although we recognize that this number may vary from operator to operator. In the past, we have estimated that this action takes 1 work-hour per airplane. Since operators incorporate maintenance or inspection program changes for their affected fleet(s), we have determined that a per-operator estimate is more accurate than a per-airplane estimate. Therefore, we estimate the total cost per operator to be $7,650 (90 work-hours × $85 per work-hour).

We have received no definitive data that would enable us to provide cost estimates for the on-condition actions specified in this proposed AD.

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. 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 Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

Bombardier, Inc.: Docket No. FAA–2018–0553; Product Identifier 2017–NM–138–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Bombardier, Inc., Model DHC–8–102, –103, –106, –201, –202, –301, –311, and –315 airplanes, certificated in any category, serial numbers 003 through 672 inclusive.

(d) Subject

Air Transport Association (ATA) of America Code 30, Ice and rain protection.

(e) Reason

This AD was prompted by reports of arcing and smoke emanating from the windshield, caused by loose or damaged windshield heater terminal lugs. We are issuing this AD to address loose terminal lugs and terminal lugs damaged due to fluid ingress between the windshields and side window posts, which could lead to burning of the lugs and cracking of the windshields, and could ultimately cause a loss of cabin pressure, resulting in an emergency descent.

(f) Compliance

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

(g) Maintenance or Inspection Program Revision

Within 30 days after the effective date of this AD, revise the maintenance or inspection program, as applicable, to incorporate the applicable task cards identified in paragraphs (g)(1), (g)(2), and (g)(3) of this AD into the applicable Program Support Manual (PSM) as identified in table 1 to paragraph (g) of this AD. The initial compliance time for the tasks are within 1,600 flight hours or 12 months, whichever occurs first after the effective date of this AD.

(1) de Havilland Dash 8 Series 100 Maintenance Task Card, Task Number 5610/01, ''General Visual Inspection of the Windshield Moisture Seal,'' dated August 5, 2017.

(2) de Havilland Dash 8 Series 200 Maintenance Task Card, Task Number 5610/01, ''General Visual Inspection of the Windshield Moisture Seal,'' dated August 5, 2017.

(3) de Havilland Dash 8 Series 300 Maintenance Task Card, Task Number 5610/01, ''General Visual Inspection of the Windshield Moisture Seal,'' dated March 15, 2017.

Table 1 to paragraph (g) of this AD – *PSM to update*

Airplane Model	Maintenance Requirements Manual (MRM)
DHC-8-102, -103, and -106	PSM 1-8-7
DHC-8-201 and -202	PSM 1-82-7
DHC-8-301, -311, and -315	PSM 1-83-7

(h) No Alternative Actions or Intervals

After the maintenance or inspection program has been revised as required by paragraph (g) of this AD, no alternative actions (*e.g.,* inspections) or intervals may be used unless the actions or intervals are approved as an alternative method of compliance (AMOC) in accordance with the procedures specified in paragraph (k)(1) of this AD.

(i) Cleaning, Inspection, Re-Torqueing, Sealant Application, and Operational Test

Within 8,000 flight hours or 60 months, whichever occurs first after the effective date of this AD: Perform a chemical cleaning of the wiring and components, do a general visual inspection of the wiring and components for signs of cracking, erosion, wear, or other damage, re-torque the windshield heater terminal lugs, apply Humiseal coating to the screw heads of the windshield heater, and do an operational test of the pilot's and co-pilot's windshield heating system, in accordance with the Accomplishment Instructions of Bombardier Service Bulletin 8–30–41, Revision A, dated March 24, 2017. If the operational test fails, before further flight, do corrective actions, repeat the test, and do applicable corrective actions until the operational test is passed. If any cracking, erosion, wear, or other damage is found, before further flight, repair using a method approved by the Manager, New York ACO Branch, FAA; or Transport Canada Civil Aviation (TCCA); or Bombardier, Inc.'s TCCA Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(j) Credit for Previous Actions

This paragraph provides credit for actions required by paragraph (i) of this AD, if those actions were performed before the effective date of this AD using Bombardier Service Bulletin 8–30–41, dated March 31, 2016.

(k) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, New York ACO 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 certification office, send it to ATTN: Program Manager, Continuing Operational Safety, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7300; fax 516–794–5531. 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.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, New York ACO Branch, FAA; or TCCA; or Bombardier, Inc,'s TCCA DAO. If approved by the DAO, the approval must include the DAO-authorized signature.

(l) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) Canadian AD CF–2017–25, dated July 31, 2017, for related information. This MCAI may be found in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0553.

(2) For more information about this AD, contact Assata Dessaline, Aerospace Engineer, Avionics and Administrative Services Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7301; fax 516–794–5531.

(3) For service information identified in this AD, contact Bombardier, Inc., Q-Series Technical Help Desk, 123 Garratt Boulevard, Toronto, Ontario M3K 1Y5, Canada; telephone 416–375–4000; fax 416–375–4539; email *thd.qseries@aero.bombardier.com*; internet *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 14, 2018.

Michael Kaszycki,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–13925 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0586; Product Identifier 2017–NM–151–AD]

RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc., Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for certain Bombardier, Inc., Model DHC–8–300 series airplanes. This proposed AD was prompted by reports indicating that a certain emergency exit door could not be opened during maintenance. This proposed AD would require a detailed inspection of the ball bearings of an emergency exit, replacement of bearings if necessary, application of corrosion inhibiting compound (CIC), and revision of the maintenance or inspection program, as applicable. We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, contact Bombardier, Inc., Q-Series Technical Help Desk, 123 Garratt

Boulevard, Toronto, Ontario M3K 1Y5, Canada; telephone 416–375–4000; fax 416–375–4539; email *thd.qseries@aero.bombardier.com*; internet *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0586; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Neil Doh, Aerospace Engineer, Aviation Safety Section, FAA, Boston ACO Branch, 1200 District Avenue, Burlington, MA 01803; telephone: 781–238–7757; fax: 781–238–7199; email: *neil.doh@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0586; Product Identifier 2017–NM–151–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM based on those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this NPRM.

Discussion

Transport Canada Civil Aviation (TCCA), which is the aviation authority for Canada, has issued Canadian Airworthiness Directive CF–2017–30, dated August 30, 2017 (referred to after this as the Mandatory Continuing Airworthiness Information, or ''the MCAI''), to correct an unsafe condition for certain Bombardier, Inc., Model DHC–8–300 series airplanes. The MCAI states:

> An operator has reported the inability to open the Forward Right Hand Type I emergency exit door with either the internal or external handle during maintenance. Investigation has determined that the handle was found to be jammed due to corroded center and lower shaft ball bearings. Condensation has been found to be the root cause of the Forward Right Hand Type I emergency exit door hardware corrosion. Other Forward Right Hand Type I emergency exit door ball bearings are also susceptible to corrosion. Inability to open the Forward Right Hand Type I emergency exit door during an emergency evacuation may impede aircraft egress.
>
> This [Canadian] AD mandates the inspection for corrosion and replacement, as required, of all Forward Right Hand Type I emergency exit door ball bearings, and the application of corrosion inhibiting compound (CIC), to ensure that the Forward Right Hand Type I emergency exit door can be opened when required.

Required actions also include an inspection of the emergency exit door ball bearings for seal damage and loss of lubricant and revision of the maintenance or inspection program, as applicable. You may examine the MCAI in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0586.

Related Service Information Under 1 CFR Part 51

Bombardier has issued the following service information:

- Service Bulletin 8–52–65, dated July 26, 2017, which describes procedures for a detailed inspection of the forward right-hand type 1 emergency exit door ball bearings for corrosion, seal damage, and loss of lubricant; applying CIC; and replacing emergency exit door ball bearings if necessary.
- Maintenance Review Board (MRB) Task 5220/12 (''Servicing of Forward RH Emergency Exit Mechanisms''), dated March 15, 2017, of the DHC–8–300 Series Maintenance Program Support Manual (PSM) 1–83–7, which describes procedures for servicing the forward right-hand emergency exit door mechanisms.
- Temporary Revision (TR) 54–042, dated April 10, 2018, to the DHC–8–300 Aircraft Maintenance Manual (AMM), which describes procedures for servicing the type 1 emergency exit door mechanisms.

This service information 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 and Requirements of This Proposed AD

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of the same type design.

This AD requires revisions to certain operator maintenance documents to include new actions (*e.g.,* inspections). Compliance with these actions is required by 14 CFR 91.403(c). For airplanes that have been previously modified, altered, or repaired in the areas addressed by this proposed AD, the operator may not be able to accomplish the actions described in the revisions. In this situation, to comply with 14 CFR 91.403(c), the operator must request approval for an alternative method of compliance according to paragraph (j)(1) of this proposed AD. The request should include a description of changes to the required actions that will ensure the continued damage tolerance of the affected structure.

Differences Between This Proposed AD and the MCAI

The MCAI requires the incorporation of MRB Task 5220/12 (''Servicing of Forward RH Emergency Exit Mechanisms'') into the maintenance program. That task refers to the AMM for certain procedures, which have been updated. We understand that the MCAI does not require the updated AMM procedures because, unlike U.S. operators, Canadian operators are already required to use the most current AMM procedures. Therefore, this proposed AD would also require the incorporation of Bombardier TR 54–042, dated April 10, 2018, which includes the updated AMM procedures.

Costs of Compliance

We estimate that this proposed AD affects 16 airplanes of U.S. registry.

We estimate the following costs to comply with this proposed AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Labor cost	Parts cost	Cost per product	Cost on U.S. operators
3 work-hours × $85 per hour = $255	$0	$255	$4,080

We have determined that revising the maintenance or inspection program takes an average of 90 work-hours per operator, although we recognize that this number may vary from operator to operator. In the past, we have estimated that this action takes 1 work-hour per airplane. Since operators incorporate maintenance or inspection program changes for their affected fleet(s), we have determined that a per-operator estimate is more accurate than a per-airplane estimate. Therefore, we estimate the total cost per operator to be $7,650 (90 work-hours × $85 per work-hour).

We estimate the following costs to do any necessary on-condition actions that would be required based on the results of any required actions. We have no way of determining the number of aircraft that might need these on-condition actions:

ESTIMATED COSTS OF ON-CONDITION ACTIONS

Labor cost	Parts cost	Cost per product
6 work-hours × $85 per hour = $510	$586	$1,096

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. 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 Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

Bombardier, Inc.: Docket No. FAA–2018–0586; Product Identifier 2017–NM–151–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Bombardier, Inc., Model DHC–8–301, –311, and –315 airplanes, certificated in any category, serial numbers 100 through 672 inclusive.

(d) Subject

Air Transport Association (ATA) of America Code 52, Doors.

(e) Reason

This AD was prompted by reports indicating that the forward right-hand type I emergency exit door could not be opened during maintenance. An investigation determined that the exit door handle was jammed due to corroded center and lower shaft ball bearings. We are issuing this AD to address corrosion of the emergency exit door ball bearings, which could result in the inability to open the emergency exit door during an emergency evacuation and consequently impede airplane egress.

(f) Compliance

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

(g) Revision of Maintenance or Inspection Program

Within 60 days after the effective date of this AD: Revise the maintenance or inspection program, as applicable, to incorporate Maintenance Review Board Task 5220/12 (''Servicing of Forward RH Emergency Exit Mechanisms''), dated March 15, 2017, of the DHC–8–300 Series Maintenance Program Support Manual (PSM) 1–83–7; and Temporary Revision 54–042, dated April 10, 2018, to the DHC–8–300 Aircraft Maintenance Manual (AMM). The initial compliance time for doing the task is

at the time specified in Maintenance Review Board Task 5220/12 (''Servicing of Forward RH Emergency Exit Mechanisms'') of the DHC–8–300 Series Maintenance PSM 1–83–7, or within 60 days after the effective date of this AD, whichever occurs later.

(h) Inspection and Replacement

Within 5,000 flight hours or 36 months, whichever occurs first, after the effective date of this AD: Do a detailed inspection of all ball bearings of the forward right-hand type I emergency exit for corrosion, seal damage, and loss of lubricant; replace bearings as applicable; and apply corrosion inhibiting compound (CIC); in accordance with the Accomplishment Instructions of Bombardier Service Bulletin 8–52–65, dated July 26, 2017. Do all applicable replacements before further flight.

(i) No Alternative Actions or Intervals

After the maintenance or inspection program has been revised as required by paragraph (g) of this AD, no alternative actions (*e.g.,* inspections) or intervals may be used unless the actions and intervals are approved as an alternative method of compliance (AMOC) in accordance with the procedures specified in paragraph (j)(1) of this AD.

(j) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, New York ACO 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 certification office, send it to ATTN: Program Manager, Continuing Operational Safety, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7300; fax 516–794–5531. 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.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, New York ACO Branch, FAA; or Transport Canada Civil Aviation (TCCA); or Bombardier, Inc.'s TCCA Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(k) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) Canadian Airworthiness Directive CF–2017–30, dated August 30, 2017, for related information. This MCAI may be found in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0586.

(2) For more information about this AD, contact Neil Doh, Aerospace Engineer, Aviation Safety Section, FAA, Boston ACO Branch, 1200 District Avenue, Burlington, MA 01803; telephone: 781–238–7757; fax: 781–238–7199; email: *neil.doh@faa.gov.*

(3) For information about AMOCs, contact Cesar Gomez, Aerospace Engineer, Airframe and Mechanical Systems Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone: 516–228–7318; fax: 516–794–5531.

(4) For service information identified in this AD, contact Bombardier, Inc., Q-Series Technical Help Desk, 123 Garratt Boulevard, Toronto, Ontario M3K 1Y5, Canada; telephone 416–375–4000; fax 416–375–4539; email *thd.qseries@aero.bombardier.com;* internet *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 26, 2018.

Dionne Palermo,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–14415 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0583; Product Identifier 2018–NM–019–AD]

RIN 2120–AA64

Airworthiness Directives; Airbus Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to supersede Airworthiness Directive (AD) 2017–16–07, which applies to certain Airbus Model A330–200, A330–200 Freighter, A330–300, A340–500, and A340–600 series airplanes; and Model A340–313 airplanes. AD 2017–16–07 requires inspection of the fuselage bulk cargo door frames at specific locations, and corrective action if necessary. Since we issued AD 2017–16–07, it was determined that only airplanes having certain manufacturer serial numbers (MSNs) are affected by tartaric sulfuric anodizing (TSA)/chromic acid anodizing (CAA) surface treatment in the door fitting attachment holes, and that airplanes having certain MSNs were excluded. This proposed AD is intended to complete certain mandated programs intended to support the airplane reaching its limit of validity (LOV) of the engineering data that support the established structural maintenance program. This proposed AD would require new inspections of certain attachment holes for residual surface treatment and cracking, and corrective action if necessary; and would provide an optional terminating action for the inspections. The proposed AD would also revise the applicability to add certain airplanes and remove others. We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, contact Airbus SAS, Airworthiness Office—EAL, 2 Rond-Point Emile Dewoitine, 31700 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 45 80; email *airworthiness.A330-A340@airbus.com;* internet *http://www.airbus.com.* You may view this referenced service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0583; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Vladimir Ulyanov, Aerospace Engineer, International Section, Transport Standards Branch, FAA, 2200 South 216th St., Des Moines, WA 98198; telephone and fax 206–231–3229.

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0583; Product Identifier 2018–NM–019–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD based on those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

Discussion

As described in FAA Advisory Circular 120–104 (*http://www.faa.gov/documentLibrary/media/Advisory_Circular/120-104.pdf*), several programs have been developed to support initiatives that will ensure the continued airworthiness of aging airplane structure. The last element of those initiatives is the requirement to establish a limit of validity (LOV) of the engineering data that support the structural maintenance program under 14 CFR 26.21. This proposed AD is the result of an assessment of the previously established programs by the design approval holder (DAH) during the process of establishing the LOV for the affected airplanes. The actions specified in this proposed AD are necessary to complete certain programs to ensure the continued airworthiness of aging airplane structure and to support an airplane reaching its LOV.

We issued AD 2017–16–07, Amendment 39–18984 (82 FR 41874, September 5, 2017) (''AD 2017–16–07''), for all Airbus Model A330–200, A330–200 Freighter, A330–300, A340–500, and A340–600 series airplanes; and Model A340–313 airplanes. AD 2017–16–07 requires inspection of the fuselage bulk cargo door frames at specific locations, and corrective action if necessary. AD 2017–16–07 resulted from the discovery of TSA/CAA surface treatment in certain bulk cargo door frame holes of airplanes with MSNs 0400 and higher. We issued AD 2017–16–07 to detect and correct fatigue cracks in the bulk cargo door frames, caused by TSA/CAA surface treatment in certain bulk cargo door frame holes. Cracks in the bulk cargo door frames can cause the in-flight loss of a bulk cargo door, damage to the airplane, and subsequent reduced control of the airplane.

Actions Since AD 2017–16–07 Was Issued

Since we issued AD 2017–16–07, it was determined that only airplanes having manufacturer serial numbers (MSNs) 0400 through 1779 are affected by TSA/CAA surface treatment in the door fitting attachment holes due to fatigue. However, it was also determined that airplanes having MSN 0001 to MSN 0399 are affected in the same attachment holes due to a fatigue issue, therefore, the same inspections must also be accomplished on these airplanes. In addition, based on inspection results and calculations, Airbus also redefined the inspection thresholds and intervals. Airbus determined that these actions should not be required for Model A340–500 and –600 airplanes because the unsafe condition would only develop beyond the design service goal of these airplanes. Additionally, Airbus developed an optional terminating modification.

The European Aviation Safety Agency (EASA), which is the Technical Agent for the Member States of the European Union, has issued EASA AD 2018–0005, dated January 10, 2018 (referred to after this as the Mandatory Continuing Airworthiness Information, or ''the MCAI''), to correct an unsafe condition for certain Airbus Model A330–200, A330–200 Freighter, and A330–300 series airplanes, and Model A340–200 and A340–300 series airplanes. The MCAI states:

> In the frame of the certification of the A330 Extended Service Goal exercise, it was identified that Tartaric Sulfuric Anodising (TSA) or Chromic Acid Anodising (CAA) surface treatment is present in some frame holes, from aeroplane MSN [manufacturer serial number] 0400 and later MSN, following production process modification. On bulk cargo door frames (FR) 67 and FR 69 right hand (RH) side, the door fitting attachment holes have this TSA or CAA treatment, which leads to a detrimental effect on fatigue behaviour.
>
> This condition, if not detected and corrected, could lead to cracks in the primary structure, possibly resulting in in-flight loss of a bulk cargo door, consequent decompression and potential damage to, and reduced control of, the aeroplane.
>
> To initially address this potential unsafe condition, Airbus issued Alert Operators Transmission (AOT) A53L012–16 to provide instructions to inspect the fuselage bulk cargo door frames at specific locations. Consequently, EASA issued AD 2016–0102 [which corresponds to FAA AD 2017–16–07], requiring repetitive non-destructive test (rototest and high-frequency eddy-current (HFEC)) inspection or visual detailed (DET) inspections [to detect cracking] of the affected areas, and, depending on findings, accomplishment of a repair.
>
> Since that [EASA] AD was issued, it was determined that only aeroplanes from MSN 0400 to MSN 1779 are affected by CAA or TSA surface treatment issue in the door fitting attachment holes. However, it was also determined that aeroplanes MSN 0001 to MSN 0399 are affected in the same attachment holes due to a fatigue issue, therefore, the same inspections must also be accomplished on these aeroplanes. In addition, based on inspection results and calculation, Airbus redefined inspection thresholds and intervals, depending on aeroplane type, model and utilisation. Airbus published SB A330–53–3278 and SB A340–53–4239 providing the inspection instructions at the specific locations with extended inspection thresholds and intervals. Airbus also determined that the actions should not be required for A340–500 and –600 models, as for these aeroplanes, the unsafe condition would only develop beyond the Design Service Goal of these aeroplanes. Finally, Airbus developed modification (mod) 206409 and published associated SB A330–53–3275 and SB A340–53–4238, as applicable, as optional terminating action.
>
> For the reasons described above, this [EASA] AD retains the requirements of EASA AD 2016–0102, which is superseded, expands the Applicability and requires redefined repetitive inspections of the holes at the upper and lower door support fittings of FR 67 and FR 69 RH and the holes at door latch fitting of FR 69 RH. This [EASA] AD also introduces an optional modification, which constitutes terminating action for the repetitive inspections as required by this [EASA] AD.

The optional modification involves related investigative actions of eddy current rotating probe testing for cracks of the support fittings and the frame holes at frame (FR) 67 and FR 69. You may examine the MCAI in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0583.

Related Service Information Under 1 CFR Part 51

Airbus has issued the following service information.

- Service Bulletin A330–53–3275, dated August 22, 2017.
- Service Bulletin A330–53–3278, dated August 22, 2017.
- Service Bulletin A340–53–4238, dated September 8, 2017.
- Service Bulletin A340–53–4239, dated September 5, 2017.

Airbus Service Bulletins A330–53–3278 and A340–53–4239 describe procedures for rototest, HFEC/ultrasonic and detailed inspections for residual surface treatment and cracking of the upper and lower right-hand fuselage

bulk cargo door support fitting attachment holes at FR 67 and FR 69 and the right-hand fuselage bulk cargo door latch fitting attachment holes at FR 69. Airbus Service Bulletins A330–53–3275 and A340–53–4238 describe procedures for a modification, which includes eddy current rotating probe testing for cracks of the support fittings and the frame holes at FR 67 and FR 69, and removal of TSA or CAA in the final holes of the bulk door frames FR 67 and FR 69. These documents are distinct since they apply to different airplane models. This service information 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 and Requirements of This Proposed AD

Although this proposed AD does not explicitly restate the actions that are part of the requirements of AD 2017–16–07, this proposed AD would retain those required actions. Those actions are referenced in the service information identified above.

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of these same type designs.

Costs of Compliance

We estimate that this proposed AD affects 102 airplanes of U.S. registry. We estimate the following costs to comply with this proposed AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspections and modification	Up to 40 work-hours × $85 per hour = $3,400.	$5,100	Up to $8,500	Up to $867,000.

We have received no definitive data that would enable us to provide cost estimates for the on-condition actions specified in this proposed AD.

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

1. Is not a ''significant regulatory action'' under Executive Order 12866,
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979),
3. Will not affect intrastate aviation in Alaska, and
4. 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 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 removing Airworthiness Directive (AD) 2017–16–07, Amendment 39–18984 (82 FR 41874, September 5, 2017), and adding the following new AD:

Airbus: Docket No. FAA–2018–0583; Product Identifier 2018–NM–019–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

This AD replaces AD 2017–16–07, Amendment 39–18984 (82 FR 41874, September 5, 2017) (''AD 2017–16–07'').

(c) Applicability

This AD applies to the following Airbus airplanes, certificated in any category, manufacturer serial numbers (MSNs) 0001 to 1779 inclusive; except airplanes on which Airbus Service Bulletin A330–53–3275 or Airbus Service Bulletin A340–53–4238 has been embodied.

(1) Airbus Model A330–201, –202, –203, –223, and –243 airplanes.

(2) Airbus Model A330–223F and –243F airplanes.

(3) Airbus Model A330–301, –302, –303, –321, –322, –323, –341, –342, and –343 airplanes.

(4) Airbus Model A340–211, –212, and –213 airplanes.

(5) Airbus Model A340–311, –312, and –313 airplanes.

(d) Subject

Air Transport Association (ATA) of America Code 53, Fuselage.

(e) Reason

This AD is prompted by a determination that only airplanes having certain

manufacturer serial numbers (MSNs) are affected by tartaric sulfuric anodizing (TSA)/chromic acid anodizing (CAA) surface treatment in the door fitting attachment holes, and that airplanes having certain MSNs were excluded from AD 2017–16–07. This AD is intended to complete certain mandated programs intended to support the airplane reaching its limit of validity (LOV) of the engineering data that support the established structural maintenance program. We are issuing this AD to detect and correct fatigue cracks in the bulk cargo door frames, caused by TSA/CAA surface treatment in certain bulk cargo door frame holes. Cracks in the bulk cargo door frames can cause the in-flight loss of a bulk cargo door, damage to the airplane, and subsequent reduced control of the airplane.

(f) Compliance

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

(g) Repetitive Inspections

Before exceeding the thresholds specified in table 1 to paragraph (g) of this AD, or within the applicable time specified in paragraph (g)(1) or (g)(2) of this AD, whichever is later: Do a rototest, high frequency eddy current (HFEC), ultrasonic, or detailed inspection, as applicable, for residual surface treatment and cracking of the upper and lower right-hand fuselage bulk cargo door support fitting attachment holes at FR 67 and FR 69 and the right-hand fuselage bulk cargo door latch fitting attachment holes at FR 69, in accordance with the Accomplishment Instructions of Airbus Service Bulletin A330–53–3278, dated August 22, 2017, or Airbus Service Bulletin A340–53–4239, dated September 5, 2017; as applicable. Thereafter, depending on the areas and inspection methods as defined in table 2 to paragraph (g) of this AD, repeat the inspection at intervals not exceeding those specified in table 3 to paragraph (g) of this AD.

(1) For airplanes having MSN 0001 through 0399 inclusive: Within 200 flight cycles after the effective date of this AD.

(2) For airplanes having MSN 0400 through 1779 inclusive: Within 800 flight cycles after the effective date of this AD.

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Table 1 to paragraph (g) of this AD – *Initial Inspection*

Affected airplanes	MSN	Operation: short-range (SR); long-range (LR)*	Inspection threshold (flight cycles [FC] or flight hours [FH], whichever occurs first, since airplane first flight)
A330 (except -200F), A340-200, and A340-300	0001 to 0399 inclusive	SR	27,100 FC or 83,900 FH
		LR	23,600 FC or 133,100 FH
A330 (except -200F), A340-200, and A340-300	0400 to 1779 inclusive	SR	16,000 FC or 49,500 FH
		LR	13,900 FC or 78,600 FH
A330-223F and -243F	All	SR or LR	11,300 FC or 34,000 FH

*Guidance for determining whether an airplane is operated in short-range or long-range operations can be found in Airbus Operator Information Telex 999.0086/11.

Table 2 to paragraph (g) of this AD – *Areas and Inspection Methods*

Action	Areas to be Inspected	Inspection Methods*
1	Any	Detailed
2	Upper and lower door support fitting holes	Rototest
	Latch fitting holes	HFEC
3	Upper door support fitting hole	HFEC and ultrasonic

*The inspection interval, as specified in table 3 to paragraph (g) of this AD, is based on the kind of inspection (action) applied to an area, along with the airplane model. Alternating between inspection methods is allowed, provided that the applicable inspection interval is based on the method used during the latest inspection.

Table 3 to paragraph (g) of this AD – *Inspection Intervals*

Action/ Area(s)	Affected Airplanes	Operation: Short-range (SR); Long-range (LR)*	Inspection Interval (FC or FH, whichever occurs first)
1	All	SR or LR	150 FC
2	A330 (except -200F), A340-200, and A340-300	SR	3,300 FC or 10,300 FH
		LR	2,900 FC or 16,400 FH
	A330-223F and -243F	SR or LR	2,700 FC or 8,300 FH
3	A330 (except -200F), A340-200, and A340-300	SR	1,700 FC or 6,100 FH
		LR	1,400 FC or 8,400 FH
	A330-223F and -243F	SR or LR	1,700 FC or 5,200 FH

*Guidance for determining whether an airplane is operated in short-range or long-range operations can be found in Airbus Operator Information Telex 999.0086/11.

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(h) Corrective Action

If any discrepancy is found during any inspection required by paragraph (g) of this AD, before further flight, repair using a method approved by the Manager, International Section, Transport Standards Branch, FAA; or the European Aviation Safety Agency (EASA); or Airbus's EASA Design Organization Approval (DOA). If approved by the DOA, the approval must include the DOA-authorized signature.

(i) Non-Terminating Action for Repairs

Accomplishment of a repair on an airplane, as required by paragraph (h) of this AD, does not constitute terminating action for the inspections required by paragraph (g) of this AD for that airplane, unless otherwise specified in repair instructions approved by the Manager, International Section, Transport Standards Branch, FAA; or EASA; or Airbus's EASA DOA. If approved by the DOA, the approval must include the DOA-authorized signature.

(j) Optional Terminating Action

Accomplishment of the modification, including applicable related investigative and corrective actions and removal of TSA or CAA in the final holes of the bulk door frames FR 67 and FR 69, as applicable, specified in, and in accordance with Airbus Service Bulletin A330–53–3275, dated August 22, 2017, or Airbus Service Bulletin A340–53–4238, dated September 8, 2017, as applicable, constitutes terminating action for the inspections required by paragraph (g) of this AD for that airplane, unless otherwise specified in the repair instructions approved by the Manager, International Section, Transport Standards Branch, FAA; or EASA; or Airbus's EASA DOA. If approved by the DOA, the approval must include the DOA-authorized signature.

(k) Credit for Previous Actions

This paragraph provides credit for the actions required by paragraph (g) of this AD if those actions were performed before the effective date of this AD using Airbus All Operators Telex (AOT) A53L012–16, dated May 30, 2016, or Revision 1, dated March 9, 2017.

(l) Other FAA AD Provisions

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, International Section, Transport Standards 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 Section, send it to the attention of the person identified in paragraph (m)(2) of this AD. Information may be emailed to: *9-ANM-116-AMOC-REQUESTS@faa.gov.* 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.

(2) *Contacting the Manufacturer:* As of the effective date of this AD, for any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, International Section, Transport Standards Branch, FAA; or the EASA; or EASA DOA. If approved by the DOA, the approval must include the DOA-authorized signature.

(m) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) EASA AD 2018–0005, dated January 10, 2018, for related information. This MCAI may be found in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0583.

(2) For more information about this AD, contact Vladimir Ulyanov, Aerospace Engineer, International Section, Transport Standards Branch, FAA, 2200 South 216th St., Des Moines, WA 98198; telephone and fax 206–231–3229.

(3) For service information identified in this AD, contact Airbus SAS, Airworthiness Office—EAL, 2 Rond-Point Emile Dewoitine, 31700 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 45 80; email *airworthiness.A330-A340@airbus.com;* internet *http://www.airbus.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 22, 2018.

Michael Kaszycki,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–14407 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0551; Product Identifier 2018–NM–023–AD]

RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc.

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for certain Bombardier, Inc., Model CL–600–2C10 (Regional Jet Series 700, 701, & 702) airplanes; Model CL–600–2D15 (Regional Jet Series 705) airplanes; Model CL–600–2D24 (Regional Jet Series 900) airplanes; and Model CL–600–2E25 (Regional Jet Series 1000) airplanes. This proposed AD was prompted by reports of damage to the protective coating and corrosion on the piston/axle of the main landing gear (MLG), caused by friction between the inboard axle sleeve and the axle thrust face. This proposed AD would require revising the maintenance or inspection program, as applicable, to incorporate a detailed inspection of the MLG piston/axle for damage to the protective coating and for corrosion. We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, contact Bombardier, Inc., 400 Côte-Vertu Road West, Dorval, Québec H4S 1Y9, Canada; Widebody Customer Response Center North America toll-free telephone 1–866–538–1247 or direct-dial telephone 1–514–855–2999; fax 514–855–7401; email *ac.yul@aero.bombardier.com;* internet *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0551; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Darren Gassetto, Aerospace Engineer, Airframe and Mechanical Systems Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7323; fax 516–794–5531; email *9-avs-nyaco-cos@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0551; Product Identifier 2018–NM–023–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM based on those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this NPRM.

Discussion

Transport Canada Civil Aviation (TCCA), which is the aviation authority for Canada, has issued Canadian AD CF–2017–38, dated December 20, 2017 (referred to after this as the Mandatory Continuing Airworthiness Information, or ''the MCAI''), to correct an unsafe condition for certain Bombardier, Inc., Model CL–600–2C10 (Regional Jet Series 700, 701, & 702) airplanes; Model CL–600–2D15 (Regional Jet Series 705) airplanes; Model CL–600–2D24

(Regional Jet Series 900) airplanes; and Model CL–600–2E25 (Regional Jet Series 1000) airplanes. The MCAI states:

> There have been reports of damage to the protective coating and/or corrosion on the piston/axle of the Main Landing Gear (MLG). The damage to the protective coating was caused by friction between the inboard axle sleeve and the axle thrust face. If not corrected, this condition can cause the axle to separate from the piston/axle [and consequent collapse of the landing gear during ground maneuvers or upon landing].
>
> This [Canadian] AD mandates the incorporation of a new maintenance task in order to perform a [detailed] visual inspection of the piston/axle of the MLG to prevent the axle separation from the piston/axle.

You may examine the MCAI in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0551.

Related Service Information Under 1 CFR Part 51

Bombardier, Inc. has issued CRJ Series Regional Jet Temporary Revision (TR) MRB–0059, dated March 20, 2015, to Bombardier CRJ Series Regional Jet Maintenance Requirements Manual (MRM), Part 1, CSP B–053. The service information describes an airworthiness limitation task for a detailed inspection for damage to the protective coating and for corrosion on the piston/axle of the MLG. This service information 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 and Requirements of This Proposed AD

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of the same type design.

This AD requires revisions to certain operator maintenance documents to include new actions (*e.g.,* inspections). Compliance with these actions is required by 14 CFR 91.403(c). For airplanes that have been previously modified, altered, or repaired in the areas addressed by this proposed AD, the operator may not be able to accomplish the actions described in the revisions. In this situation, to comply with 14 CFR 91.403(c), the operator must request approval for an alternative method of compliance according to paragraph (j)(1) of this proposed AD. The request should include a description of changes to the required inspections that will ensure the continued operational safety of the airplane.

Costs of Compliance

We estimate that this proposed AD affects 530 airplanes of U.S. registry. We estimate the following costs to comply with this proposed AD:

We have determined that revising the maintenance or inspection program takes an average of 90 work-hours per operator, although we recognize that this number may vary from operator to operator. In the past, we have estimated that this action takes 1 work-hour per airplane. Since operators incorporate maintenance or inspection program changes for their affected fleet(s), we have determined that a per-operator estimate is more accurate than a per-airplane estimate. Therefore, we estimate the total cost per operator to be $7,650 (90 work-hours × $85 per work-hour).

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. 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 Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

Bombardier, Inc: Docket No. FAA–2018–0551; Product Identifier 2018–NM–023–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

None.

(c) Applicability

This AD applies to certain Bombardier, Inc., Model CL–600–2C10 (Regional Jet Series 700, 701, & 702) airplanes, serial numbers 10002 and subsequent; Model CL–600–2D15 (Regional Jet Series 705) airplanes and Model CL–600–2D24 (Regional Jet Series 900) airplanes, serial numbers 15001 and subsequent; and Model CL–600–2E25

(Regional Jet Series 1000) airplanes, serial numbers 19001 and subsequent, certificated in any category.

(d) Subject

Air Transport Association (ATA) of America Code 32, Landing gear.

(e) Reason

This AD was prompted by reports of damage to the protective coating and corrosion found on the piston/axle of the main landing gear (MLG), caused by friction between the inboard axle sleeve and the axle thrust face. We are issuing this AD to address such damage, which could cause the axle to separate from the piston/axle, and ultimately lead to collapse of the landing gear during ground maneuvers or upon landing.

(f) Compliance

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

(g) Maintenance or Inspection Program Revision

Within 30 days after the effective date of this AD: Revise the maintenance or inspection program, as applicable, by incorporating CRJ Series Regional Jet Temporary Revision (TR) MRB–0059, dated March 20, 2015, to Bombardier CRJ Series Regional Jet Maintenance Requirements Manual (MRM), Part 1, CSP B–053. The applicable maintenance or inspection program revision required by this paragraph may be done by inserting a copy of TR MRB–0059, dated March 20, 2015, to Bombardier CRJ Series Regional Jet MRM, Part 1, CSP B–053. When the information in TR MRB–0059, dated March 20, 2015, to Bombardier CRJ Series Regional Jet MRM, Part 1, CSP B–053, has been included in the general revisions of Bombardier CRJ Series Regional Jet MRM, Part 1, CSP B–053, the general revisions may be inserted in the MRM, and this TR may be removed, provided the relevant information in the general revision is identical to that in Bombardier TR MRB–0059, dated March 20, 2015, to Bombardier CRJ Series Regional Jet MRM, Part 1, CSP B–053. The initial time for the task is at the applicable time specified in figure 1 to paragraphs (g) and (h) of this AD. Information used for determining the entry into service date can be found in paragraph (h) of this AD.

Figure 1 to paragraphs (g) and (h) of this AD – *Compliance Time Requirements*

Time since piston/axle entry into service	Compliance time to perform initial inspection task
More than 48 months since entry into service, as of the effective date of this AD.	Within 12 months from the effective date of this AD.
More than 24 months but less than or equal to 48 months since entry into service, as of the effective date of this AD.	Within 24 months from the effective date of this AD but before reaching 60 months total piston/axle time in-service.
Less than or equal to 24 months since entry into service, as of the effective date of this AD.	Within 36 months from the effective date of this AD but before reaching 48 months total piston/axle time in-service.

(h) Information for Calculating Time Since Piston/Axle Entry Into Service Date

The entry into service date (first column of figure 1 to paragraphs (g) and (h) of this AD) can be calculated from the date of the latest inspection, restoration, or repair accomplished as specified in the service information listed in (h)(1) through (h)(3) inclusive, as applicable.

(1) Inspected as specified in Bombardier Service Bulletin 670BA–32–048, dated August 29, 2014; or Bombardier Service Bulletin 670BA–32–048, Revision A, September 5, 2014; or Bombardier Service Bulletin 670BA–32–048, Revision B, September 2, 2015.

(2) Restored as specified in Bombardier Task Number 320100–210, to Bombardier CRJ Series Regional Jet MRM, Part 1, CSP B–053.

(3) Repaired as specified in one or more of the Bombardier Repair Engineering Orders (REO) specified in paragraphs (h)(3)(i) through (h)(3)(iii) of this AD.

(i) Bombardier REO 670–32–11–313, Revision A, March 18, 2014.

(ii) Bombardier REO 670–32–11–361, dated July 30, 2014.

(iii) Bombardier REO 698–32–11–008, dated July 30, 2014.

(i) No Alternative Actions or Intervals

After the maintenance or inspection program has been revised, as required by paragraph (g) of this AD, no alternative actions (*e.g.,* inspections) or intervals may be used unless the actions or intervals are approved as an alternative method of compliance (AMOC) in accordance with the procedures specified in paragraph (j)(1) of this AD.

(j) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, New York ACO 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 certification office, send it to ATTN: Program Manager, Continuing Operational Safety, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7300; fax 516–794–5531. 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.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, New York ACO Branch, FAA; or Transport Canada Civil Aviation (TCCA); or Bombardier, Inc.'s TCCA Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(k) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) Canadian AD CF–2017–38, dated December 20, 2017, for related information. This MCAI may be found in the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0551.

(2) For more information about this AD, contact Darren Gassetto, Aerospace Engineer, Airframe and Mechanical Systems Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7323; fax 516–794–5531; email *9-avs-nyaco-cos@faa.gov.*

(3) For service information identified in this AD, contact Bombardier, Inc., 400 Côte-

Vertu Road West, Dorval, Québec H4S 1Y9, Canada; Widebody Customer Response Center North America toll-free telephone 1–866–538–1247 or direct-dial telephone 1–514–855–2999; fax 514–855–7401; email *ac.yul@aero.bombardier.com;* internet *http://www.bombardier.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 12, 2018.

Michael Kaszycki,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–13360 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0580; Product Identifier 2018–NM–025–AD]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for certain The Boeing Company Model 737–300, –400, and –500 series airplanes. This proposed AD was prompted by a report indicating that the primary latch securing the passenger service unit (PSU) to the airplane structure is not adequate for the higher loads experienced during survivable accidents. This proposed AD would require installing lanyard assemblies on the PSU and, for certain airplanes, on the life vest panel. We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, 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; internet *https://www.myboeingfleet.com.* You may view this referenced service information at the FAA, Transport Standards 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 on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0580.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0580; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office (phone: 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Scott Craig, Aerospace Engineer, Cabin Safety and Environmental Systems Section, FAA, Seattle ACO Branch, 2200 South 216th St., Des Moines, WA 98198; phone and fax: 206–231–3566; email: *Michael.S.Craig@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0580; Product Identifier 2018–NM–025–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM because of those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

Discussion

We have received a report indicating that the primary latch securing the PSU to the airplane structure is not adequate for the higher loads experienced during survivable accidents. In addition, there is no secondary means of retention (lanyards) for the PSU to the airplane structure. This condition, if not corrected, could result in the PSU becoming detached and falling into the cabin, which could lead to passenger injuries and impede egress during an evacuation.

Related Service Information Under 1 CFR Part 51

We reviewed Boeing Service Bulletin 737–25–1728, dated October 10, 2016. The service information describes procedures for installing lanyard assemblies on the PSU and life vest panels.

We reviewed Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017. The service information describes procedures for installing lanyard assemblies on the PSU.

These documents are distinct since they apply to different airplane models in different configurations.

This service information 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

We are proposing this AD because we evaluated all the relevant information and determined the unsafe condition described previously is likely to exist or develop in other products of the same type design.

Proposed AD Requirements

This proposed AD would require accomplishment of the actions identified as ''RC'' (required for compliance) in the Accomplishment Instructions of Boeing Service Bulletin 737–25–1728, dated October 10, 2016, described previously, except for any differences identified as exceptions in the regulatory text of this proposed AD.

This proposed AD would also require accomplishment of the actions identified in the Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017, described previously, except for any differences identified as exceptions in the regulatory text of this proposed AD.

For information on the procedures and compliance times, see this service information at *http://www.regulations.gov* by searching for

and locating Docket No. FAA–2018–0580.

Explanation of Requirements Bulletin

The FAA worked in conjunction with industry, under the Airworthiness Directives Implementation Aviation Rulemaking Committee (AD ARC), to enhance the AD system. One enhancement is a process for annotating which steps in the service information are ''required for compliance'' (RC) with an AD. Boeing has implemented this RC concept into Boeing service bulletins.

In an effort to further improve the quality of ADs and AD-related Boeing service information, a joint process improvement initiative was worked between the FAA and Boeing. The initiative resulted in the development of a new process in which the service information more clearly identifies the actions needed to address the unsafe condition in the ''Accomplishment Instructions.'' The new process results in a Boeing Requirements Bulletin, which contains only the actions needed to address the unsafe condition (*i.e.,* only the RC actions).

Costs of Compliance

We estimate that this proposed AD affects 227 airplanes of U.S. registry. We estimate the following costs to comply with this proposed AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Installation of lanyard assemblies	76 work-hour × $85 per hour = $6,460.	Up to $11,000	Up to $17,460	Up to $3,963,420.

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

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

(2) Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979),

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

(4) 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 Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

The Boeing Company: Docket No. FAA–2018–0580; Product Identifier 2018–NM–025–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

None.

(c) Applicability

This AD applies to The Boeing Company Model 737–300, –400, and –500 series airplanes, certificated in any category, as identified in the service information specified in paragraphs (c)(1) and (c)(2) of this AD.

(1) Boeing Service Bulletin 737–25–1728, dated October 10, 2016.

(2) Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017.

(d) Subject

Air Transport Association (ATA) of America Code 25, Equipment/furnishings.

(e) Unsafe Condition

This AD was prompted by a report indicating that the primary latch securing the passenger service unit (PSU) to the airplane structure is not adequate for the higher loads experienced during survivable accidents. We are issuing this AD to address the PSU becoming detached and falling into the cabin, which could lead to passenger injuries and impede egress during an evacuation.

(f) Compliance

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

(g) Required Actions

(1) For airplanes identified in Boeing Service Bulletin 737–25–1728, dated October 10, 2016: Except as required by paragraph (h)(1) of this AD, at the applicable times specified in paragraph 1.E., ''Compliance,'' of Boeing Service Bulletin 737–25–1728, dated October 10, 2016, do all applicable actions identified as ''RC'' (required for compliance) in, and in accordance with, the Accomplishment Instructions of Boeing Service Bulletin 737–25–1728, dated October 10, 2016.

(2) For airplanes identified in Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017: Except as required by paragraph (h)(2) of this AD, at the applicable times specified in the ''Compliance'' paragraph of Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017, do all applicable actions identified in, and in accordance with,

the Accomplishment Instructions of Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017.

Note 1 to paragraph (g)(2) of this AD: Guidance for accomplishing the actions required by this AD can be found in Boeing Service Bulletin 737–25–1758, dated November 8, 2017, which is referred to in Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017.

(h) Exceptions to Service Information Specifications

(1) For purposes of determining compliance with the requirements of this AD: Where Boeing Service Bulletin 737–25–1728, dated October 10, 2016, uses the phrase ''the original issue date of this service bulletin,'' this AD requires using ''the effective date of this AD.''

(2) For purposes of determining compliance with the requirements of this AD: Where Boeing Requirements Bulletin 737–25–1758 RB, dated November 8, 2017, uses the phrase ''the original issue date of the Requirements Bulletin (RB),'' this AD requires using ''the effective date of this AD.''

(i) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Seattle ACO 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 certification office, send it to the attention of the person identified in paragraph (j)(1) of this AD. Information may be emailed to: *9-ANM-Seattle-ACO-AMOC-Requests@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) 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 Commercial Airplanes Organization Designation Authorization (ODA) that has been authorized by the Manager, Seattle ACO 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.

(4) For service information that contains steps that are labeled as RC, the provisions of paragraphs (i)(4)(i) and (i)(4)(ii) 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. If a step or substep is labeled ''RC Exempt,'' then the RC requirement is removed from that step or substep. 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.

(j) Related Information

(1) For more information about this AD, contact Scott Craig, Aerospace Engineer, Cabin Safety and Environmental Systems Section, FAA, Seattle ACO Branch, 2200 South 216th St., Des Moines, WA 98198; phone and fax: 206–231–3566; email: *Michael.S.Craig@faa.gov.*

(2) For service information 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; internet *https://www.myboeingfleet.com.* You may view this referenced service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 21, 2018.

Michael Kaszycki,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–14397 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0581; Product Identifier 2018–NM–029–AD]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for certain The Boeing Company Model 777–200, –200LR, –300, and –300ER series airplanes. This proposed AD was prompted by a report that showed a non-compliance exists on some in-service galley attendant seat fitting installations. The non-compliance could result in flight attendant seats failing in a high-G crash. This proposed AD would require modifications for galley mounted seat fittings. We are proposing this AD to address the unsafe condition on these products.

DATES: We must receive comments on this proposed AD by August 20, 2018.

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

For service information identified in this NPRM, 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; internet *https://www.myboeingfleet.com.* You may view this referenced service information at the FAA, Transport Standards 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 on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0581.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0581; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office (phone: 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Allison Buss, Aerospace Engineer, Cabin Safety and Environmental Systems Section, FAA, Seattle ACO Branch, 2200 South 216th St., Des Moines, WA 98198; phone and fax: 206–231–3564; email: *Allison.buss@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2018–0581; Product Identifier 2018–NM–029–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory,

economic, environmental, and energy aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM because of those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

Discussion

We have received a report that showed a non-compliance exists on some in-service galley attendant seat fitting installations. This condition, if not addressed, could result in flight attendant seats failing in a high-G crash, resulting in potential injury to flight attendants and consequent inability of the flight attendants to assist with passenger evacuation in a timely manner.

Related Service Information Under 1 CFR Part 51

We reviewed Boeing Special Attention Service Bulletin 777–25–0649, Revision 1, dated October 6, 2017. The service information describes procedures for modifications for galley mounted seat fittings. This service information 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

We are proposing this AD because we evaluated all the relevant information and determined the unsafe condition described previously is likely to exist or develop in other products of the same type design.

Proposed AD Requirements

This proposed AD would require accomplishment of the actions identified as ''RC'' (required for compliance) in the Accomplishment Instructions of Boeing Special Attention Service Bulletin 777–25–0649, Revision 1, dated October 6, 2017, described previously, except as discussed under ''Differences Between this Proposed AD and the Service Information,'' and except for any differences identified as exceptions in the regulatory text of this proposed AD.

For information on the procedures and compliance times, see this service information at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2018–0581.

Differences Between This Proposed AD and the Service Information

Boeing Special Attention Service Bulletin 777–25–0649, Revision 1, dated October 6, 2017, specifies the compliance time as 1,875 days. For this proposed AD, we specified the compliance time as 6 years. We have coordinated this difference with Boeing.

Costs of Compliance

We estimate that this proposed AD affects 50 airplanes of U.S. registry. We estimate the following costs to comply with this proposed AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Modification	7 work-hours × $85 per hour = $595	$0	$595	$29,750

According to the manufacturer, some or all of the costs of this proposed AD may be covered under warranty, thereby reducing the cost impact on affected individuals. We do not control warranty coverage for affected individuals. As a result, we have included all known costs in our cost estimate.

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.

We are 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.

This proposed AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes to the Director of the System Oversight Division.

Regulatory Findings

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

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

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

(2) Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979),

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

(4) 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 Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

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

The Boeing Company: Docket No. FAA–2018–0581; Product Identifier 2018–NM–029–AD.

(a) Comments Due Date

We must receive comments by August 20, 2018.

(b) Affected ADs

None.

(c) Applicability

This AD applies to The Boeing Company Model 777–200, –200LR, –300, and –300ER series airplanes, certificated in any category, as identified in Boeing Special Attention Service Bulletin 777–25–0649, Revision 1, dated October 6, 2017.

(d) Subject

Air Transport Association (ATA) of America Code 25, Equipment/furnishings.

(e) Unsafe Condition

This AD was prompted by a report that showed a non-compliance exists on some in-service galley attendant seat fitting installations. The non-compliance could result in flight attendant seats failing in a high-G crash. We are issuing this AD to address non-compliant flight attendant seats, which could fail in a high-G crash and result in potential injury to flight attendants and consequent inability of the flight attendants to assist with passenger evacuation in a timely manner.

(f) Compliance

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

(g) Required Actions

Within 6 years after the effective date of this AD, do all applicable actions identified as ''RC'' (required for compliance) in, and in accordance with, the Accomplishment Instructions of Boeing Special Attention Service Bulletin 777–25–0649, Revision 1, dated October 6, 2017.

(h) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Seattle ACO 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 certification office, send it to the attention of the person identified in paragraph (i)(1) of this AD. Information may be emailed to: *9-ANM-Seattle-ACO-AMOC-Requests@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) 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 Commercial Airplanes Organization Designation Authorization (ODA) that has been authorized by the Manager, Seattle ACO 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.

(4) For service information that contains steps that are labeled as RC, the provisions of paragraphs (h)(4)(i) and (h)(4)(ii) 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. If a step or substep is labeled ''RC Exempt,'' then the RC requirement is removed from that step or substep. 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.

(i) Related Information

(1) For more information about this AD, contact Allison Buss, Aerospace Engineer, Cabin Safety and Environmental Systems Section, FAA, Seattle ACO Branch, 2200 South 216th St., Des Moines, WA 98198; phone and fax: 206–231–3564; email: *Allison.buss@faa.gov.*

(2) For service information 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; internet *https://www.myboeingfleet.com.* You may view this referenced service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on June 21, 2018.

Michael Kaszycki,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2018–14425 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–13–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R06–OAR–2018–0350; FRL–9979–54—Region 6]

Approval and Promulgation of Implementation Plans; Oklahoma; General SIP Updates

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: Pursuant to the Federal Clean Air Act (CAA or the Act), the Environmental Protection Agency (EPA) is proposing to approve revisions to the State Implementation Plan (SIP) for Oklahoma submitted by the State of Oklahoma designee with a letter dated February 14, 2017. The submittal covers updates to the Oklahoma SIP, as contained in annual SIP updates for 2013, 2014, 2015, and 2016, and incorporates the latest changes to EPA regulations. This action will address the revisions submitted to the Oklahoma SIP pertaining to incorporation by reference of federal requirements and emission inventory reporting requirements.

DATES: Written comments must be received on or before August 6, 2018.

ADDRESSES: Submit your comments, identified by Docket No. EPA–R06–OAR–2018–0350, at *http://www.regulations.gov* or via email to *wiley.adina@epa.gov.* Follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from *Regulations.gov.* The EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.* on the web, cloud, or other file sharing system). For additional submission methods, please contact Adina Wiley, 214–665–2115, *wiley.adina@epa.gov.* For the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit *http://www2.epa.gov/dockets/commenting-epa-dockets.*

Docket: The index to the docket for this action is available electronically at *www.regulations.gov* and in hard copy at the EPA Region 6, 1445 Ross Avenue, Suite 700, Dallas, Texas. While all documents in the docket are listed in the index, some information may be publicly available only at the hard copy location (*e.g.,* copyrighted material), and some may not be publicly available at either location (*e.g.,* CBI).

FOR FURTHER INFORMATION CONTACT: Adina Wiley, (214) 665–2115, *wiley.adina@epa.gov.* To inspect the hard copy materials, please schedule an appointment with Ms. Adina Wiley or Mr. Bill Deese at (214) 665–7253.

SUPPLEMENTARY INFORMATION: Throughout this document ''we,'' ''us,'' or ''our'' refer to EPA.

I. Background

Section 110 of the Act requires states to develop air pollution regulations and control strategies to ensure that air quality meets the EPA's National Ambient Air Quality Standards. These ambient standards are established under section 109 of the Act and they currently address six criteria pollutants: Carbon monoxide, nitrogen dioxide, ozone, lead, particulate matter, and sulfur dioxide. The state's air regulations are contained in its SIP, which is basically a clean air plan. Each state is responsible for developing SIPs to demonstrate how the NAAQS will be achieved, maintained, and enforced. The SIP must be submitted to EPA for approval and any changes a state makes to the approved SIP also must be submitted to the EPA for approval.

The Oklahoma Secretary of Energy and Environment submitted revisions for approval by EPA on February 14, 2017. The submittal addresses air pollution regulations and control strategies adopted and codified in the Oklahoma Administrative Code (OAC) under Title 252 (DEQ), Chapter 100 (Air Pollution Control), Subchapter 2 and Appendix Q—Incorporation by Reference; Subchapter 5—Registration, Emission Inventory and Annual Operating Fees; Subchapter 13—Open Burning; Subchapter 17—Incinerators; Subchapter 25—Visible Emissions and Particulates; Subchapter 31—Control of Emission of Sulfur Compounds; Appendix E—Primary Ambient Air Quality Standards; and Appendix F—Secondary Ambient Air Quality Standards. The EPA has proposed separate action to address the February 14, 2017, submission of revisions to OAC 252:100, Subchapters 13, 17, 25, 31, and Appendices E and F. See the rulemaking docket EPA–R06–OAR–2017–0145. In this action we are only addressing the February 14, 2017, submitted revisions to OAC 252:100, Subchapters 2, 5, and Appendix Q.

II. The EPA's Evaluation

The accompanying Technical Support Document for this action includes a detailed analysis of the submitted revisions to the Oklahoma SIP. With the exception of Subchapter 5 discussed below, the revisions are minor or non-substantive in nature and do not change the intent of the originally approved SIP requirements. Our analysis indicates that the SIP revision package submitted on February 14, 2017, has been developed in accordance with the CAA and the State provided reasonable notice and public hearing. The revisions to OAC 252:100, Subchapter 2 and Appendix Q update the incorporation by reference dates so that the Oklahoma SIP maintains consistency with federal requirements. The revisions to OAC 252:100, Subchapter 5 substantively revise the emission inventory reporting requirements. The ODEQ is revising the reporting schedule for sources with permits by rule to align with the Three-Year Cycle Inventory of the National Emission Inventory specified in 40 CFR 51.30(b). ODEQ is clarifying that permit exempt and de minimis facilities as defined in OAC 252:100, Subchapter 7 are not subject to emission inventory reporting requirements unless annual emissions from the facility exceed the federal emission thresholds listed in 40 CFR part 51, Appendix A. The ODEQ is also providing the ability for the Director to require emission inventory reporting from any facility with the potential to emit any regulated air pollutant if the data is needed for program planning or compliance with State or Federal rules, regulations, standards or requirements. The EPA has determined it is appropriate to approve revisions to the Oklahoma SIP because these revisions maintain consistency with federal requirements and will not interfere with any applicable requirement concerning attainment and reasonable further progress or any other applicable CAA requirements.

III. Proposed Action

We are proposing to approve revisions to the Oklahoma SIP that revise the incorporation by reference dates for federal requirements and update the emission inventory reporting requirements. We have determined that the revisions submitted on February 14, 2017, were developed in accordance with the CAA and EPA's regulations. Therefore, under section 110 of the Act, the EPA proposes approval of the following revisions to the Oklahoma SIP:

- Revisions to OAC 252:100–2–3 and Appendix Q adopted on April 25, 2013; effective July 1, 2013;
- Revisions to OAC 252:100–2–3 and Appendix Q adopted on June 19, 2014; effective September 12, 2014;
- Revisions to OAC 252:100–2–3 and Appendix Q adopted on June 8, 2015; effective September 15, 2015;
- Revisions to OAC 252:100–2–3 and Appendix Q adopted on June 9, 2016; effective September 15, 2016;
- Revisions to OAC 252:100–5–2 adopted on June 19, 2014; effective September 12, 2014;
- Revisions to OAC 252:100–5–2.1 adopted on June 19, 2014; effective September 12, 2014;
- Revisions to OAC 252:100–5–2.1 adopted June 9, 2016; effective September 15, 2016; and
- Revisions to OAC 252:100–5–3 adopted on June 19, 2014; effective September 12, 2014.

IV. Incorporation by Reference

In this action, we are proposing to include in a final rule regulatory text that includes incorporation by reference. In accordance with the requirements of 1 CFR 51.5, we are proposing to incorporate by reference revisions to the Oklahoma regulations as described in the Proposed Action section above. We have made, and will continue to make, these documents generally available electronically through *www.regulations.gov* and in hard copy at the EPA Region 6 office (please contact Adina Wiley for more information).

V. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, the EPA's role is to approve state choices, provided that they meet the criteria of the CAA. Accordingly, this action merely proposes to approve state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this action:

- Is not a ''significant regulatory action'' subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011);
- Is not an Executive Order 13771 (82 FR 9339, February 2, 2017) regulatory action because SIP approvals are exempted under Executive Order 12866;
- Does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- Is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);

• Does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4);

• Does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);

• Is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);

• Is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);

• Is not subject to requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and

• Does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, the SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the proposed rule does not have tribal implications and will not impose substantial direct costs on tribal governments or preempt tribal law as specified by Executive Order 13175 (65 FR 67249, November 9, 2000).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Sulfur oxides, Volatile organic compounds.

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

Dated: June 28, 2018.

Anne Idsal,

Regional Administrator, Region 6.

[FR Doc. 2018–14493 Filed 7–5–18; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R01–OAR–2017–0442; FRL–9980–11—Region 1]

Air Plan Approval; New Hampshire; Action on Single Source Orders and Revision to Definitions

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to approve State Implementation Plan (SIP) revisions submitted by the State of New Hampshire. The revisions incorporate a single source order into the New Hampshire SIP, remove a previously approved order from the SIP, and approve various definitions used within New Hampshire's air pollution control regulations. This action is being taken under the Clean Air Act.

DATES: Written comments must be received on or before August 6, 2018.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA–R01–OAR–2017–0442 at *https://www.regulations.gov,* or via email to *mcconnell.robert@epa.gov.* For comments submitted at *Regulations.gov*, follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from *Regulations.gov*. For either manner of submission, the EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.* on the web, cloud, or other file sharing system). For additional submission methods, please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section. For the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit *www.epa.gov/dockets/commenting-epa-dockets.* Publicly available docket materials are available at *https://www.regulations.gov* or at the U.S. Environmental Protection Agency, EPA New England Regional Office, Office of Ecosystem Protection, Air Quality Planning Unit, 5 Post Office Square—Suite 100, Boston, MA. EPA requests that if at all possible, you contact the contact listed in the **FOR FURTHER INFORMATION CONTACT** section to schedule your inspection. The Regional Office's official hours of business are Monday through Friday, 8:30 a.m. to 4:30 p.m., excluding legal holidays.

FOR FURTHER INFORMATION CONTACT: Bob McConnell, Environmental Engineer, Air Quality Planning Unit, Air Programs Branch (Mail Code OEP05–02), U.S. Environmental Protection Agency, Region 1, 5 Post Office Square, Suite 100, Boston, Massachusetts, 02109–3912; (617) 918–1046; *mcconnell.robert@epa.gov.*

SUPPLEMENTARY INFORMATION: Throughout this document whenever ''we,'' ''us,'' or ''our'' is used, we mean EPA.

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I. Background and Purpose

On July 24, 2017, the New Hampshire Air Resources Division (ARD) submitted a revision to its SIP consisting of an order establishing reasonably available control technology (RACT) requirements for the Diacom Corporation. On June 22, 2017, the New Hampshire ARD submitted a SIP revision that requested removal from the SIP of a previously approved RACT order for the Kalwall Corporation. On November 14, 2003, the New Hampshire ARD submitted a number of SIP revision requests to EPA, including a request to revise its set of definitions used within its air pollution control regulations. We are proposing to approve these three SIP revision requests for the reasons stated below.

II. Description and Review of Submittals

a. Order for the Diacom Corporation

On July 24, 2017, the New Hampshire ARD submitted to EPA as a SIP revision request order RO–0002 establishing RACT requirements to limit emissions of volatile organic compounds (VOCs) for the Diacom Corporation located in Amherst, New Hampshire. The Diacom Corporation requested a source-specific RACT order for VOCs for an adhesives process that requires use of a high solvent-based product necessary to obtain an extremely thin, mono-molecular layer of adhesive onto fabrics used in the production of diaphragms for the aerospace, automotive, medical, and food processing industries. Diacom's request included a technical justification and an evaluation of capture and control device technologies that were evaluated. No cost effective capture and control technologies were uncovered from the evaluation. New Hampshire reviewed and concurred

with the facilities request, and on June 28, 2017, issued Order No. RO–0002 to the Diacom Corporation. Order No. RO–0002 includes a 15 tons per year cap for VOC emissions, a VOC content limit for adhesives used by the facility, requirements for how the adhesives shall be applied, work practice standards, and recordkeeping and reporting requirements. We are proposing approval of the order into the New Hampshire SIP because it is consistent with CAA requirements for VOC RACT and with New Hampshire's Chapter Env-A 1200, VOC RACT regulation.

b. Withdrawal of Order for the Kalwall Corporation

New Hampshire ARD previously submitted, and EPA previously approved, a VOC RACT order for the Kalwall Corporation. *See* 63 FR 11600, March 10, 1998. More recently, EPA approved a minor update to this order, referred to by NH ARD as order ARD–99–001, on November 5, 2012. *See* 77 FR 66388. Subsequently, NH ARD adopted VOC control requirements within Env-A 1200 that regulate the activity described within the previously approved VOC RACT order. On June 22, 2017, the NH ARD submitted a SIP revision requesting that the previously approved order for the Kalwall Corporation be removed from the New Hampshire SIP. New Hampshire's submittal indicated this request was made primarily because requirements within Env-A 1212, Miscellaneous Metal and Plastic Parts and Products, which EPA approved into the New Hampshire SIP on November 8, 2012 (77 FR 66922), cover all of the coating and adhesives emission limits contained within Kalwall's VOC RACT order. Therefore, New Hampshire ARD requested that the VOC RACT order issued to Kalwall Corporation be removed from the SIP. We are proposing approval of the State's request.

c. Revisions to Env-A 101, Definitions

On November 14, 2003, the New Hampshire ARD submitted a number of SIP revision requests to EPA that included revisions to Env-A 101, Definitions. Although New Hampshire ARD subsequently withdrew the majority of the SIP revision requests made on November 14, 2003, the request to amend Env-A 101, Definitions, was not withdrawn, and we are proposing to approve that request within this action. The revision consists of the addition of definitions for the terms coal, consignment, crude oil, major fuel company, manufactured gas, and used oil, and minor revisions to the existing definitions for acute fuel shortage, blended fuel, conforming fuel, fuel supplier, and major fuel company. These revisions help to clarify the meaning of these terms as used within New Hampshire's air pollution control regulations and therefore we are proposing approval of them into the SIP-approved version of New Hampshire's Env-A 101, Definitions.

III. Proposed Action

EPA is proposing to approve the New Hampshire SIP revision requests described above. The SIP revisions meet section 110(l) of the CAA because the revisions will not interfere with any applicable requirement concerning attainment and reasonable further progress, or any other applicable requirement of the CAA. EPA is soliciting public comments on the issues discussed in this notice or on other relevant matters. These comments will be considered before taking final action. Interested parties may participate in the Federal rulemaking procedure by submitting written comments to this proposed rule by following the instructions listed in the **ADDRESSES** section of this **Federal Register**.

IV. Incorporation by Reference

In this rule, the EPA is proposing to include in a final EPA rule regulatory text that includes incorporation by reference. In accordance with requirements of 1 CFR 51.5, the EPA is proposing to incorporate by reference order RO–0002, dated June 28, 2017, issued to the Diacom Corporation, and the eleven definitions identified within section III of this proposal. The EPA has made, and will continue to make, these documents generally available through *www.regulations.gov.*

V. Statutory and Executive Order Reviews

Under the Clean Air Act, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the Clean Air Act. Accordingly, this proposed action merely approves state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this proposed action:

- Is not a significant regulatory action subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011);
- This action is not expected to be an Executive Order 13771 regulatory action because this action is not significant under Executive Order 12866.
- Does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- Is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- Does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4);
- Does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- Is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- Is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- Is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the Clean Air Act; and
- Does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, the SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the rule does not have tribal implications and will not impose substantial direct costs on tribal governments or preempt tribal law as specified by Executive Order 13175 (65 FR 67249, November 9, 2000).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Ozone, Reporting and recordkeeping requirements, Volatile organic compounds.

Dated: June 28, 2018.

Alexandra Dunn,

Regional Administrator, EPA Region 1.

[FR Doc. 2018–14371 Filed 7–5–18; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 1 and 27

[WT Docket No. 18–120; DA 18–647]

Transforming the 2.5 GHz Band

AGENCY: Federal Communications Commission.

ACTION: Proposed rule; extension of comment period.

SUMMARY: On June 21, 2018, the Federal Communications Commission (Commission or FCC) extended the comment period on the Notice of Proposed Rulemaking (NPRM) to seek comments on proposed service rules that allow more efficient and effective use of 2.5 GHz band. The Commission has extended the comment period by 30 days to serve the public interest by providing interested parties additional time to develop more full and complete responses to the *2.5 GHz NPRM.*

DATES: The comment period for the NPRM published June 7, 2018 (83 FR 26396) is extended. Comments are due on or before August 8, 2018; reply comments are due on or before September 7, 2018.

ADDRESSES: You may submit comments, identified by WT Docket No. 18–120, by any of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *Federal Communications Commission's Website: https://www.fcc.gov/ecfs/.* 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,* phone: 202–418–0530 or TTY: 202–418–0432.

For detailed instructions for submitting comments and additional information on the rulemaking process, see the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: For further information contact John J. Schauble of the Wireless Telecommunications Bureau, Broadband Division, at 202–418–0797 or by email to *John.Schauble@fcc.gov.*

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's *Order,* WT Docket No. 18–120 DA 18–647, adopted on June 21, 2018 and released on June 21, 2018. The complete text of this document is available for public inspection and copying from 8 a.m. to 4:30 p.m. Eastern Time (ET) Monday through Thursday or from 8 a.m. to 11:30 a.m. ET on Fridays in the FCC Reference Information Center, 445 12th Street SW, Room CY–A257, Washington, DC 20554. The complete text is available on the Commission's website at *https://www.fcc.gov/edocs/search-results?t=advanced&daNo=18-647.* Alternative formats are available to persons with disabilities by sending an email to *fcc504@fcc.gov* or by calling the Consumer & Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (tty).

Comment Filing Procedures

Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415, 1.419, interested parties may file comments and reply comments on or before the dates indicated on the first page of this document. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS). See Electronic Filing of Documents in Rulemaking Proceedings, 63 FR 24121 (1998).

- *Electronic Filers:* Comments may be filed electronically using the internet by accessing the ECFS: *https://www.fcc.gov/ecfs/filings.* Filers should follow the instructions provided on the website for submitting comments. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket number, WT Docket No. 18–120.
- *Paper Filers:* Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St. SW, Room TW–A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Dr., Annapolis Junction, Annapolis MD 20701.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street SW, Washington DC 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to *fcc504@fcc.gov* or call the Consumer & Governmental Affairs Bureau at 202–418–0530 (voice), 888–835–5322 (tty).

I. Background

1. By this *Order,* the Wireless Telecommunications Bureau grants, in part, two separate requests to extend the deadlines for comments and reply comments in the above-captioned rulemaking proceeding.

2. On May 10, 2018, the Commission released a *Notice of Proposed Rulemaking* proposing to allow more efficient and effective use of the 2.5 GHz band by providing greater flexibility to current Educational Broadband Service (EBS) licensees as well as providing new opportunities for additional entities to obtain unused 2.5 GHz spectrum to facilitate improved access to next generation wireless broadband, including 5G. On June 7, 2018, the summary of the *2.5 GHz NPRM* was published in the **Federal Register,** which established a comment deadline of July 9, 2018, and a reply comment deadline of August 6, 2018.

3. The National EBS Association and the Catholic Technology Network (NEBSA/CTN) have jointly requested an extension of time for the filing of comments in the proceeding. They request that the filing dates in this proceeding be extended to August 23, 2018, for comments, and September 20, 2018, for reply comments. NEBSA and CTN welcome the Commission's decision to open the proceeding to license unassigned spectrum and note that the *2.5 GHz NPRM* also ''raises a host of other very significant issues about nearly all aspects of the EBS band.'' They argue, ''By extending the comment cycle for an additional 45 days, the Commission can ensure that the EBS community has an adequate opportunity to evaluate and respond to the important issues raised in the'' *2.5 GHz NPRM.*

4. The Joint Stakeholders have also requested an extension of time for the filing of comments in the proceeding. They request that the filing dates in this proceeding be extended for 60 days. The Joint Stakeholders welcome the ''Commission's decision to initiate this rulemaking, which has the potential to

(1) expand educational broadband benefits to more students, schools, and families; (2) foster broadband deployment in rural areas, including on tribal lands, many of which have limited or no service today; and (3) accelerate the deployment of 5G wireless networks to more Americans. They argue that the ''issues raised by the NPRM are as complex as they are important'' and that ''complex geospatial analysis is required . . .'' In addition, they allege that this proceeding is not routine, and that the current timing falls during the summer which is particularly difficult for schools and educators.

5. As set forth in section 1.46 of the Commission's rules, the Commission's policy is that extensions of time for filing comments in rulemaking proceedings shall not be routinely granted. In this case, however, the Commission finds that the number, scope, and importance of the questions asked in the *2.5 GHz NPRM* warrant a partial extension of the comment and reply comment deadlines. While NEBSA and CTN seek an extension of 45 days, and the Joint Stakeholders seek an extension of 60 days, the Commission believes that an extension of 30 days will adequately serve the public interest by providing interested parties additional time to develop more full and complete responses to the *2.5 GHz NPRM* and promote a more comprehensive record, without resulting in undue delay. Thus, comments are now due August 8, 2018 and reply comments due by September 7, 2018.

6. Accordingly, *It is ordered* that, pursuant to Section 4(i) of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), and Section 1.46 of the Commission's rules, 47 CFR 1.46, the motions for extension of time filed NEBSA/CTN and the Joint Stakeholders are *granted in part*, and otherwise *denied*. The deadline for filing comments in this proceeding is extended to August 8, 2018, and the deadline for filing reply comments is extended to September 7, 2018.

Federal Communications Commission.

John Schauble,

Deputy Chief, Broadband Division, Wireless Telecommunications Bureau.

[FR Doc. 2018–14460 Filed 7–5–18; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket No. 10–90; Report No. 3095]

Petitions for Reconsideration of Action in Rulemaking Proceeding

AGENCY: Federal Communications Commission.

ACTION: Petitions for Reconsideration.

SUMMARY: Petitions for Reconsideration (Petitions) have been filed in the Commission's Rulemaking proceeding by Patrick R. Halley, on behalf of Mescalero Apache Telecom, Inc. and Martin L. Stern, on behalf of Sacred Wind Communications, Inc.

DATES: Oppositions to the Petition must be filed on or before July 23, 2018. Replies to an opposition must be filed on or before August 2, 2018.

ADDRESSES: Federal Communications Commission, 445 12th Street SW, Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: Suzanne Yelen, Wireline Competition Bureau, at: (202) 418–7400; email: *Suzanne.Yelen@fcc.gov.*

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's document, Report No. 3095, released June 25, 2018. The full text of the Petitions is available for viewing and copying at the FCC Reference Information Center, 445 12th Street SW, Room CY–A257, Washington, DC 20554. It also may be accessed online via the Commission's Electronic Comment Filing System at: *http://apps.fcc.gov/ecfs/*. The Commission will not send a Congressional Review Act (CRA) submission to Congress or the Government Accountability Office pursuant to the CRA, 5.U.S.C. because no rules are being adopted by the Commission.

Subject: Connect America Fund, Report and Order, FCC 18–37, published at 83 FR 18948, May 1, 2018, in WC Docket No. 10–90. This document is being published pursuant to 47 CFR 1.429(e). *See also* 47 CFR 1.4(b)(1) and 1.429(f), (g).

Number of Petitions Filed: 2.

Federal Communications Commission.

Katura Jackson,

Federal Register Liaison Officer, Office of the Secretary.

[FR Doc. 2018–14418 Filed 7–5–18; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 73

[MB Docket No. 18–126, RM–11800; DA 18–418]

Television Broadcasting Services; Bridgeport and Stamford, Connecticut

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: The Commission has before it a petition for rulemaking filed by Connecticut Public Broadcasting, Inc. (Petitioner or CPBI)), licensee of television station WEDW, channel *49, Bridgeport, Connecticut (WEDW). WEDW operates on a shared basis with commercial television station WZME, Bridgeport, Connecticut (WZME), licensed to NRJ TV NY License Co. (NRJ). Prior to channel sharing, WZME was licensed on channel 42 at Bridgeport; NRJ has relinquished its channel 42 spectrum pursuant to a successful license relinquishment bid in the broadcast incentive auction and the spectrum is now being licensed to new 600 MHz Band flexible use licensees. CPBI requests an amendment of the DTV Table of Allotments to change WEDW's community of license from Bridgeport to Stamford, Connecticut. Petitioner further requests modifications of WEDW's license to specify Stamford as its community of license. CPBI asserts that the proposed reallotment will not deprive Bridgeport of its sole broadcast station as it will continue to be served by shared station WZME on channel 49 at Bridgeport. CPBI does not propose to change WEDW's licensed facilities as part of its allotment request and its existing principal community contour will cover the entire community of Stamford from the station's currently-licensed transmission facilities.

DATES: Comments must be filed on or before August 6, 2018, and reply comments on or before August 20, 2018.

ADDRESSES: Federal Communications Commission, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. In addition to filing comments with the FCC, interested parties should serve counsel for petitioner as follows: Community Public Broadcasting, Inc. c/o Garvey Schubert Barer, Esq., and Steven C. Schaffer, Esq., 1000 Potomac Street NW, Suite 200, Washington, DC 20004.

FOR FURTHER INFORMATION CONTACT: Darren Fernandez, *Darren.Fernandez@fcc.gov,* (202) 418–2769, Video Division, Media Bureau.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Notice of Proposed Rule Making, MB Docket No. 18–126, adopted April 25, 2018, and released April 26, 2018. The full text of this document is available for public inspection and copying during normal business hours in the FCC's Reference Information Center at Portals II, CY–A257, 445 12th Street SW, Washington, DC 20554. This document will also be available via ECFS (*http://www.fcc.gov/cgb/ecfs/*). (Documents will be available electronically in ASCII, Word 97, and/or Adobe Acrobat.) To request this document in accessible formats (computer diskettes, large print, audio recording, and Braille), send an email to *fcc504@fcc.gov* or call the Commission's Consumer and Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (TTY). This document does not contain proposed information collection requirements subject to the Paperwork Reduction Act of 1995, Public Law 104–13. In addition, therefore, it does not contain any proposed information collection burden ''for small business concerns with fewer than 25 employees,'' pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, *see* 44 U.S.C. 3506(c)(4).

Provisions of the Regulatory Flexibility Act of 1980 do not apply to this proceeding. Members of the public should note that from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all *ex parte* contacts (other than *ex parte* presentations exempt under 47 CFR 1.1204(a)) are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1208 for rules governing restricted proceedings.

For information regarding proper filing procedures for comments, see 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Television.

Federal Communications Commission.

Barbara Kreisman,

Chief, Video Division, Media Bureau.

Proposed Rules

For the reasons discussed in the preamble, the Federal Communications Commission proposes to amend 47 CFR part 73 as follows:

PART 73—RADIO BROADCAST SERVICES

■ 1. The authority citation for Part 73 continues to read as follows:

Authority: 47 U.S.C. 154, 303, 309, 310, 334, 336, and 339.

§ 73.622 [Amended]

■ 2. Section 73.622(i), the Post-Transition Table of DTV Allotments under Connecticut is amended by adding the entry for Stamford to read as follows:

§ 73.622 Digital television table of allotments.

* * * * *

(i) *Post-Transition Table of DTV Allotments.*

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Stamford *49

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[FR Doc. 2018–14260 Filed 7–5–18; 8:45 am]

BILLING CODE 6712–01–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 635

[Docket No. 180117042–8548–01]

RIN 0648–BH54

Atlantic Highly Migratory Species; Atlantic Bluefin Tuna and Northern Albacore Tuna Quotas

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Proposed rule; request for comments; notice of public hearing.

SUMMARY: NMFS proposes to modify the baseline annual U.S. quota and subquotas for Atlantic bluefin tuna (BFT) and the baseline annual U.S. North Atlantic albacore (northern albacore or NALB) quota. The proposed action also would modify regulations to update regulatory language on school BFT to reflect current ICCAT requirements. Finally, NMFS also proposes to make a minor change to the Atlantic tunas size limit regulations to address retention, possession, and landing of bigeye and yellowfin tuna damaged by shark bites. This action is necessary to implement binding recommendations of the International Commission for the Conservation of Atlantic Tunas (ICCAT), as required by the Atlantic Tunas Convention Act (ATCA), and to achieve domestic management objectives under the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act).

DATES: Written comments must be received on or before August 6, 2018. NMFS will host an operator-assisted public hearing conference call and webinar on July 17, 2018, from 3 to 5 p.m. EDT, providing an opportunity for individuals from all geographic areas to participate. See **SUPPLEMENTARY INFORMATION** for further details.

ADDRESSES: You may submit comments on this document, identified by ''NOAA–NMFS–2018–0004,'' by either of the following methods:

- *Electronic Submission:* Submit all electronic public comments via the Federal e-Rulemaking Portal. Go to *www.regulations.gov/#!docketDetail;D=NOAA-NMFS-2018-0004,* click the ''Comment Now!'' icon, complete the required fields, and enter or attach your comments.
- *Mail:* Submit written comments to Sarah McLaughlin, Highly Migratory Species (HMS) Management Division, Office of Sustainable Fisheries (F/SF1), NMFS, 55 Great Republic Drive, Gloucester, MA 01930.
- *Instructions:* Comments sent by any other method, to any other address or individual, or received after the end of the comment period, may not be considered. All comments received are a part of the public record and generally will be posted for public viewing on *www.regulations.gov* without change. All personal identifying information (*e.g.,* name, address, etc.), confidential business information, or otherwise sensitive information submitted voluntarily by the sender will be publicly accessible. NMFS will accept anonymous comments (enter ''N/A'' in the required fields if you wish to remain anonymous).

The public hearing conference call information is phone number 1–800–593–7188; participant passcode 6548000. Participants are strongly encouraged to log/dial in 15 minutes prior to the meeting. NMFS will show a brief presentation via webinar followed by public comment. To join the webinar, go to: *https://noaaevents2.webex.com/noaaevents2/onstage/g.php?MTID=e051cd980da5c8b77c9062c866bbb3c95;* meeting number: 993 478 244; password: NOAA. Participants who have not used WebEx before will be prompted to download and run a plug-in program that will enable them to view the webinar.

Supporting documents, including the Environmental Assessment, Regulatory Impact Review, and Initial Regulatory Flexibility Analysis, may be downloaded from the HMS website at *www.fisheries.noaa.gov/topic/atlantic-highly-migratory-species/*. These documents also are available by contacting Sarah McLaughlin at the mailing address specified above.

FOR FURTHER INFORMATION CONTACT: Sarah McLaughlin or Brad McHale, 978–281–9260.

SUPPLEMENTARY INFORMATION: Atlantic bluefin tuna, bigeye tuna, albacore tuna, yellowfin tuna, and skipjack tuna (hereafter referred to as ''Atlantic tunas'') are managed under the dual authority of the Magnuson-Stevens Act (16 U.S.C. 1801 *et seq.*) and ATCA (16 U.S.C. 971 *et seq.*). As a member of ICCAT, the United States implements binding ICCAT recommendations pursuant to ATCA, which authorizes the Secretary of Commerce (Secretary) to promulgate regulations, as may be necessary and appropriate to carry out ICCAT recommendations. The authority to issue regulations under the Magnuson-Stevens Act and ATCA has been delegated from the Secretary to the Assistant Administrator for Fisheries, NMFS.

Regulations implemented under the authority of ATCA and the Magnuson-Stevens Act governing the harvest of BFT and NALB by persons and vessels subject to U.S. jurisdiction are found at 50 CFR part 635. Section 635.27(a) subdivides the ICCAT-recommended U.S. BFT quota among the various domestic fishing categories, per the allocations established in the 2006 Consolidated Atlantic Highly Migratory Species Fishery Management Plan (2006 Consolidated HMS FMP) (71 FR 58058, October 2, 2006), as amended by Amendment 7 to the 2006 Consolidated HMS FMP (Amendment 7) (79 FR 71510, December 2, 2014), and provides the annual BFT quota adjustment process. Section 635.27(e) implements the ICCAT-recommended U.S. NALB quota and provides the annual NALB quota adjustment process. Section 635.20(c) implements the size limit restrictions applicable to BFT, bigeye tuna, and yellowfin tuna. NMFS is required under ATCA and the Magnuson-Stevens Act to provide U.S. fishing vessels with a reasonable opportunity to harvest the ICCAT-recommended quotas.

Since 1982, ICCAT has recommended a Total Allowable Catch (TAC) of western Atlantic BFT for contracting parties fishing on the stock, and since 1991, ICCAT has recommended specific quotas within that TAC for the United States and other contracting parties. Since 1999, ICCAT has managed western BFT in accordance with a 20-year rebuilding program adopted in 1998. Since 1998, ICCAT has adopted recommendations regarding the NALB fishery, including quotas for the major harvesters. In 2009, ICCAT established a NALB rebuilding program, including a TAC and several provisions to limit catches by contracting parties (for major and minor harvesters). ICCAT sets BFT and NALB conservation and management measures, including TACs, following consideration of the latest stock assessment information and management advice provided by the Standing Committee on Research and Statistics (SCRS), ICCAT's scientific body.

Through this action, NMFS proposes to adjust the annual U.S. baseline BFT quota and subquotas and the annual U.S. baseline NALB quota to implement the new quotas adopted in 2017 by ICCAT as required by ATCA, and to achieve domestic management objectives under the Magnuson-Stevens Act. NMFS also is proposing minor modifications to the Atlantic tunas size limit regulations to address retention, possession, and landing of bigeye and yellowfin tuna damaged by shark bites. This change would allow retention, possession, and landing of bigeye and yellowfin tuna for which the otherwise-required measurement to the fork of the tail may not be possible, provided that the remainder of the fish meets the applicable minimum sizes. Minimum fish size regulations apply to Atlantic bluefin tuna, bigeye tuna, and yellowfin tuna but this change would apply only to bigeye and yellowfin tunas. This change is not a result of ICCAT recommendations but rather clarifies the applicability of size limits to a situation that is not addressed by the current regulations. The clarification is included in this action for purposes of administrative efficiency and because it addresses Atlantic tunas management, like the other actions being implemented here. Finally, this action would modify regulations to update regulatory language on school BFT to reflect current ICCAT requirements.

NMFS has prepared an Environmental Assessment (EA), Regulatory Impact Review (RIR), and an Initial Regulatory Flexibility Analysis (IRFA), which analyze the anticipated environmental, social, and economic impacts of several alternatives for each of the major issues contained in this proposed rule. The list of alternatives and their analyses are provided in the draft EA/RIR/IRFA and are not repeated here in their entirety. The effects of the changes related to retention of shark-bitten tunas are primarily economic and administrative in nature and thus are not analyzed in the draft EA. The effects of updating regulatory language on school BFT to reflect current ICCAT requirements are administrative in nature and thus are not analyzed in the draft EA.

A copy of the draft EA/RIR/IRFA prepared for this proposed rule is available from NMFS (see **ADDRESSES**).

Bluefin Tuna Annual Quota and Subquotas

2017 ICCAT Stock Assessment and Recommendation

The SCRS took a substantially different approach in 2017 from prior years in evaluating and providing management advice for the western BFT stock. In the past, significant uncertainties in some population characteristics resulted in assessments with very divergent stock status estimates, creating serious challenges for management. In an effort to improve this situation, the SCRS moved away from assessing the western stock against biomass-based reference points and instead evaluated the stock and provided management advice based on fishing mortality rate-based reference points. The draft EA provides more detailed information about the differences between the previous stock assessments' approach and the current approach, focusing on the last (2014) stock assessment, to offer more context and information.

In past western BFT stock assessments and updates, the SCRS presented status and projection information based on two divergent stock recruitment potential scenarios (low and high) and stated that it had insufficient evidence to favor either scenario over the other. Generally, under the low recruitment scenario, it was assumed that the stock is not as productive as it once was (*i.e.,* prior to the 1970s) and therefore the maximum sustainable yield (MSY) is fairly low, and the stock is considered rebuilt. Under the high recruitment scenario, it was assumed that the stock could be much more productive as it recovers and MSY is much higher. However, under this scenario, the stock could not be rebuilt within the rebuilding period, even with no catch. The SCRS' findings did not permit specification of a single MSY level for management purposes. Given the conflicting scenarios, ICCAT selected a TAC that would ensure continued stock growth under either scenario. Following the 2014 stock assessment, NMFS applied domestic

stock status determination criteria and concluded that the status of the stock should be changed from ''overfished and subject to overfishing'' to ''overfished and no longer subject to overfishing,'' indicating an improved stock status under either scenario.

The SCRS next conducted a stock assessment for western Atlantic bluefin tuna in 2017. The 2017 stock assessment report stated that, despite considerable efforts to improve the historical data for the western Atlantic bluefin tuna stock and resolve assessment uncertainties, the SCRS has not gained any further insights into future recruitment potential. The assessment concluded that any additional improvements to the historical data are likely to be rather modest in scope and the SCRS expects such insights to ''remain elusive.'' Moreover, the SCRS stated that the ICCAT Convention objective of stabilizing the stock near the biomass necessary to produce MSY (B_{MSY}) by its very nature tends to prevent the stock from reaching the high and low biomass levels needed to provide adequate contrast for estimating the spawner-recruit relationship in this situation, which may help resolve the divergent recruitment potential scenarios. The SCRS indicated that it is not possible to calculate biomass-based reference points (*e.g.,* B_{MSY} and the fishing mortality rate consistent with achieving MSY, F_{MSY}) without additional knowledge (or making assumptions) about how future recruitment potential relates to spawning stock biomass. In other words, the SCRS continues to be unable to provide *one* B_{MSY} and corresponding allowable fishing mortality rate that applies regardless of the stock's long-term recruitment potential. In light of the continued inability to set such biomass-based reference points and the unlikelihood of resolution in the near future, the SCRS decided to take a new approach to the stock assessment, focusing on fishing mortality rate-based reference points. The SCRS indicated that in other situations with stocks facing such uncertainties, several fishing mortality rate-based reference points have been recommended as proxies for F_{MSY} as a strategy for effective stock management. A fishing mortality rate-based approach does not rely on or assume a stock-recruitment relationship but is derived from the yield-per-recruit curve. More detail about the $F_{0.1}$ approach is provided in the draft EA. The SCRS stated in the assessment that it considers $F_{0.1}$ to be a reasonable proxy for F_{MSY} for the western Atlantic bluefin tuna stock and indicated that fishing consistently at $F_{0.1}$ will, over the long-term, cause the stock to fluctuate around the corresponding long-term biomass ($B_{0.1}$), whatever the future recruitment potential.

The SCRS advised that annual constant catches from 2018–2020 should not be greater than 2,500 metric tons (mt) as that would exceed the median yield associated with $F_{0.1}$. A table showing the probability of avoiding overfishing for various constant TACs was included in the report. The SCRS noted that nearly all constant catch options shown (*i.e.,* TACs greater than 1,000 mt) would result in an estimated decrease in biomass between 2018 and 2020; the percentage decrease being larger for the larger catches. For further detail, see pages 98 and 111 through 121 of the SCRS report at *http://www.iccat.int/Documents/Meetings/Docs/2017_SCRS_REP_ENG.pdf.*

At its November 2017 meeting, after considering the SCRS advice, ICCAT adopted a recommendation for an interim conservation and management plan for western Atlantic BFT for 2018 through 2020 (ICCAT Recommendation 17–06). An interim approach was selected in light of the SCRS' new stock assessment approach and ICCAT's development of management procedures for the stock by 2020. Management procedures are a way to manage stocks in light of stock assessment and other scientific uncertainties and include use of stock monitoring, pre-agreed actions based on triggers, and evaluation to help ensure identified management objectives are achieved. See EA for more details. The Recommendation includes a TAC of 2,350 mt annually (*i.e.,* an increase of approximately 17.5 percent) for each of 2018, 2019, and 2020. This TAC is within the SCRS-recommended range and provides a buffer from the top end of the range to help further account for identified stock assessment uncertainties. Relevant provisions of the *Recommendation by ICCAT Amending the Supplemental Recommendation by ICCAT Concerning the Western Atlantic Bluefin Tuna Rebuilding Program* (Recommendation 16–08) were also maintained in Recommendation 17–06, such as those involving effort and capacity limits, the 10-percent limit on the amount of unused quota Contracting Parties may carry forward, minimum fish size requirements and protection of small fish (including the 10-percent tolerance limit on the harvest of BFT measuring less than 115 cm and the procedures for addressing overharvest of the tolerance limit), area and time restrictions, transshipment, scientific research, and data and reporting requirements.

Following the 2017 stock assessment, NMFS, applying domestic stock status determination criteria, concluded that the overfished status of the stock is unknown and the stock is not subject to overfishing, stating that changing from overfished to unknown status was appropriate given the continued inability to resolve the two widely divergent stock recruitment potential scenarios and the SCRS' rejection of that approach in the 2017 assessment in favor of a new approach.

Quotas and Domestic Allocations

Recommendation 17–06 maintained the quota sharing arrangement (*i.e.,* the percentages to each Contracting Party) of previous recommendations. Under the ICCAT recommendation, the annual U.S. quota is 1,247.86 mt, plus 25 mt to account for bycatch related to pelagic longline fisheries in the Northeast Distant gear restricted area (NED), resulting in a total of 1,272.86 mt. All TAC, quota, and weight information in this action are whole weight amounts.

This action proposes implementing the ICCAT-recommended quota of 1,272.86 mt, which would remain in effect until changed (for instance as a result of a new ICCAT BFT TAC and U.S. quota recommendation). NMFS currently anticipates that the annual baseline quota and subquotas would be in effect through 2020.

The ICCAT-recommended BFT quota proposed in this action would then be divided among the established regulatory domestic BFT subquota categories. First, 68 mt is subtracted from the annual U.S. baseline BFT quota and allocated to the Longline category quota. Second, the remaining quota is divided among the categories according to the following percentages: General—47.1 percent; Angling—19.7 percent; Harpoon—3.9 percent; Purse Seine—18.6 percent; Longline—8.1 percent (plus the 68-mt initial allocation); Trap—0.1 percent; and Reserve—2.5 percent.

The table below shows the proposed quotas and subquotas that result from applying this process. These quotas would be codified at § 635.27(a) and would remain in effect until changed.

TABLE 1—PROPOSED ANNUAL ATLANTIC BLUEFIN TUNA QUOTAS

[In metric tons]

Category	Annual baseline quotas and subquotas		
	Quota	Subquotas	
General	555.7		
		January–March [1]	29.5
		June–August	277.9
		September	147.3
		October–November	72.2
		December	28.9
Harpoon	46.0		
Longline	163.6		
Trap	1.2 [2]		
Purse Seine	219.5		
Angling	232.4		
		School	127.3
		Reserve	23.5
		North of 39°18′ N lat	49.0
		South of 39°18′ N lat	54.8
		Large School/Small Medium	99.8
		North of 39°18′ N lat	47.1
		South of 39°18′ N lat	52.7
		Trophy	5.3
		North of 39°18′ N lat	1.8
		South of 39°18′ N lat	1.8
		Gulf of Mexico	1.8
Reserve	[2] 29.5		
U.S. Baseline Quota	[3] 1,247.86		
Total U.S. Quota, including 25 mt for NED (Longline).	[3] 1,272.86		

[1] January 1 through the effective date of a closure notice filed by NMFS announcing that the January subquota is reached or projected to be reached, or through March 31, whichever comes first.

[2] Baseline amount shown. Does not reflect the annual quota reallocation process (for the Purse Seine and Reserve category quotas) adopted in Amendment 7 and codified in the regulations.

[3] Totals subject to rounding error.

Within the BFT quota proposed in this action and consistent with the ICCAT-recommended limit on the harvest of school BFT (measuring 27 to less than 47 inches curved fork length (CFL)), the school BFT subquota would be 127.3 mt. The proposed action also would amend the regulations regarding annual quota adjustments to specify that NMFS may adjust the annual school BFT subquota to ensure compliance with the ICCAT-recommended procedures for addressing overharvest of school BFT. This amendment is needed because the current regulatory text refers to outdated language (regarding multi-year ''balancing periods'') from a previous ICCAT recommendation.

NALB Annual Quota

Recent ICCAT Stock Assessment and Recommendations

In 2016, following consideration of the 2016 stock assessment, which showed that the stock was no longer overfished and not subject to overfishing, ICCAT determined that a rebuilding program was no longer needed and adopted a recommendation for a conservation and management program for northern albacore (ICCAT Recommendation 16–06 on a Multi-Annual Conservation and Management Program for North Atlantic Albacore). Recommendation 16–06 maintained the 28,000-mt TAC from the prior recommendation for each of 2017 and 2018, with the possibility of an increase to 30,000 mt for 2019–2020 subject to a decision by the Commission based on updated SCRS advice in 2018. However, in the event that ICCAT adopted a harvest control rule during the 2017–2020 period, the recommendation called for the TAC to be modified accordingly. The annual U.S. quota under that Recommendation was 527 mt. Key provisions continued to include: Quotas for the major harvesters and catch limits for other Contracting Parties and a 10-percent limit on the amount of unused quota Contracting Parties may carry forward.

Recommendation 16–06 also incorporated capacity management measures from other active recommendations, including language establishing an authorized vessel list for NALB, operative paragraphs regarding anticipated harvest control rules and management strategy evaluation for the stock, and performance indicators to support future decision making.

In 2017, following consideration of SCRS' work to test a set of harvest control rules through management strategy evaluation simulations, ICCAT adopted an interim harvest control rule for NALB, the first for any ICCAT stock, with the goal of adopting a long-term harvest control rule following further management strategy evaluation testing over the next few years. ICCAT Recommendation 17–04 (Recommendation by ICCAT on a Harvest Control Rule for North Atlantic Albacore Supplementing the Multiannual Conservation and Management Programme, Recommendation 16–06) establishes various biomass and fishing mortality rate-based reference points and includes the specific harvest control rule formula and figure, as well as the formula for setting the appropriate fishing mortality rate and, in turn, the TAC. The 3-year constant annual TAC adopted by ICCAT in 2017 is 33,600 t for 2018–2020; this 20-percent increase from the current 28,000-t TAC is consistent with the Commission's chosen stability clause, which limits the TAC increase to 20

percent. Application of ICCAT's NALB allocations to Contracting Parties results in a U.S. quota of 632.4 mt, which is a 20-percent increase (105.4 mt) from the current 527-mt quota. The recommendation calls on the SCRS to continue to develop the management strategy evaluation framework over the 2018–2020 period and calls on ICCAT to review the interim harvest control rule in 2020 with a view to adopting a long-term management procedure at that point. ICCAT plans to consolidate Recommendations 17–04 and 16–06, as well as consider refinements of the interim harvest control rule, at the 2018 Commission meeting.

Following the 2016 stock assessment, NMFS applied domestic stock status determination criteria and concluded that the status of the stock should be changed from ''not overfished—rebuilding'' to ''rebuilt.''

Domestic Quotas

The currently-codified baseline annual U.S. NALB quota is 527 mt, which NMFS implemented in 2015 to reflect the amount in the previous ICCAT Recommendation (Recommendation 13–05, Supplemental Recommendation by ICCAT Concerning the North Atlantic Albacore Rebuilding Program). This action proposes implementing the current ICCAT-recommended quota of 632.4 mt.

Modification of the Size Limit Regulations To Address Shark-Damaged Bigeye and Yellowfin Tuna

Minimum fish size regulations have applied for Atlantic bluefin tuna, bigeye tuna, and yellowfin tuna since 1996, when NMFS implemented the 27-inch minimum size for BFT consistent with ICCAT requirements, and also implemented a 27-inch minimum size for bigeye and yellowfin tuna for identification and enforcement purposes. These fish may be landed round with fins intact, or eviscerated with the head and fins removed as long as one pectoral fin and the tail remain attached. They cannot be filleted or cut into pieces at sea. The upper and lower lobes of the tail may be removed from tunas for storage purposes but the fork of the tail must remain intact.

To facilitate enforcement, total CFL is the sole criterion for determining the size class of whole (with head) Atlantic tunas. CFL is measured by tracing the contour of the body from the tip of the upper jaw to the fork of the tail in a line that runs along the top of the pectoral fin and the top of the caudal keel. Pectoral fin curved fork length (PFCFL) is the sole criterion for determining the size class of a *bluefin tuna with the head removed* and is multiplied by 1.35 to obtain total CFL. For detailed diagrams and measuring instructions, see the HMS Compliance Guides at *www.fisheries.noaa.gov/atlantic-highly-migratory-species/atlantic-highly-migratory-species-fishery-compliance-guides.* Currently, the size limit regulations prohibit a person from taking, retaining, or possessing a BFT, bigeye tuna, or yellowfin tuna in the Atlantic Ocean that is less than 27 inches CFL. The regulations also prohibit removing the head of a bigeye tuna or yellowfin tuna if the remaining portion would be less than 27 inches from the fork of the tail to the forward edge of the cut.

NMFS proposes minor modifications to the applicable Atlantic tunas size limit regulations to address retention, possession, and landing of bigeye and yellowfin damaged by shark bites. NMFS implemented similar measures to address shark-damaged swordfish in 1996 (61 FR 27304, May 31, 1996). Specifically, NMFS proposes to add text to the size limit regulations applicable to bigeye and yellowfin tunas to indicate that a ''bigeye or yellowfin tuna that is damaged by shark bites may be retained, possessed, or landed only if the length of the remainder of the fish is equal to or greater than 27 inches (69 cm).'' These changes would allow retention, possession, and landing of yellowfin and bigeye tuna for which a measurement to the fork of the tail may not be possible, provided that the remainder of the fish meets the current minimum size (*e.g.,* 27 inches for yellowfin and bigeye tuna). For enforcement purposes to preserve evidence that the carcass was shark-bitten, the action also proposes that no tissue may be cut away from or other alterations made to the shark-damaged area of the fish. The effects of this change are primarily economic and administrative and no environmental effects are anticipated because the change only allows for retention of a very limited number of fish that would otherwise be caught but need to be discarded.

Request for Comments

NMFS solicits comments on this proposed rule through August 6, 2018. See instructions in **ADDRESSES** section.

Public Hearing Conference Call

NMFS will hold a public hearing conference call and webinar on July 17, 2018, from 3 p.m. to 5 p.m. EDT, to allow for an additional opportunity for interested members of the public from all geographic areas to submit verbal comments on the proposed quota rule.

The public is reminded that NMFS expects participants at public hearings and on conference calls to conduct themselves appropriately. At the beginning of the conference call, a representative of NMFS will explain the ground rules (all comments are to be directed to the agency on the proposed action; attendees will be called to give their comments in the order in which they registered to speak; each attendee will have an equal amount of time to speak; and attendees should not interrupt one another). The NMFS representative will attempt to structure the meeting so that all attending members of the public will be able to comment, if they so choose, regardless of the controversial nature of the subject matter. If attendees do not respect the ground rules, they will be asked to leave the conference call.

Classification

The NMFS Assistant Administrator has determined that the proposed rule is consistent with the 2006 Consolidated HMS FMP and its amendments, the Magnuson-Stevens Act, ATCA, and other applicable law, subject to further consideration after public comment.

This proposed rule has been determined to be not significant for purposes of Executive Order 12866.

An IRFA was prepared, as required by section 603 of the Regulatory Flexibility Act (RFA). The IRFA describes the economic impact this proposed rule, if adopted, would have on small entities. A description of the action, why it is being considered, and the legal basis for this action are contained in the **SUMMARY** and **SUPPLEMENTARY INFORMATION** sections of the preamble. A summary of the analysis follows. A copy of this analysis is available from NMFS (see **ADDRESSES**).

In compliance with section 603(b)(1) of the RFA, the purpose of this proposed rulemaking is, consistent with the 2006 Consolidated HMS FMP objectives, the Magnuson-Stevens Act, and other applicable law, to analyze the impacts of the alternatives for implementing the ICCAT-recommended U.S. BFT and NALB quotas and allocating the BFT quota per the codified quota regulations. The proposed action also would update regulatory language on school BFT to reflect current ICCAT requirements and would make a minor change to the Atlantic tunas size limit regulations to address retention, possession, and landing of bigeye and yellowfin tuna damaged by shark bites.

In compliance with section 603(b)(2) of the RFA, the objective of this proposed rulemaking is to implement ICCAT recommendations and achieve

domestic management objectives under the Magnuson-Stevens Act.

Section 603(b)(3) of the RFA requires Agencies to provide descriptions of, and where feasible, an estimate of the number of small entities to which the rule would apply. The Small Business Administration (SBA) has established size criteria for all major industry sectors in the United States, including fish harvesters. Provision is made under SBA's regulations for an agency to develop its own industry-specific size standards after consultation with Advocacy and an opportunity for public comment (see 13 CFR 121.903(c)). Under this provision, NMFS may establish size standards that differ from those established by the SBA Office of Size Standards, but only for use by NMFS and only for the purpose of conducting an analysis of economic effects in fulfillment of the agency's obligations under the RFA. To utilize this provision, NMFS must publish such size standards in the **Federal Register**, which NMFS did in a December 29, 2015, final rule (80 FR 81194) which was effective on July 1, 2016 (50 CFR 200.2). In 50 CFR 200.2, NMFS established a small business size standard of $11 million in annual gross receipts for all businesses in the commercial fishing industry (NAICS 11411) for RFA compliance purposes. NMFS considers all commercial HMS permit holders to be small entities because they had average annual receipts of less than $11 million for commercial fishing.

As described in the recently published final rule to implement quarterly Individual Bluefin Quota (IBQ) accounting (82 FR 61489, December 28, 2017), the average annual gross revenue per active pelagic longline vessel was estimated to be $308,050 for 2013 through 2016. NMFS considers all HMS Atlantic Tunas Longline permit holders (280 as of October 2017) to be small entities because these vessels have reported annual gross receipts of less than $11 million for commercial fishing. The average annual gross revenue per active pelagic longline vessel was estimated to be $187,000, based on the 170 active vessels between 2006 and 2012 that produced an estimated $31.8 million in revenue annually. The maximum annual revenue for any pelagic longline vessel between 2006 and 2015 was $1.9 million, well below the NMFS small business size threshold of $11 million in gross receipts for commercial fishing. NMFS is unaware of any other Atlantic Tunas category permit holders that potentially could earn more than $11 million in revenue annually. HMS Angling category permits, which are recreational fishing permits, are typically obtained by individuals who are not considered small entities for purposes of the RFA. Therefore, NMFS considers all Atlantic Tunas permit holders and HMS Charter/Headboat permit holders subject to this action to be small entities.

This action would apply to all participants in the Atlantic tunas fisheries, *i.e.,* to the over 27,000 vessels that held an Atlantic HMS Charter/Headboat, Atlantic HMS Angling, or an Atlantic Tunas permit as of October 2017. This proposed rule is expected to directly affect commercial and for-hire fishing vessels that possess an Atlantic Tunas permit or Atlantic HMS Charter/Headboat permit. It is unknown what portion of HMS Charter/Headboat permit holders actively participate in the BFT and NALB fisheries or fishing services for recreational anglers. As summarized in the 2017 SAFE Report for Atlantic HMS, there were 6,855 commercial Atlantic tunas or Atlantic HMS permits in 2017, as follows: 2,940 in the Atlantic Tunas General category; 11 in the Atlantic Tunas Harpoon category; 5 in the Atlantic Tunas Purse Seine category; 280 in the Atlantic Tunas Longline category; 1 in the Atlantic Tunas Trap category; and 3,618 in the HMS Charter/Headboat category. In the process of developing the IBQ regulations implemented in the final rule for Amendment 7 to the 2006 Consolidated HMS FMP (Amendment 7) (79 FR 71510, December 2, 2014), NMFS deemed 136 Longline category vessels as eligible for IBQ shares (*i.e.,* 136 vessels reported a set in the HMS logbook between 2006 and 2012 and had valid Atlantic Tunas Longline category permits on a vessel as of August 21, 2013, the publication date of the Amendment 7 proposed rule). This constitutes the best available information regarding the universe of permits and permit holders recently analyzed. It is unknown what portion of fishery participants would benefit from the minor change in the regulations to allow retention, possession, and landing of shark-damaged bigeye and yellowfin tuna, for which a measurement to the fork of the tail may not be possible, provided that the remainder of the fish meets the current minimum sizes (*e.g.,* 27 inches for yellowfin, and bigeye tunas). NMFS has determined that this action would not likely directly affect any small government jurisdictions defined under the RFA.

Under section 603(b)(4) of the RFA, agencies are required to describe any new reporting, record-keeping, and other compliance requirements. The action does not contain any new collection of information, reporting, or record-keeping requirements.

Under section 603(b)(5) of the RFA, agencies must identify, to the extent practicable, relevant Federal rules which duplicate, overlap, or conflict with the proposed rule. Fishermen, dealers, and managers in these fisheries must comply with a number of international agreements, domestic laws, and other FMPs. These include, but are not limited to, the Magnuson-Stevens Act, ATCA, the High Seas Fishing Compliance Act, the Marine Mammal Protection Act, the Endangered Species Act (ESA), the National Environmental Policy Act, the Paperwork Reduction Act, and the Coastal Zone Management Act. This proposed rule has also been determined not to duplicate, overlap, or conflict with any relevant regulations, Federal or otherwise.

Under section 603(c) of the RFA, agencies are required to describe any significant alternatives to the proposed rule which accomplish the stated objectives of the applicable statutes and which minimize any significant economic impacts of the proposed rule on small entities. These alternatives and their impacts are discussed below. Additionally, the RFA (5 U.S.C. 603(c)(1)–(4)) lists four general categories of significant alternatives that would assist an agency in the development of significant alternatives. These categories of alternatives are: (1) Establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) use of performance rather than design standards; and, (4) exemptions from coverage of the rule, or any part thereof, for small entities.

Regarding the first, second, and fourth categories, NMFS cannot establish differing compliance or reporting requirements for small entities or exempt small entities from coverage of the rule or parts of it, because all of the businesses impacted by this rule are considered small entities, and thus the requirements are already designed for small entities. Thus, no alternatives are discussed that fall under the first and fourth categories described above. Amendment 7 in 2014 implemented criteria for determining the availability of BFT quota for Purse Seine fishery category participants and IBQs for the Longline category. Both of these and the eligibility criteria for IBQs and access to the Cape Hatteras Gear Restricted Area

for the Longline category can be considered individual performance standards. NMFS has not yet found a practical means of applying individual performance standards to the other quota categories while concurrently complying with the Magnuson-Stevens Act. Thus, there are no alternatives considered under the third category.

NMFS has estimated the average impact that establishing the increased annual U.S. baseline BFT quota for all domestic fishing categories would have on individual categories and the vessels within those categories. As mentioned above, the 2017 BFT ICCAT recommendation increased the annual U.S. baseline BFT quota for each of 2018, 2019, and 2020 to 1,247.86 mt and provides 25 mt annually for incidental catch of BFT related to directed longline fisheries in the NED. The annual U.S. baseline BFT subquotas would be adjusted consistent with the process (*i.e.,* the formulas) established in Amendment 7 (79 FR 71510, December 2, 2014) and as codified in the quota regulations, and these amounts (in mt) would be codified.

This rulemaking proposes to implement the recently adopted ICCAT-recommended U.S. BFT and NALB quotas and, for BFT, to apply the allocations for each quota category per the codified quota regulations. This action would be consistent with ATCA, under which the Secretary promulgates regulations as necessary and appropriate to implement binding ICCAT recommendations.

To calculate the average ex-vessel BFT revenues under this action, NMFS first estimated potential category-wide revenues. The most recent ex-vessel average price per pound information for each commercial quota category is used to estimate potential ex-vessel gross revenues under the proposed subquotas (*i.e.,* 2017 prices for the General, Harpoon, and Longline/Trap categories, and 2015 prices for the Purse Seine category). For comparison, in 2017, gross revenues were approximately $9.2 million, broken out by category as follows: General—$7.8 million, Harpoon—$496,968, Purse Seine—$0, Longline—$878,824, and Trap—$0. The proposed baseline subquotas could result in estimated gross revenues of $10 million annually, if finalized and fully utilized, broken out by category as follows: General category: $6.5 million (555.7 mt * $5.30/lb); Harpoon category: $526,326 (46 mt * $5.19/lb); Purse Seine category: $1.5 million (219.5 mt * $3.21/lb); Longline category: $1.4 million (163.6 mt * $3.99/lb); and Trap category: $10,556 (1.2 mt * $3.99/lb).

No affected entities would be expected to experience negative, direct economic impacts as a result of this action. On the contrary, each of the BFT quota categories would increase relative to the baseline quotas that applied in 2015 through 2017. To the extent that Purse Seine fishery participants and IBQ participants could receive additional quota as a result of the Amendment 7-implemented allocation formulas being applied to increases in available Purse Seine and Longline category quota, those participants would receive varying amounts of an increase, which would result in direct benefits from either increased fishing opportunities or quota leasing.

To estimate potential average ex-vessel revenues that could result from this action for BFT, NMFS divides the potential annual gross revenues for the General, Harpoon, Purse Seine, and Trap category by the number of permit holders. For the Longline category, NMFS divides the potential annual gross revenues by the number of IBQ share recipients. This is an appropriate approach for BFT fisheries, in particular, because available landings data (weight and ex-vessel value of the fish in price-per-pound) allow NMFS to calculate the gross revenue earned by a fishery participant on a successful trip. The available data (particularly from non-Longline participants) do not, however, allow NMFS to calculate the effort and cost associated with each successful trip (*e.g.,* the cost of gas, bait, ice, etc.), so net revenue for each participant cannot be calculated. As a result, NMFS analyzes the average impact of the proposed alternatives among all participants in each category.

Success rates vary widely across participants in each category (due to extent of vessel effort and availability of commercial-sized BFT to participants where they fish), but for the sake of estimating potential revenues per vessel, category-wide revenues can be divided by the number of permitted vessels in each category. For the Longline fishery, actual revenues would depend, in part, on each vessel's IBQ in 2018. It is unknown what portion of HMS Charter/Headboat permit holders actively participate in the BFT fishery. HMS Charter/Headboat vessels may fish commercially under the General category quota and retention limits. Therefore, NMFS is estimating potential General category ex-vessel revenue changes using the number of General category vessels only.

Estimated potential 2018 revenues on a per vessel basis, considering the number of permit holders listed above and the proposed subquotas, could be $2,409 for the General category; $47,848 for the Harpoon category; $310,670 for the Purse Seine category; $10,582 for the Longline category, using the 136 IBQ share recipients; and $10,556 for the Trap category. Thus, all of the entities affected by this rule are considered to be small entities for the purposes of the RFA.

Consistent with the codified BFT quota regulations at § 635.27(a)(v), NMFS will continue to annually calculate the quota available to historical Purse Seine fishery participants and reallocate the remaining Purse Seine category quota to the Reserve category. NMFS will further adjust those amounts if the annual U.S. baseline BFT quota in this proposed rule is finalized. The analyses in this IRFA are limited to the proposed baseline subquotas.

Because the directed commercial categories have underharvested their subquotas in recent years, the potential increases in ex-vessel revenues above may overestimate the probable economic impacts to those categories relative to recent conditions. Additionally, there has been substantial interannual variability in ex-vessel revenues in each category in recent years, due to recent changes in BFT availability and other factors.

The 2017 NALB ICCAT recommendation increased the annual U.S. baseline NALB quota for each of 2018, 2019, and 2020 to 632.4 mt. Based on knowledge of current participants in the fishery and estimated gross revenues, NMFS considers all of the entities affected by the NALB quota action be small entities for the purposes of the RFA.

NMFS does not subdivide the U.S. NALB quota into category subquotas. The most recent ex-vessel average price per pound information is used to estimate potential ex-vessel gross revenues. The proposed baseline subquotas could result in estimated gross revenues of $1.8 million annually, if finalized and fully utilized ((632.4 mt/1.25) * $1.63/lb dw). No affected entities would be expected to experience negative, direct economic impacts as a result of this action.

The proposed change to the regulatory text concerning Atlantic bigeye and yellowfin tuna size limits applies to all fishery participants but is not expected to have significant economic impacts. This is because shark damage to caught bigeye and yellowfin tuna is rare, and the proposed change to the regulatory text is not expected to result in changes to Atlantic tunas fishery operations.

List of Subjects in 50 CFR Part 635

Fisheries, Fishing, Fishing vessels, Foreign relations, Imports, Penalties, Reporting and recordkeeping requirements, Treaties.

Dated: June 29, 2018.

Samuel D. Rauch, III,

Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service.

For the reasons set out in the preamble, NMFS proposes to amend 50 CFR part 635 to read as follows:

PART 635—ATLANTIC HIGHLY MIGRATORY SPECIES

■ 1. The authority citation for part 635 continues to read as follows:

Authority: 16 U.S.C. 971 *et seq.;* 16 U.S.C. 1801 *et seq.*

■ 2. Amend § 635.20, by revising paragraph (c)(3) to read as follows:

§ 635.20 Size limits.

* * * * *

(c) * * *

(3) No person aboard a vessel shall remove the head of a bigeye tuna or yellowfin tuna if the remaining portion would be less than 27 inches (69 cm) from the fork of the tail to the forward edge of the cut. A bigeye or yellowfin tuna that is damaged by shark bites may be retained, possessed, or landed only if the length of the remainder of the fish is equal to or greater than 27 inches (69 cm). No person shall cut or otherwise alter the shark-damaged area in any manner.

* * * * *

■ 3. Amend § 635.27, by revising paragraphs (a) introductory text, (a)(1)(i), (a)(2), (a)(3), (a)(4)(i), (a)(5), (a)(6), (a)(7)(i), (a)(7)(ii), (a)(10)(iii), and (e)(1) to read as follows:

§ 635.27 Quotas.

(a) *Bluefin tuna.* Consistent with ICCAT recommendations, and with paragraph (a)(10)(iv) of this section, NMFS may subtract the most recent, complete, and available estimate of dead discards from the annual U.S. bluefin tuna quota, and make the remainder available to be retained, possessed, or landed by persons and vessels subject to U.S. jurisdiction. The remaining baseline annual U.S. bluefin tuna quota will be allocated among the General, Angling, Harpoon, Purse Seine, Longline, Trap, and Reserve categories, as described in this section. Bluefin tuna quotas are specified in whole weight. The baseline annual U.S. bluefin tuna quota is 1,247.86 mt, not including an additional annual 25-mt allocation provided in paragraph (a)(3) of this section. The bluefin quota for the quota categories is calculated through the following process. First, 68 mt is subtracted from the baseline annual U.S. bluefin tuna quota and allocated to the Longline category quota. Second, the remaining quota is divided among the categories according to the following percentages: General—47.1 percent (555.7 mt); Angling—19.7 percent (232.4 mt), which includes the school bluefin tuna held in reserve as described under paragraph (a)(7)(ii) of this section; Harpoon—3.9 percent (46 mt); Purse Seine—18.6 percent (219.5 mt); Longline—8.1 percent (95.6) plus the 68-mt allocation (*i.e.,* 163.6 mt total not including the 25-mt allocation from paragraph (a)(3)); Trap—0.1 percent (1.2 mt); and Reserve—2.5 percent (29.5 mt). NMFS may make inseason and annual adjustments to quotas as specified in paragraphs (a)(9) and (10) of this section, including quota adjustments as a result of the annual reallocation of Purse Seine quota described under paragraph (a)(4)(v) of this section.

(1) * * *

(i) Catches from vessels for which General category Atlantic Tunas permits have been issued and certain catches from vessels for which an HMS Charter/Headboat permit has been issued are counted against the General category quota in accordance with § 635.23(c)(3). Pursuant to paragraph (a) of this section, the amount of large medium and giant bluefin tuna that may be caught, retained, possessed, landed, or sold under the General category quota is 555.7 mt, and is apportioned as follows, unless modified as described under paragraph (a)(1)(ii) of this section:

(A) January 1 through the effective date of a closure notice filed by NMFS announcing that the January subquota is reached, or projected to be reached under § 635.28(a)(1), or through March 31, whichever comes first—5.3 percent (29.5 mt);

(B) June 1 through August 31—50 percent (277.9 mt);

(C) September 1 through September 30—26.5 percent (147.3 mt);

(D) October 1 through November 30—13 percent (72.2 mt); and

(E) December 1 through December 31—5.2 percent (28.9 mt).

* * * * *

(2) *Angling category quota.* In accordance with the framework procedures of the Consolidated HMS FMP, prior to each fishing year, or as early as feasible, NMFS will establish the Angling category daily retention limits. In accordance with paragraph (a) of this section, the total amount of bluefin tuna that may be caught, retained, possessed, and landed by anglers aboard vessels for which an HMS Angling permit or an HMS Charter/Headboat permit has been issued is 232.4 mt. No more than 2.3 percent (5.3 mt) of the annual Angling category quota may be large medium or giant bluefin tuna. In addition, no more than 10 percent of the annual U.S. bluefin tuna quota, inclusive of the allocation specified in paragraph (a)(3) of this section, may be school bluefin tuna (*i.e.,* 127.3 mt). The Angling category quota includes the amount of school bluefin tuna held in reserve under paragraph (a)(7)(ii) of this section. The size class subquotas for bluefin tuna are further subdivided as follows:

(i) After adjustment for the school bluefin tuna quota held in reserve (under paragraph (a)(7)(ii) of this section), 52.8 percent (54.8 mt) of the school bluefin tuna Angling category quota may be caught, retained, possessed, or landed south of 39°18′ N. lat. The remaining school bluefin tuna Angling category quota (49 mt) may be caught, retained, possessed or landed north of 39°18′ N. lat.

(ii) An amount equal to 52.8 percent (52.7 mt) of the large school/small medium bluefin tuna Angling category quota may be caught, retained, possessed, or landed south of 39°18′ N. lat. The remaining large school/small medium bluefin tuna Angling category quota (47.1 mt) may be caught, retained, possessed or landed north of 39°18′ N. lat.

(iii) One third (1.8 mt) of the large medium and giant bluefin tuna Angling category quota may be caught retained, possessed, or landed, in each of the three following geographic areas: North of 39°18′ N. lat.; south of 39°18′ N. lat., and outside of the Gulf of Mexico; and in the Gulf of Mexico. For the purposes of this section, the Gulf of Mexico region includes all waters of the U.S. EEZ west and north of the boundary stipulated at 50 CFR 600.105(c).

(3) *Longline category quota.* Pursuant to paragraph (a) of this section, the total amount of large medium and giant bluefin tuna that may be caught, discarded dead, or retained, possessed, or landed by vessels that possess Atlantic Tunas Longline category permits is 163.6 mt. In addition, 25 mt shall be allocated for incidental catch by pelagic longline vessels fishing in the Northeast Distant gear restricted area, and subject to the restrictions under § 635.15(b)(8).

(4) * * *

(i) *Baseline Purse Seine quota.* Pursuant to paragraph (a) of this section, the baseline amount of large medium and giant bluefin tuna that may be

caught, retained, possessed, or landed by vessels that possess Atlantic Tunas Purse Seine category permits is 219.5 mt, unless adjusted as a result of inseason and/or annual adjustments to quotas as specified in paragraphs (a)(9) and (10) of this section; or adjusted (prior to allocation to individual participants) based on the previous year's catch as described under paragraph (a)(4)(v) of this section. Annually, NMFS will make a determination when the Purse Seine fishery will start, based on variations in seasonal distribution, abundance or migration patterns of bluefin tuna, cumulative and projected landings in other commercial fishing categories, the potential for gear conflicts on the fishing grounds, or market impacts due to oversupply. NMFS will start the bluefin tuna purse seine season between June 1 and August 15, by filing an action with the Office of the Federal Register, and notifying the public. The Purse Seine category fishery closes on December 31 of each year.

* * * * *

(5) *Harpoon category quota.* The total amount of large medium and giant bluefin tuna that may be caught, retained, possessed, landed, or sold by vessels that possess Harpoon category Atlantic Tunas permits is 46 mt. The Harpoon category fishery commences on June 1 of each year, and closes on November 15 of each year.

(6) *Trap category quota.* The total amount of large medium and giant bluefin tuna that may be caught, retained, possessed, or landed by vessels that possess Trap category Atlantic Tunas permits is 1.2 mt.

(7) * * *

(i) The total amount of bluefin tuna that is held in reserve for inseason or annual adjustments and research using quota or subquotas is 29.5 mt, which may be augmented by allowable underharvest from the previous year, or annual reallocation of Purse Seine category quota as described under paragraph (a)(4)(v) of this section. Consistent with paragraphs (a)(8) through (10) of this section, NMFS may allocate any portion of the Reserve category quota for inseason or annual adjustments to any fishing category quota.

(ii) The total amount of school bluefin tuna that is held in reserve for inseason or annual adjustments and fishery-independent research is 18.5 percent (23.5 mt) of the total school bluefin tuna Angling category quota as described under paragraph (a)(2) of this section. This amount is in addition to the amounts specified in paragraph (a)(7)(i) of this section. Consistent with paragraph (a)(8) of this section, NMFS may allocate any portion of the school bluefin tuna Angling category quota held in reserve for inseason or annual adjustments to the Angling category.

* * * * *

(10) * * *

(iii) Regardless of the estimated landings in any year, NMFS may adjust the annual school bluefin tuna quota to ensure compliance with the ICCAT-recommended procedures for addressing overharvest of school bluefin tuna.

* * * * *

(e) *Northern albacore tuna*—(1) *Annual quota.* Consistent with ICCAT recommendations and domestic management objectives, the total baseline annual fishery quota is 632.4 mt ww. The total quota, after any adjustments made per paragraph (e)(2) of this section, is the fishing year's total amount of northern albacore tuna that may be landed by persons and vessels subject to U.S. jurisdiction.

* * * * *

[FR Doc. 2018–14452 Filed 7–5–18; 8:45 am]

BILLING CODE 3510–22–P

Notices

Federal Register

Vol. 83, No. 130

Friday, July 6, 2018

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

Submission for OMB Review; Comment Request

July 2, 2018.

The Department of Agriculture will submit the following information collection requirement(s) to OMB for review and clearance under the Paperwork Reduction Act of 1995, Public Law 104–13 on or after the date of publication of this notice. Comments are requested regarding: (1) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of burden 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 through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology should be addressed to: Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), New Executive Office Building, Washington, DC; New Executive Office Building, 725 17th Street NW, Washington, DC 20503. Commenters are encouraged to submit their comments to OMB via email to: *OIRA_Submission@omb.eop.gov* or fax (202) 395–5806 and to Departmental Clearance Office, USDA, OCIO, Mail Stop 7602, Washington, DC 20250–7602.

Comments regarding these information collections are best assured of having their full effect if received by August 6, 2018. Copies of the submission(s) may be obtained by calling (202) 720–8681.

An agency may not conduct or sponsor a collection of information unless the collection of information displays a currently valid OMB control number and the agency informs potential persons who are to respond to the collection of information that such persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

National Agricultural Statistics Service

Title: Contractor Labor Survey.

OMB Control Number: 0535—New.

Summary of Collection: Agricultural labor statistics are an integral part of the primary function of the National Agricultural Statistics Service (NASS), which is the collection, processing, and dissemination of current State, regional, and national agricultural statistics. Wage rate estimates have been published since 1866 and U.S. farm employment estimates have been published since 1910. General authority for these data collection activities is granted under U.S. Code Title 7, Section 2204. Historically, NASS has only collected worker data related to farm workers who were hired directly by the farm operator either on a part-time or full-time basis.

Need and Use of the Information: The Contract Labor Survey is a new data collection that NASS will begin conduction in October 2018 as a pilot survey. The pilot survey will help to better understand the contractor population, as well as the type of data that contractors can and will provide. The results of the pilot study will b used to improve the next biannual survey, which is scheduled for April 2019.

Description of Respondents: Business or other for-profit; Farms.

Number of Respondents: 11,333.

Frequency of Responses: Reporting: Annually.

Total Burden Hours: 8,982.

Ruth Brown,

Departmental Information Collection Clearance Officer.

[FR Doc. 2018–14498 Filed 7–5–18; 8:45 am]

BILLING CODE 3410–20–P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B–42–2018]

Foreign-Trade Zone (FTZ) 244—Riverside County, California; Notification of Proposed Production Activity; ModusLink Corporation (Camera and Accessories Kitting); Riverside, California

ModusLink Corporation (ModusLink) submitted a notification of proposed production activity to the FTZ Board for its facility in Riverside, California. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on June 28, 2018.

ModusLink already has authority for the kitting of cameras and accessories into retail packages on behalf of Go Pro, Inc., within Site 11 of FTZ 244. The current request would add finished products and foreign status materials/components to the scope of authority. Pursuant to 15 CFR 400.14(b), additional FTZ authority would be limited to the specific foreign-status materials/components and specific finished products described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt ModusLink from customs duty payments on the foreign-status materials/components used in export production. On its domestic sales, for the foreign-status materials/components noted below and in the existing scope of authority, ModusLink would be able to choose the duty rates during customs entry procedures that apply to: Manfrotto/MBooms3K monopods; wireless transmitters; digital video camera bundles; pro seat rail mounts; karma upgrade kits (cameras, mounts, batteries, chargers, grips, and stabilizers); point of purchase displays, and lens replacement kits (duty rate ranges from duty-free to 10%). ModusLink would be able to avoid duty on foreign-status components which become scrap/waste. Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The materials/components sourced from abroad include: Dog harness camera mounts; chest mount harnesses (textile); camera mount hardware; USB

hubs (vertical 7-ports); remote controls; protective lens for cameras; protective lens cover films; inner tray plastic packaging; camera cases; bags, microfibers, and dive filters; carton tops paper packaging; envelopes; knob thumbscrew assemblies; screws, bolts, nuts, rivets, cotter pins, and washers (iron/steel); stainless steel nuts; non-threaded screws, nuts, washers, bolts; camera stands or tripods; screwdrivers; product security sensors; electrical switches and connectors; electrical boards; instruction guides; insulated logo bottles; textile bag packs; men's knitted shirts; men's t-shirts; women's t-shirts; men's sweatshirts; lithium-ion storage batteries; belt buckles (unisex); women's sweatshirts; men's jackets; hats (unisex) and, WiFi remote keys and rings (duty rate ranges from duty-free to 32%). The request indicates that textile bag packs; textile chest mount harnesses; bags, microfibers, and dive filters; camera cases; men's knitted shirts; men's t-shirts; women's t-shirts; men's sweatshirts; lithium-ion storage batteries; women's sweatshirts, and men's jackets will be admitted to the zone in privileged foreign status (19 CFR 146.41), thereby precluding inverted tariff benefits on such items.

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary at the address below. The closing period for their receipt is August 15, 2018.

A copy of the notification will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 21013, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230–0002, and in the ''Reading Room'' section of the Board's website, which is accessible via *www.trade.gov/ftz.*

For further information, contact Christopher Wedderburn at *Chris.Wedderburn@trade.gov* or (202) 482–1963.

Dated: June 29, 2018.

Elizabeth Whiteman,

Acting Executive Secretary.

[FR Doc. 2018–14517 Filed 7–5–18; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Proposed Information Collection; Comment Request; Alaska Observer Program

AGENCY: National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: Written comments must be submitted on or before September 4, 2018.

ADDRESSES: Direct all written comments to Jennifer Jessup, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6616, 14th and Constitution Avenue NW, Washington, DC 20230 (or via the internet at *pracomments@doc.gov*).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument and instructions should be directed to Alicia Miller at (907) 586–7228.

SUPPLEMENTARY INFORMATION:

I. Abstract

This request is for an extension of a currently approved information collection.

The North Pacific Observer Program (Observer Program) is implemented under the authority of section 313 of the Magnuson-Stevens Fishery Conservation and Management Act and regulations at 50 CFR 679. Through the Observer Program, the National Marine Fisheries Service (NMFS) collects the data necessary to conserve and manage the groundfish and halibut fisheries off Alaska. Observers collect biological samples and fishery-dependent information used to estimate total catch and interactions with protected species. Managers use data collected by observers to manage groundfish and prohibited species catch within established limits and to document and reduce fishery interactions with protected resources. Scientists use observer data to assess fish stocks, to provide scientific information for fisheries and ecosystem research and fishing fleet behavior, to assess marine mammal interactions with fishing gear, and to assess fishing interactions with habitat.

All vessels and processors that participate in federally managed or parallel groundfish and halibut fisheries off Alaska are assigned to one of two categories: (1) The full observer coverage category, where vessels and processors obtain observer coverage by contracting directly with observer providers; or (2) the partial coverage category, where NMFS, in consultation with the North Pacific Fishery Management Council determines when and where observer coverage is needed. Some vessels and processors may be in full coverage for part of the year and partial coverage at other times of the year depending on the observer coverage requirements for specific fisheries. Funds for deploying observers on vessels in the partial coverage category are provided through a system of fees based on the gross ex-vessel value of retained groundfish and halibut. This observer fee is assessed on all landings by vessels that are not otherwise in full coverage. Information collected for the observer fee is approved under OMB Control No. 0648–0711.

II. Method of Collection

Methods of submittal include online web applications, email, email attachments, verbal communication by telephone or in person, and on paper by mail or fax. The Observer Declare and Deploy System (ODDS) is an internet-based interface that is used by vessel owners and operators in the partial coverage category. ODDS is available online at *https://chum.afsc.noaa.gov:7104/apex/f?p=140:1* or by phone at 1–855–747–6377. Copies of observer coverage category request forms are available on the NMFS Alaska Region website at *https://alaskafisheries.noaa.gov/.*

III. Data

OMB Control Number: 0648–0318.

Form Number(s): None.

Type of Review: Regular submission (extension of a current information collection).

Affected Public: Business or other for-profit organizations; individuals or households.

Estimated Number of Respondents: 769.

Estimated Time per Response: 5 minutes to request full observer coverage, placement in or removed from the Electronic Monitoring (EM) selection pool, close an EM trip in ODDS, pre-cruise meeting notification,

physical examination verification, update to provider information; 15 minutes to log a fishing trip in ODDS; 48 hours for a Vessel Monitoring Plan; 1 hour to submit EM data, and observer training registration; 30 minutes for request small catcher/processor placement in partial coverage category; 4 hours for appeals; 2 minutes to notify observer before handling the vessel's Bering Sea pollock catch; 8 hours for candidates' college transcripts and statements; 7 minutes for observer briefing registration, projected observer assignments, and observer deployment and logistics reports; 30 minutes for observer debriefing registration, observer provider contracts, invoice copies, and industry request for assistance; 12 minutes for certificates of insurance; 2 hours for other reports; 60 hours for observer provider permit application.

Estimated Total Annual Burden Hours: 10,501 hours.

Estimated Total Annual Cost to Public: $2,658 in recordkeeping/reporting costs.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: July 2, 2018.

Sarah Brabson,

NOAA PRA Clearance Officer.

[FR Doc. 2018–14518 Filed 7–5–18; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

Patent and Trademark Office

[Docket No. PTO–C–2018–0039]

National Medal of Technology and Innovation Nomination Evaluation Committee Charter Renewal

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Notice.

SUMMARY: The Acting Chief Financial Officer/Assistant Secretary of Commerce for Administration, and Deputy Assistant Secretary for Administration, with the concurrence of the General Services Administration, renewed the Charter for the National Medal of Technology and Innovation Nomination Evaluation Committee on February 13, 2018.

DATES: The Charter for the National Medal of Technology and Innovation Nomination Evaluation Committee was renewed on February 13, 2018.

FOR FURTHER INFORMATION CONTACT: John Palafoutas, Program Manager, National Medal of Technology and Innovation Program, United States Patent and Trademark Office, 600 Dulany Street, Alexandria, VA 22314; telephone (571) 272–9821 or by electronic mail at *nmti@uspto.gov.* Information is also available at *http://www.uspto.gov/about/nmti/index.jsp.*

SUPPLEMENTARY INFORMATION: The Acting Chief Financial Officer/Assistant Secretary of Commerce for Administration, and Deputy Assistant Secretary for Administration, with the concurrence of the General Services Administration, renewed the Charter for the National Medal of Technology and Innovation Nomination Evaluation Committee (NMTI Committee) on February 13, 2018. The NMTI Committee was established in accordance with the Federal Advisory Committee Act and provides advice to the Secretary of Commerce regarding recommendations of nominees for the National Medal of Technology and Innovation (Medal). The duties of the NMTI Committee are solely advisory in nature. Nominations for this Medal are solicited through an open, competitive, and nationwide call for nominations, and the NMTI Committee members are responsible for reviewing the nominations received. The NMTI Committee members are distinguished experts in the private and public sectors with experience in, or an understanding of, the promotion of technology, technological innovation, and/or the development of technological manpower. The NMTI Committee evaluates the nominees and forwards its recommendations, through the Under Secretary of Commerce for Intellectual Property, to the Secretary of Commerce who, in turn, forwards his recommendations for the Medal to the President.

Dated: June 29, 2018.

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2018–14497 Filed 7–5–18; 8:45 am]

BILLING CODE 3510–16–P

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Additions and Deletions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Additions to and deletions from the Procurement List.

SUMMARY: This action adds services to the Procurement List that will be provided by nonprofit agencies employing persons who are blind or have other severe disabilities, and deletes services from the Procurement List previously furnished by such agencies.

DATES: *Date added to and deleted from the Procurement List:* August 5, 2018.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, 1401 S Clark Street, Suite 715, Arlington, Virginia, 22202–4149.

FOR FURTHER INFORMATION CONTACT: Amy B. Jensen, Telephone: (703) 603–7740, Fax: (703) 603–0655, or email *CMTEFedReg@AbilityOne.gov.*

SUPPLEMENTARY INFORMATION:

Additions

On 4/20/2018 (83 FR 77) and 5/18/2018 (83 FR 97), the Committee for Purchase From People Who Are Blind or Severely Disabled published notice of proposed additions to the Procurement List.

After consideration of the material presented to it concerning capability of qualified nonprofit agencies to provide the services and impact of the additions on the current or most recent contractors, the Committee has determined that the services listed below are suitable for procurement by the Federal Government under 41 U.S.C. 8501–8506 and 41 CFR 51–2.4.

Regulatory Flexibility Act Certification

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in any additional reporting, recordkeeping or other compliance requirements for small entities other than the small organizations that will provide the services to the Government.
2. The action will result in authorizing small entities to provide the services to the Government.
3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 8501–8506) in connection with the services proposed for addition to the Procurement List.

End of Certification

Accordingly, the following services are added to the Procurement List:

Services

Service Types: Furniture Design, Configuration and Installation Service Tool and MRO Sourcing and Fulfillment Service
Mandatory for: USPFO Connecticut, National Guard Bureau, National Guard Armory 360 Broad Street, Hartford, CT
Mandatory Source(s) of Supply: Industries for the Blind, Inc., West Allis, WI
Contracting Activity: Dept of the Army, W7MZ USPFO Activity CT ARNG

Service Type: Mailroom Service
Mandatory for: Bureau of Engraving and Printing, Office of Financial Management, 14th & C Streets SW, Washington, DC
Mandatory Source of Supply: Melwood Horticultural Training Center, Inc., Upper Marlboro, MD
Contracting Activity: Bureau of Engraving and Printing, BEP Office Of Acquisition

Deletions

On 5/18/2018 (83 FR 97), the Committee for Purchase From People Who Are Blind or Severely Disabled published notice of proposed deletions from the Procurement List.

After consideration of the relevant matter presented, the Committee has determined that the services listed below are no longer suitable for procurement by the Federal Government under 41 U.S.C. 8501–8506 and 41 CFR 51–2.4.

Regulatory Flexibility Act Certification

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in additional reporting, recordkeeping or other compliance requirements for small entities.
2. The action may result in authorizing small entities to provide the services to the Government.
3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 8501–8506) in connection with the services deleted from the Procurement List.

End of Certification

Accordingly, the following services are deleted from the Procurement List:

Services

Service Types: Consolidated Base Operation Support (BOS) Service Janitorial/Custodial Service
Mandatory for: Naval & Marine Corps Reserve Center, 1600 West Lafayette Ave, Moundsville, WV, Marine Corps Reserve Center, 615 Kenhorst Boulevard, Reading, PA
Mandatory Source(s) of Supply: Human Technologies Corporation, Utica, NY Russell Nesbitt Services, Inc., Wheeling, WV Quality Employment Services and Training, Inc., Lebanon, PA
Contracting Activity: Dept of the Navy, Naval FAC Engineering CMD MID LANT

Amy Jensen,

Director, Business Operations.

[FR Doc. 2018–14531 Filed 7–5–18; 8:45 am]

BILLING CODE 6353–01–P

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Proposed Additions and Deletions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Proposed additions to and deletions from the Procurement List.

SUMMARY: The Committee is proposing to add products to the Procurement List that will be furnished by the nonprofit agency employing persons who are blind or have other severe disabilities, and deletes products and a service previously furnished by such agencies.

DATES: *Comments must be received on or before:* August 5, 2018.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, 1401 S Clark Street, Suite 715, Arlington, Virginia, 22202–4149.

FOR FURTHER INFORMATION CONTACT: For further information or to submit comments contact: Amy B. Jensen, Telephone: (703) 603–7740, Fax: (703) 603–0655, or email *CMTEFedReg@AbilityOne.gov.*

SUPPLEMENTARY INFORMATION: This notice is published pursuant to 41 U.S.C. 8503(a)(2) and 41 CFR 51–2.3. Its purpose is to provide interested persons an opportunity to submit comments on the proposed actions.

Additions

If the Committee approves the proposed additions, the entities of the Federal Government identified in this notice will be required to procure the products listed below from nonprofit agency employing persons who are blind or have other severe disabilities.

The following products are proposed for addition to the Procurement List for production by the nonprofit agency listed:

Products

NSN(s)—Product Name(s):
5180–01–516–3218—Tool Kit, Weapon Cleaning, Rifle, 7.62mm
5180–01–516–3219—Tool Kit, Weapon Cleaning, Rifle, M4/M16
5180–01–516–3220—Tool Kit, Weapon Cleaning, Pistol and Sub-Guns, 9mm—.45 Caliber
5180–01–516–3222—Tool Kit, Weapon Cleaning, Combat Shotgun, 10/12 Gauge
5180–01–516–3224—Tool Kit, Weapon Cleaning, Rifle, .50 Caliber
5180–01–516–3225—Tool Kit, Weapon Cleaning, Deluxe Pistol/Sub-Gun/Rifle/Shotgun
5180–01–516–3227—Tool Kit, Weapon Cleaning, Pistols and Sub-Guns
Mandatory for: Broad Government Requirement
Mandatory Source of Supply: South Texas Lighthouse for the Blind, Corpus Christi, TX
Contracting Activity: GSA/FSS Tools Acquisition Division I
Distribution: B-List

Deletions

The following products and service are proposed for deletion from the Procurement List:

Products

NSN(s)—Product Name(s):
7930–01–648–5018—Floor Finish/Sealer, Black, Water-Based, Slip-Resistant, Asphalt Floors, 5 Gal. Can
7930–01–648–6105—Floor Finish/Sealer, Black, Water-Based, Slip-Resistant, Asphalt Floors, 4/1 Gal. Bottles
Mandatory Source of Supply: Lighthouse for the Blind of Houston, Houston, TX
Contracting Activity: General Services Administration, Fort Worth, TX

NSN(s)—Product Name(s): 7530–01–611–

6426—Steno Book, 60 Pages, 6″ x 9″, Green
Mandatory Source of Supply: Alabama Industries for the Blind, Talladega, AL
Contracting Activity: General Services Administration, New York, NY
NSN(s)—Product Name(s): 7510–00–307–7885—Refill, Eraser, Mechanical Pencil, Grey
Mandatory Source of Supply: San Antonio Lighthouse for the Blind, San Antonio, TX
Contracting Activity: General Services Administration, New York, NY

Service

Service Type: Administrative Service
Mandatory for: National Advocacy Center, 1620 Pendleton Street, Columbia, SC
Mandatory Source of Supply: UNKNOWN
Contracting Activity: Dept of Justice, Offices, Boards and Divisions,

Amy Jensen,

Director, Business Operations.

[FR Doc. 2018–14530 Filed 7–5–18; 8:45 am]

BILLING CODE 6353–01–P

COMMODITY FUTURES TRADING COMMISSION

Agency Information Collection Activities: Notice of Intent To Renew Collection 3038–0097, Process for Review of Swaps for Mandatory Clearing

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice.

SUMMARY: The Commodity Futures Trading Commission (''Commission'' or ''CFTC'') is announcing an opportunity for public comment on the proposed collection of certain information by the agency. Under the Paperwork Reduction Act (''PRA''), Federal agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, and to allow 60 days for public comment. This notice solicits comments on reporting and recordkeeping requirements relating to information management requirements for derivatives clearing organizations.

DATES: Comments must be submitted on or before September 4, 2018.

ADDRESSES: You may submit comments, identified by OMB Control No. 3038–0097 by any of the following methods:

- The Agency's website, at *http://comments.cftc.gov/.* Follow the instructions for submitting comments through the website.
- *Mail:* Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581.
- *Hand Delivery/Courier:* Same as Mail above.

Please submit your comments using only one method. All comments must be submitted in English, or if not, accompanied by an English translation. Comments will be posted as received to *http://www.cftc.gov.*

FOR FURTHER INFORMATION CONTACT: Megan Wallace, Senior Special Counsel, Division of Clearing and Risk, Commodity Futures Trading Commission, (202) 418–5150; email: *mwallace@cftc.gov.*

SUPPLEMENTARY INFORMATION: Under the PRA, 44 U.S.C. 3501 *et seq.,* Federal agencies must obtain approval from the Office of Management and Budget (''OMB'') for each collection of information they conduct or sponsor. ''Collection of Information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3 and includes agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA, 44 U.S.C. 3506(c)(2)(A), requires Federal agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, the Commission is publishing notice of the proposed extension of the collection of information listed below.

Title: Part 39, Process for Review of Swaps for Mandatory Clearing (OMB Control No. 3038–0097). This is a request for extension of a currently approved information collection.

Abstract: The Commodity Exchange Act and Commission regulations require a derivatives clearing organization (''DCO'') that wishes to accept a swap for clearing to be eligible to clear the swap and to submit the swap to the Commission for a determination as to whether the swap is required to be cleared. Commission Regulation 39.5 sets forth the process for these submissions. The Commission will use the information in this collection to determine whether a DCO that wishes to accept a swap for clearing is eligible to clear the swap and whether the swap should be required to be cleared.

With respect to the collection of information, the CFTC invites comments on:

- Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have a practical use;
- The accuracy of the Commission's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Ways to enhance the quality, usefulness, and clarity of the information to be collected; and
- Ways to minimize the burden of collection of information on those who are to respond, including through the use of appropriate automated electronic, mechanical, or other technological collection techniques or other forms of information technology; *e.g.,* permitting electronic submission of responses.

You should submit only information that you wish to make available publicly. If you wish the Commission to consider information that you believe is exempt from disclosure under the Freedom of Information Act, a petition for confidential treatment of the exempt information may be submitted according to the procedures established in section 145.9 of the Commission's regulations.[1]

The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse or remove any or all of your submission from *http://www.cftc.gov* that it may deem to be inappropriate for publication, such as obscene language. All submissions that have been redacted or removed that contain comments on the merits of the Information Collection Request will be retained in the public comment file and will be considered as required under the Administrative Procedure Act and other applicable laws, and may be accessible under the Freedom of Information Act.

Burden Statement: The respondent burden for this collection is estimated to be as follows:

[1] 17 CFR 145.9.

Annual number of respondents	Annual submission(s) by each respondent	Total annual responses	Annual number of hours per response	Total annual burden hours
16	1	16	40	640

Respondents/Affected Entities: Derivatives clearing organizations.

Frequency of Collection: Daily, annual, and on occasion.

Authority: 44 U.S.C. 3501 *et seq.*

Dated: July 2, 2018.

Robert Sidman,

Deputy Secretary of the Commission.

[FR Doc. 2018–14502 Filed 7–5–18; 8:45 am]

BILLING CODE 6351–01–P

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Application Package for Senior Corps Grant Application

AGENCY: Corporation for National and Community Service (CNCS).

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, CNCS is proposing to renew an information collection. CNCS is not proposing any changes in the current version of the Senior Corps Grant Application.

DATES: Written comments must be submitted to the individual and office listed in the **ADDRESSES** section by September 4, 2018.

ADDRESSES: You may submit comments, identified by the title of the information collection activity, by any of the following methods:

(1) *By mail sent to:* Corporation for National and Community Service, Attention Tamika Becton, Senior Corps Management and Program Analyst, 250 E Street SW, Washington, DC 20525.

(2) By hand delivery or by courier to the CNCS mailroom at the mail address given in paragraph (1) above, between 9:00 a.m. and 4:00 p.m. Eastern Time, Monday through Friday, except federal holidays.

(3) Electronically through *www.regulations.gov.*

Individuals who use a telecommunications device for the deaf (TTY–TDD) may call 1–800–833–3722 between 8:00 a.m. and 8:00 p.m. Eastern Time, Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Tamika Becton, 202–606–6644, or by email at *tbecton@cns.gov.*

SUPPLEMENTARY INFORMATION:

Title of Collection: Senior Corps Grant Application (424–NSSC).

OMB Control Number: 3045–0035.

Type of Review: Renewal.

Respondents/Affected Public: Organizations or State, Local, or Tribal Governments.

Total Estimated Number of Annual Respondents: 1,250.

Total Estimated Annual Frequency: Annually, with exceptions.

Total Estimated Average Response Time per Response: 16.5 hours each for 180 first-time respondents; 15 hours each for 900 continuation sponsors; 5 hours each for 270 revisions.

Total Estimated Number of Annual Burden Hours: 17,820.

Total Burden Cost (capital/startup): None.

Total Burden Cost (operating/maintenance): None.

Abstract: CNCS also seeks to continue using the currently approved information collection until the revised information collection is approved by OMB. The currently-approved information collection is due to expire on September 30, 2018.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; to develop, acquire, install and utilize technology and systems for the purpose of collecting, validating and verifying information, processing and maintaining information, and disclosing and providing information; to train personnel and to be able to respond to a collection of information, to search data sources, to complete and review the collection of information; and to transmit or otherwise disclose the information.

All written comments will be available for public inspection on *regulations.gov*. Therefore, please do not include confidential, sensitive, or proprietary information in your comments. If you send an email comment, your email address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the internet. Responses that contain any routine notice about the confidentiality of the communication will be treated as public comment that may be made available to the public, notwithstanding the inclusion of the routine notice.

Dated: June 29, 2018.

Tamika Becton,

Management and Program Analyst, Senior Corps.

[FR Doc. 2018–14473 Filed 7–5–18; 8:45 am]

BILLING CODE 6050–28–P

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Application Package for AmeriCorps Child Care Benefit Forms

AGENCY: Corporation for National and Community Service (CNCS).

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, CNCS is proposing to renew an information collection.

DATES: Written comments must be submitted to the individual and office listed in the **ADDRESSES** section by September 4, 2018.

ADDRESSES: You may submit comments, identified by the title of the information collection activity, by any of the following methods:

(1) *By mail sent to:* Corporation for National and Community Service, Attention Courtney Russell, 250 E Street SW, Washington, DC 20525.

(2) By hand delivery or by courier to the CNCS mailroom at the mail address given in paragraph (1) above, between 9:00 a.m. and 4:00 p.m. Eastern Time, Monday through Friday, except federal holidays.

(3) Electronically through *www.regulations.gov.*

Individuals who use a telecommunications device for the deaf (TTY–TDD) may call 1–800–833–3722 between 8:00 a.m. and 8:00 p.m. Eastern Time, Monday through Friday.

Comments submitted in response to this notice may be made available to the public through *regulations.gov*. For this reason, please do not include in your comments information of a confidential nature, such as sensitive personal information or proprietary information. If you send an email comment, your email address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the internet. Please note that responses to this public comment request containing any routine notice about the confidentiality of the communication will be treated as public comment that may be made available to the public notwithstanding the inclusion of the routine notice.

FOR FURTHER INFORMATION CONTACT: Courtney Russell, 202–606–6723, or by email at *crussell@cns.gov.*

SUPPLEMENTARY INFORMATION:

Title of Collection: AmeriCorps Child Care Benefit Forms.

OMB Control Number: 3045–0142.

Type of Review: Renewal.

Respondents/Affected Public: AmeriCorps members and child care providers for AmeriCorps members.

Total Estimated Number of Annual Respondents: 750 members, 1,500 child care providers.

Total Estimated Annual Frequency: Once per year.

Total Estimated Average Response Time per Response: Average 35 minutes.

Total Estimated Number of Annual Burden Hours: 1,313 hours.

Total Burden Cost (capital/startup): None.

Total Burden Cost (operating/maintenance): None.

Abstract: CNCS is soliciting comments concerning its Child Care application forms. These forms are submitted by members of AmeriCorps and by the child care providers identified by the member for the purpose of applying for, and receiving payment for, the care of children during the day while the member is in service. Completion of this information is required to be approved and required to receive payment for invoices. CNCS also seeks to continue using the currently approved information collection until the revised information collection is approved by OMB. The currently approved information collection is due to expire on October 31, 2018.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; to develop, acquire, install and utilize technology and systems for the purpose of collecting, validating and verifying information, processing and maintaining information, and disclosing and providing information; to train personnel and to be able to respond to a collection of information, to search data sources, to complete and review the collection of information; and to transmit or otherwise disclose the information. All written comments will be available for public inspection on *regulations.gov*.

Dated: June 14, 2018.

Erin Dahlin,

Deputy Chief of Program Operations.

[FR Doc. 2018–14476 Filed 7–5–18; 8:45 am]

BILLING CODE 6050–28–P

DEPARTMENT OF EDUCATION

List of Correspondence From July 1, 2016, Through March 31, 2018

AGENCY: Office of Special Education and Rehabilitative Services, Department of Education.

ACTION: Notice.

SUMMARY: The Secretary is publishing the following list of correspondence from the U.S. Department of Education (Department) received by individuals during the third and fourth quarters of 2016, all quarters of 2017, and the first quarter of 2018. The correspondence describes the Department's interpretations of the Individuals with Disabilities Education Act (IDEA) or the regulations that implement IDEA. This list and the letters or other documents described in this list, with personally identifiable information redacted, as appropriate, can be found at: *www2.ed.gov/policy/speced/guid/idea/index.html.*

FOR FURTHER INFORMATION CONTACT: Jessica Spataro, U.S. Department of Education, 400 Maryland Avenue SW, Room 5111, Potomac Center Plaza, Washington, DC 20202–2500. Telephone: (202) 245–6493.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), you can call the Federal Relay Service (FRS), toll free, at 1–800–877–8339.

Individuals with disabilities can obtain a copy of this list and the letters or other documents described in this list in an accessible format (*e.g.,* braille, large print, audiotape, or compact disc) by contacting Jessica Spataro at (202) 245–6493.

SUPPLEMENTARY INFORMATION: The following list identifies correspondence for seven calendar quarters, July 1, 2016, through March 31, 2018. Under section 607(f) of IDEA, the Secretary is required to publish this list quarterly in the **Federal Register**. The list includes those letters that contain interpretations of the requirements of IDEA and its implementing regulations, as well as letters and other documents that the Department believes will assist the public in understanding the requirements of the law. The list identifies the date and topic of each letter and provides summary information, as appropriate. To protect the privacy interests of the individual or individuals involved, personally identifiable information has been redacted, as appropriate.

2016—Third Quarter Letters

Part B—Assistance for Education of All Children With Disabilities

Section 612—State Eligibility

Topic Addressed: Free Appropriate Public Education

○ Dear Colleague Letter dated August 1, 2016, clarifying that behavioral supports are an essential element to receiving a free appropriate public education.

○ Dear Colleague Letter dated August 5, 2016, clarifying the requirements of IDEA in the context of virtual schools.

Section 613—Local Educational Agency Eligibility

Topic Addressed: Use of Federal Funds

○ Letter dated August 23, 2016, to Maryland Special Needs Advocacy Project Coordinator, Martha Goodman, regarding the calculation of the proportionate share of IDEA funds that must be used by a local educational agency (LEA) to provide special education and related services to parentally placed private school children with disabilities.

Section 615—Procedural Safeguards

Topic Addressed: Impartial Due Process Hearings

○ Letter dated August 4, 2016, to Maryland attorney Michael Eig, regarding a parent's right to open a due process hearing to the public.

Part C—Infants and Toddlers With Disabilities

Section 635—Requirements for Statewide System

Topic Addressed: Implementation of a Statewide System

○ Letter dated August 18, 2016, to New York attorney Regina Skyer, regarding multidisciplinary evaluations, eligibility, and screening procedures under Part C of IDEA.

Other Letters That Do Not Interpret Idea But May Be of Interest to Readers

○ Dear Colleague Letter dated July 26, 2016, from the Office of Civil Rights (OCR) clarifying the obligation of schools to provide students with attention-deficit/hyperactivity disorder with equal educational opportunity under section 504 of the Rehabilitation Act of 1973.

2016—Fourth Quarter Letters

Part B—Assistance for Education of All Children With Disabilities

Section 612—State Eligibility

Topic Addressed: State Advisory Panel

○ Letter dated December 27, 2016, to Technical Assistance for Excellence in Special Education, Executive Director John Copenhaver, clarifying requirements regarding the State Advisory Panel.

Topic Addressed: Children in Private Schools

○ Letter dated December 27, 2016, to Massachusetts special education activist Ellen Chambers, clarifying the requirements for when an LEA must provide transportation services to parentally placed private school children with disabilities.

Section 613—Local Educational Agency Eligibility

Topic Addressed: Charter Schools

○ Dear Colleague Letter dated December 28, 2016, issued by OSERS and OCR providing guidance in the form of Frequently Asked Questions about the rights of students with disabilities in public charter schools.

Section 615—Procedural Safeguards

Topic Addressed: Independent Educational Evaluation

○ Letter dated October 22, 2016, to Texas law clerk Jennifer Carroll, clarifying the requirements regarding when a school district must provide an independent educational evaluation.

Topic Addressed: Notice to Parents

○ Letter dated December 27, 2016, to Florida attorney Rochelle Marcus, regarding whether IDEA obligates a school district to correspond with a parent's attorney.

2017—First Quarter Letters

Part B—Assistance for Education of All Children With Disabilities

Section 612—State Eligibility

Topic Addressed: Least Restrictive Environment

○ Dear Colleague Letter dated January 9, 2017, reaffirming the Department's commitment to inclusive preschool education programs for children with disabilities and reiterating that the least restrictive environment requirements of IDEA apply to the placement of preschool children with disabilities.

Topic Addressed: Confidentiality of Education Records

○ Letter dated February 27, 2017, to Sonoran Schools Inc., Chief Compliance Officer, Patrick Zacchini, clarifying when and how parents must be notified before records containing personally identifiable information are destroyed under Part B of IDEA.

Section 614—Evaluations, Eligibility Determinations, Individualized Education Programs, and Educational Placements

Topic Addressed: Individualized Education Programs

○ Letter dated January 18, 2017, to Wisconsin Disability Policy Partnership, Public Policy Director, Lisa Pugh, regarding progress reporting on postsecondary goals for transition-aged children with disabilities.

○ Letter dated February 27, 2017, to [personally identifiable information redacted], regarding the annual update of postsecondary goals and transition services.

Section 615—Procedural Safeguards

Topic Addressed: Appeal

○ Letter dated January 2, 2017, to [personally identifiable information redacted], regarding whether a parent may file a due process complaint against a State educational agency.

Topic Addressed: Impartial Due Process Hearings

○ Letter dated February 27, 2017, to [personally identifiable information redacted], regarding record retention requirements, specifically the applicable Federal time period for which an SEA must retain, and make available to the general public, findings and decisions issued in due process hearings and State-level reviews conducted pursuant to IDEA.

2017—Second Quarter—No Letters

2017—Third Quarter Letter

Part B—Assistance for Education of All Children With Disabilities

Section 612—State Eligibility

Topic Addressed: Children in Private Schools

○ Letter dated September 8, 2017, to Archdiocese of Washington, Director for Government and Grant Programs, Brian Radziwill, clarifying certain provisions in Part B of IDEA that pertain to children with disabilities enrolled by their parents in private schools.

2017—Fourth Quarter—No Letters

2018—First Quarter—No Letters

Electronic Access to This Document: The official version of this document is the document published in the **Federal Register**. You may access the official edition of the **Federal Register** and the Code of Federal Regulations via the Federal Digital System at: *www.gpo.gov/fdsys.* At this site you can view this document, as well as all other documents of this Department published in the **Federal Register**, in text or Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the **Federal Register** by using the article search feature at: *www.federalregister.gov.* Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Dated: July 2, 2018.

Johnny W. Collett,

Assistant Secretary for Special Education and Rehabilitative Services.

[FR Doc. 2018–14532 Filed 7–5–18; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following electric corporate filings:

Docket Numbers: EC18–114–000.
Applicants: The Dow Chemical Company, Union Carbide Corporation, Spruance Genco, LLC, E. I. du Pont de Nemours and Company, Dow Pipeline Company.
Description: Application for Authorization Under Section 203 of the Federal Power Act and Request for Waivers of The Dow Chemical Company.
Filed Date: 6/29/18.
Accession Number: 20180629–5104.
Comments Due: 5 p.m. ET 7/20/18.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER10–1521–004; ER10–1520 004; ER10–1522 003.
Applicants: Occidental Power Marketing, L.P., Occidental Power Services, Inc., Occidental Chemical Corporation, LLC.
Description: Updated Market Power Analysis for the Central Region of the Occidental MBRA Entities.
Filed Date: 6/29/18.
Accession Number: 20180629–5149.
Comments Due: 5 p.m. ET 8/28/18.

Docket Numbers: ER10–1585–013; ER10–1594–013; ER16–733–004; ER10–1617–013; ER16–1148–004; ER10–1623–005; ER12–60–015; ER10–1632–015; ER10–1628–013.
Applicants: Alabama Electric Marketing, LLC, California Electric Marketing, LLC, LQA, LLC, New Mexico Electric Marketing, LLC, Tenaska Energía de Mexico, S. de R. L. de C.V., Tenaska Frontier Partners, Ltd., Tenaska Power Management, LLC, Tenaska Power Services Co., Texas Electric Marketing, LLC.
Description: Notification of Change in Status of the Tenaska MBR Sellers.
Filed Date: 6/29/18.
Accession Number: 20180629–5167.
Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER10–1789–005; ER16–2725–003; ER10–1770–005; ER12–1250–005; ER10–1771–005; ER16–1925–003; ER16–1924–003; ER16–1926–003; ER10–1768–005; ER17–2426–001.
Applicants: PSEG Energy Resources & Trade LLC, PSEG Energy Solutions LLC, PSEG Fossil LLC, PSEG New Haven LLC, PSEG Nuclear LLC, PSEG Keys Energy Center LLC, Pavant Solar II LLC, Bison Solar LLC, San Isabel Solar LLC, Public Service Electric and Gas Company.
Description: Supplement to May 25, 2018 Notice of Non-Material Change in Status of the PSEG Affiliates.
Filed Date: 6/29/18.
Accession Number: 20180629–5193.
Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER10–1901–011.
Applicants: Upper Peninsula Power Company.
Description: Updated Market Power Analysis of Upper Peninsula Power Company.
Filed Date: 6/29/18.
Accession Number: 20180629–5150.
Comments Due: 5 p.m. ET 8/28/18.

Docket Numbers: ER10–2074–008; ER10–2097–010; ER10–2507–018.
Applicants: Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company, Westar Energy, Inc.
Description: Triennial Market Power Update for the SPP Region of the Evergy MBR Affiliates.
Filed Date: 6/29/18.
Accession Number: 20180629–5161.
Comments Due: 5 p.m. ET 8/28/18.

Docket Numbers: ER10–2794–025; ER12–1825 023; ER14–2672 010.
Applicants: EDF Trading North America, LLC, EDF Energy Services, LLC, EDF Industrial Power Services (CA), LLC.
Description: Updated Market Power Analysis for the Central Region of the EDF Sellers.
Filed Date: 6/29/18.
Accession Number: 20180629–5209.
Comments Due: 5 p.m. ET 8/28/18.

Docket Numbers: ER14–1348–005; ER14–1349–005; ER10–3057–003; ER10–1810–002; ER10–2950–012.
Applicants: The Dow Chemical Company, Union Carbide Corporation, Dow Pipeline Company, E. I. du Pont de Nemours & Company, Spruance Genco, LLC.
Description: Triennial Market Power Analysis for the Central Region of The Dow Chemical Company, et al.
Filed Date: 6/29/18.
Accession Number: 20180629–5156.
Comments Due: 5 p.m. ET 8/28/18.

Docket Numbers: ER14–1348–006; ER10–1810–003; ER10–2950–013; ER10–3057–004; ER14–1348–006; ER14–1349–006.
Applicants: The Dow Chemical Company, Union Carbide Corporation, Dow Pipeline Company, E. I. du Pont de Nemours & Company, Spruance Genco, LLC.
Description: Notification of Non-Material Change-in-Status and Request for Waiver of The Dow Chemical Company, et al.
Filed Date: 6/29/18.
Accession Number: 20180629–5164.
Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER15–2237–005.
Applicants: Kanstar Transmission, LLC.
Description: Compliance filing: Compliance Filing ER15–2237 & El18–15 to be effective 9/21/2015.
Filed Date: 6/29/18.
Accession Number: 20180629–5070.
Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1880–000.
Applicants: Avista Corporation.
Description: § 205(d) Rate Filing: Avista Corp. OATT Attachment I Revision to be effective 8/1/2018.
Filed Date: 6/28/18.
Accession Number: 20180628–5170.
Comments Due: 5 p.m. ET 7/19/18.

Docket Numbers: ER18–1881–000.
Applicants: Southwest Power Pool, Inc.
Description: § 205(d) Rate Filing: 2824R4 KMEA & Sunflower Meter Agent Agreement to be effective 6/1/2018.
Filed Date: 6/29/18.
Accession Number: 20180629–5034.
Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1882–000.

Applicants: Duke Energy Florida, LLC.

Description: § 205(d) Rate Filing: DEF–FMPA NITSA (SA No. 148) Amendment (Ft. Meade) to be effective 9/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5059.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1883–000.

Applicants: Midcontinent Independent System Operator, Inc., Michigan Electric Transmission Company, LLC.

Description: § 205(d) Rate Filing: 2018–06–29_SA 3132 METC-Wolverine T–T to be effective 6/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5060.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1884–000.

Applicants: Duke Energy Florida, LLC.

Description: Tariff Cancellation: DEF-City of Ft. Meade NITSA (SA No. 152) Cancellation Filing to be effective 9/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5062.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1885–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Revised SA No. 3518 NITSA among PJM and LGE/KU to be effective 6/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5072.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1886–000.

Applicants: Vermont Transco, LLC.

Description: Compliance filing: compliance 2018 exhibit A to be effective 7/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5075.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1887–000.

Applicants: XOOM Energy, LLC.

Description: § 205(d) Rate Filing: Market-Based Rate Tariff Revisions to be effective 6/30/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5077.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1888–000.

Applicants: Niagara Mohawk Power Corporation, New York Independent System Operator, Inc.

Description: Tariff Cancellation: Niagara Mohawk Power Corporation Notice of Cancellation of Tug Hill Agreement No. 125 to be effective 8/24/2017.

Filed Date: 6/29/18.

Accession Number: 20180629–5088.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1890–000.

Applicants: Consumers Energy Company.

Description: § 205(d) Rate Filing: Blackstart Rate Change to be effective 9/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5121.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1891–000.

Applicants: Duke Energy Carolinas, LLC.

Description: § 205(d) Rate Filing: Amendment to REMC NITSA (SA No. 369) to be effective 7/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5152.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1892–000.

Applicants: Southwest Power Pool, Inc.

Description: § 205(d) Rate Filing: 2900R10 KMEA NITSA NOA to be effective 9/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5154.

Comments Due: 5 p.m. ET 7/20/18.

Docket Numbers: ER18–1893–000.

Applicants: New York State Electric & Gas Corporation.

Description: § 205(d) Rate Filing: Rate Schedule FERC No. 87 Supplement to be effective 9/1/2018.

Filed Date: 6/29/18.

Accession Number: 20180629–5163.

Comments Due: 5 p.m. ET 7/20/18.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) 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.

Dated: June 29, 2018.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2018–14503 Filed 7–5–18; 8:45 am]

BILLING CODE 6717–01–P

ENVIRONMENTAL PROTECTION AGENCY

[ER–FRL–9040–2]

Environmental Impact Statements; Notice of Availability

Responsible Agency: Office of Federal Activities, General Information (202) 564–7156 or *https://www2.epa.gov/nepa/*

Weekly receipt of Environmental Impact Statements

Filed 06/25/2018 Through 06/29/2018

Pursuant to 40 CFR 1506.9.

Notice

Section 309(a) of the Clean Air Act requires that EPA make public its comments on EISs issued by other Federal agencies. EPA's comment letters on EISs are available at: *https://cdxnodengn.epa.gov/cdx-enepa-public/action/eis/search*

EIS No. 20180149, Draft, FHWA, ND, Little Missouri River Crossing, *Comment Period Ends:* 08/20/2018, *Contact:* Gary Goff (701) 221–9466.

EIS No. 20180150, Draft, USFS, WY, Medicine Bow Landscape Vegetation Analysis (LaVA) Project, *Comment Period Ends:* 08/20/2018, *Contact:* Melissa Martin (307) 745–2371.

EIS No. 20180151, Draft, USACE, FL, Lake Okeechobee Watershed Restoration Project, *Comment Period Ends:* 08/20/2018, *Contact:* Gretchen Ehlinger (904) 232–1682.

EIS No. 20180152, Draft, USACE, CT, Byram River Flood Risk Management Draft Integrated Feasibility Report and EIS, *Comment Period Ends:* 08/20/2018, *Contact:* Kimberly Rightler (917) 790–8722.

Amended Notice

EIS No. 20180146, Final, USFS, WA, WITHDRAWN, LeClerc Creek Grazing Allotment Management Planning, *Comment Period Ends:* 08/13/2018, *Contact:* Gayne Sears (509) 447–7300.

Officially withdrawn per request of the U.S. Forest Service.

Dated: July 2, 2018.

Robert Tomiak,

Director, Office of Federal Activities.

[FR Doc. 2018–14495 Filed 7–5–18; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

[GN Docket No. 17–83]

Meeting of the Broadband Deployment Advisory Committee

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: In this document, the Commission announces and provides an agenda for the next meeting of Broadband Deployment Advisory Committee (BDAC).

DATES: Thursday, July 26, 2018 and Friday, July 27, 2018. The meeting will come to order at 9:00 a.m. each day.

ADDRESSES: Federal Communications Commission, 445 12th Street SW, Room TW–C305, Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: Paul D'Ari, Designated Federal Authority (DFO) of the BDAC, at *paul.dari@fcc.gov* or 202–418–1550; Jiaming Shang, Deputy DFO of the BDAC, at *jiaming.shang@fcc.gov* or 202–418–1303; or Deborah Salons, Deputy DFO of the BDAC, at *deborah.salons@fcc.gov* or 202–418–0637. The TTY number is: (202) 418–0484.

SUPPLEMENTARY INFORMATION: This meeting is open to members of the general public. The FCC will accommodate as many participants as possible; however, admittance will be limited to seating availability. The Commission will also provide audio and/or video coverage of the meeting over the internet from the FCC's web page at *www.fcc.gov/live.* Oral statements at the meeting by parties or entities not represented on the BDAC will be permitted to the extent time permits, at the discretion of the BDAC Chair and the DFO. Members of the public may submit comments to the BDAC in the FCC's Electronic Comment Filing System, ECFS, at *www.fcc.gov/ecfs.* Comments to the BDAC should be filed in Docket 17–83.

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), (202) 418–0432 (TTY). Such requests should include a detailed description of the accommodation needed. In addition, please include a way for the FCC to contact the requester if more information is needed to fill the request. Please allow at least five days' advance notice; last minute requests will be accepted but may not be possible to accommodate.

Proposed Agenda: At this meeting, the BDAC will consider and vote on reports and recommendations from its Harmonization Working Group to harmonize the Model Code for Municipalities and Model Code for States adopted by the BDAC on April 25, 2018. In addition, the Ad Hoc Committee for Rates and Fees will give a presentation. The BDAC will also discuss its next steps. This agenda may be modified at the discretion of the BDAC Chair and the DFO.

Federal Communications Commission.

Daniel Kahn,

Chief, Competition Policy Division, Wireline Competition Bureau.

[FR Doc. 2018–14494 Filed 7–5–18; 8:45 am]

BILLING CODE 6712–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

Notice of Closed Meeting

Pursuant to section 10(d) 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, and the Determination of the Director, Management Analysis and Services Office, CDC, pursuant to Public Law 92–463. 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: Disease, Disability, and Injury Prevention and Control Special Emphasis Panel (SEP)—DP19–001, Health Promotion and Disease Prevention Research Centers.

Dates: August 26–30, 2018.

Times: August 26, 2018, 4:00 p.m.–7:00 p.m., EDT and August 27–30, 2018, 8:30 a.m.–6:30 p.m., EDT.

Place: Centers for Disease Control and Prevention, 1600 Clifton Road NE, Global Communications Center, Auditorium B, Atlanta, Georgia 30333.

Agenda: To review and evaluate grant applications.

For Further Information Contact: Jaya Raman Ph.D., Scientific Review Officer, CDC, 4770 Buford Highway, Mailstop F80, Atlanta, Georgia 30341, Telephone: (770) 488–6511, *kva5@cdc.gov.*

The Director, Management Analysis and Services Office, has been delegated the authority to sign **Federal Register** notices pertaining to announcements of meetings and other committee management activities, for both the Centers for Disease Control and Prevention and the Agency for Toxic Substances and Disease Registry.

Elaine Baker

Director, Management Analysis and Services Office, Centers for Disease Control and Prevention.

[FR Doc. 2018–14492 Filed 7–5–18; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS–2414–N]

RIN 0938–ZB48

Medicaid Program; Final FY 2016 and Preliminary FY 2018 Disproportionate Share Hospital Allotments, and Final FY 2016 and Preliminary FY 2018 Institutions for Mental Diseases Disproportionate Share Hospital Limits

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: This notice announces the final federal share disproportionate share hospital (DSH) allotments for federal fiscal year (FY) 2016 and the preliminary federal share DSH allotments for FY 2018. This notice also announces the final FY 2016 and the preliminary FY 2018 limitations on aggregate DSH payments that states may make to institutions for mental disease and other mental health facilities. In addition, this notice includes background information describing the methodology for determining the amounts of states' FY DSH allotments.

DATES: This notice is applicable August 6, 2018. The final allotments and limitations set forth in this notice are applicable for the fiscal years specified.

FOR FURTHER INFORMATION CONTACT: Stuart Goldstein, (410) 786–0694 and Richard Cuno, (410) 786–1111.

SUPPLEMENTARY INFORMATION:

I. Background

A. Fiscal Year DSH Allotments

A state's federal fiscal year (FY) disproportionate share hospital (DSH) allotment represents the aggregate limit on the federal share amount of the state's DSH payments to DSH hospitals

in the state for the FY. The amount of such allotment is determined in accordance with the provisions of section 1923(f)(3) of the Social Security Act (the Act), with some state-specific exceptions as specified in section 1923(f) of the Act. Under such provisions, in general a state's FY DSH allotment is calculated by increasing the amount of its DSH allotment for the preceding FY by the percentage change in the Consumer Price Index for all Urban Consumers (CPI–U) for the previous FY.

The Patient Protection and Affordable Care Act of 2010 (Pub. L. 111–148), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111–152) (collectively, the Affordable Care Act), amended Medicaid DSH provisions, adding section 1923(f)(7) of the Act. Section 1923(f)(7) of the Act would have required reductions to states' FY DSH allotments from FY 2014 through FY 2020, the calculation of which was described in the Disproportionate Share Hospital Payment Reduction final rule published in the September 18, 2013 **Federal Register** (78 FR 57293). Subsequent legislation, most recently by the Bipartisan Budget Act of 2018 (Pub. L. 115–123, enacted February 9, 2018), delayed the start of these reductions until FY 2020. A proposed rule delineating a revised methodology for the calculation of DSH allotment reductions previously scheduled to begin in FY 2018 was published in the July 28, 2017 **Federal Register** (82 FR 35155).

Because there are no reductions to DSH allotments for FY 2016 and FY 2018 under section 1923(f)(7) of the Act, as amended, this notice contains only the state-specific final FY 2016 DSH allotments and preliminary FY 2018 DSH allotments, as calculated under the statute without application of the reductions that would have been imposed under the Affordable Care Act provisions beginning with FY 2014. This notice also provides information on the calculation of such FY DSH allotments, the calculation of the states' institutions for mental diseases (IMDs) DSH limits, and the amounts of states' final FY 2016 IMD DSH limits and preliminary FY 2018 IMD DSH limits.

B. Determination of Fiscal Year DSH Allotments

Generally, in accordance with the methodology specified under section 1923(f)(3) of the Act, a state's FY DSH allotment is calculated by increasing the amount of its DSH allotment for the preceding FY by the percentage change in the CPI–U for the previous FY. Also in accordance with section 1923(f)(3) of the Act, a state's DSH allotment for a FY is subject to the limitation that an increase to a state's DSH allotment for a FY cannot result in the DSH allotment exceeding the greater of the state's DSH allotment for the previous FY or 12 percent of the state's total medical assistance expenditures for the allotment year (this is referred to as the 12 percent limit).

Furthermore, under section 1923(h) of the Act, federal financial participation (FFP) for DSH payments to IMDs and other mental health facilities is limited to state-specific aggregate amounts. Under this provision, the aggregate limit for DSH payments to IMDs and other mental health facilities is the lesser of a state's FY 1995 total computable (state and federal share) IMD and other mental health facility DSH expenditures applicable to the state's FY 1995 DSH allotment (as reported on the Form CMS–64 as of January 1, 1997), or the amount equal to the product of the state's current year total computable DSH allotment and the applicable percentage specified in section 1923(h) of the Act.

In general, we determine states' DSH allotments for a FY and the IMD DSH limits for the same FY using the most recent available estimates of or actual medical assistance expenditures, including DSH expenditures in their Medicaid programs and the most recent available change in the CPI–U used for the FY in accordance with the methodology prescribed in the statute. The indicated estimated or actual expenditures are obtained from states for each relevant FY from the most recent available quarterly Medicaid budget reports (Form CMS–37) or quarterly Medicaid expenditure reports (Form CMS–64), respectively, submitted by the states. For example, as part of the initial determination of a state's FY DSH allotment (referred to as the preliminary DSH allotments) that is determined before the beginning of the FY for which the DSH allotments and IMD DSH limits are being determined, we use estimated expenditures for the FY obtained from the August submission of the CMS–37 submitted by states prior to the beginning of the FY; such estimated expenditures are subject to update and revision during the FY before such actual expenditure data become available. We also use the most recent available estimated CPI–U percentage change that is available before the beginning of the FY for determining the states' preliminary FY DSH allotments; such estimated CPI–U percentage change is subject to update and revision during the FY before the actual CPI–U percentage change becomes available. In determining the final DSH allotments and IMD DSH limits for a FY we use the actual expenditures for the FY and actual CPI–U percentage change for the previous FY.

II. Provisions of the Notice

A. Calculation of the Final FY 2016 Federal Share State DSH Allotments, and the Preliminary FY 2018 Federal Share State DSH Allotments

1. Final FY 2016 Federal Share State DSH Allotments

Addendum 1 to this notice provides the states' final FY 2016 DSH allotments determined in accordance with section 1923(f)(3) of the Act. As described in the background section, in general, the DSH allotment for a FY is calculated by increasing the FY DSH allotment for the preceding FY by the CPI–U increase for the previous fiscal year. For purposes of calculating the states' final FY 2016 DSH allotments, the preceding final fiscal year DSH allotments (for FY 2015) were published in the November 3, 2017 **Federal Register** (82 FR 51259). For purposes of calculating the states' final FY 2016 DSH allotments we are using the actual Medicaid expenditures for FY 2016. Finally, for purposes of calculating the states' final FY 2016 DSH allotments, the applicable historical percentage change in the CPI–U for the previous FY (FY 2015) was 0.3 percent; we note that this is the same as the estimated 0.3 percentage change in the CPI–U for FY 2015 that was available and used in the calculation of the preliminary FY 2016 DSH allotments which were published in the October 26, 2016 **Federal Register** (81 FR 74432).

2. Calculation of the Preliminary FY 2018 Federal Share State DSH Allotments

Addendum 2 to this notice provides the preliminary FY 2018 DSH allotments determined in accordance with section 1923(f)(3) of the Act. The preliminary FY 2018 DSH allotments contained in this notice were determined based on the most recent available estimates from states of their FY 2018 total computable Medicaid expenditures. Also, the preliminary FY 2018 allotments contained in this notice were determined by increasing the preliminary FY 2017 DSH allotments. The estimated percentage increase in the CPI–U for FY 2017 was 2.4 percent (CMS originally published the preliminary FY 2017 DSH allotments in the November 3, 2017 **Federal Register** (82 FR 51259)).

We will publish states' final FY 2018 DSH allotments in a future notice based on the states' four quarterly Medicaid expenditure reports (Form CMS–64) for FY 2018 available following the end of FY 2018 utilizing the actual change in the CPI–U for FY 2017.

B. Calculation of the Final FY 2016 and Preliminary FY 2018 IMD DSH Limits

Section 1923(h) of the Act specifies the methodology to be used to establish the limits on the amount of DSH payments that a state can make to IMDs and other mental health facilities. FFP is not available for DSH payments to IMDs or other mental health facilities that exceed the IMD DSH limits. In this notice, we are publishing the final FY 2016 and the preliminary FY 2018 IMD DSH limits determined in accordance with the provisions discussed above.

Addendums 3 and 4 to this notice detail each state's final FY 2016 and preliminary FY 2018 IMD DSH limit, respectively, determined in accordance with section 1923(h) of the Act.

III. Collection of Information Requirements

As it relates to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), this notice does not impose any new or revised collection of information requirements or burden. While discussed in section I.B. and in Addendums 3 and 4 of this notice, the requirements and burden associated with Form CMS–37 and Form CMS–64 are unaffected by this notice. Both forms are approved by the Office of Management and Budget (OMB) under control number 0938–1265. Since this notice will not impose any new or revised requirements/burden, we are not making any changes under that control number.

IV. Regulatory Impact Analysis

We have examined the impact of this notice as required by Executive Order 12866 on Regulatory Planning and Review (September 1993), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96–354), section 1102(b) of the Act, section 202 of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4; enacted on March 22, 1995) (UMRA '95), Executive Order 13132 on Federalism (August 4, 1999) and the Congressional Review Act (5 U.S.C. 804(2)), and Executive Order 13771 on Reducing Regulation and Controlling Regulatory Costs (January 30, 2017).

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects ($100 million or more in any 1 year). This notice reaches the $100 million economic threshold and thus is considered a major rule under the Congressional Review Act.

The final FY 2016 DSH allotments being published in this notice are approximately $11 million more than the preliminary FY 2016 DSH allotments published in the October 26, 2016 **Federal Register** (81 FR 74432). The increase in the final FY 2016 DSH allotments is a result of being calculated by multiplying the actual increase in the CPI–U for 2015 by the final FY 2015 DSH allotments, while the preliminary FY 2016 DSH allotments were calculated by multiplying the estimated CPI–U for 2015 by the preliminary FY 2015 DSH allotments. Although the estimated and actual increase in the CPI–U remained the same at 0.3 percent, the preliminary FY 2015 DSH allotments were lower than the final FY 2015 DSH allotments and therefore the final FY 2016 DSH allotments are higher than the preliminary FY 2016 DSH allotments. The final FY 2016 IMD DSH limits being published in this notice are approximately $14 million more than the preliminary FY 2016 IMD DSH limits published in the October 26, 2016 **Federal Register** (81 FR 74432). The increases in the IMD DSH limits are because the DSH allotment for a FY is a factor in the determination of the IMD DSH limit for the FY. Since the final FY 2016 DSH allotments were increased as compared to the preliminary FY 2016 DSH allotments, the associated FY 2016 IMD DSH limits for some states were also increased.

The preliminary FY 2018 DSH allotments being published in this notice have been increased by approximately $288 million more than the preliminary FY 2017 DSH allotments published in the November 3, 2017 **Federal Register** (82 FR 51259). The increase in the DSH allotments is due to the application of the statutory formula for calculating DSH allotments under which the prior fiscal year allotments are increased by the percentage increase in the CPI–U for the prior fiscal year. The preliminary FY 2018 IMD DSH limits being published in this notice are approximately $24 million more than the preliminary FY 2017 IMD DSH limits published in the November 3, 2017 **Federal Register** (82 FR 51259). The increases in the IMD DSH limits are because the DSH allotment for a FY is a factor in the determination of the IMD DSH limit for the FY. Since the preliminary FY 2018 DSH allotments are greater than the preliminary FY 2017 DSH allotments, the associated preliminary FY 2018 IMD DSH limits for some states also increased.

The RFA requires agencies to analyze options for regulatory relief of small businesses, if a rule has a significant impact on a substantial number of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than $7.0 million to $34.5 million in any one year. Individuals and states are not included in the definition of a small entity. We are not preparing an analysis for the RFA because the Secretary has determined that this notice will not have significant economic impact on a substantial number of small entities. Specifically, any impact on providers is due to the effect of the various controlling statutes; providers are not impacted as a result of the independent regulatory action in publishing this notice. The purpose of the notice is to announce the latest DSH allotments and IMD DSH limits, as required by the statute.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Core-Based Statistical Area for Medicaid payment regulations and has fewer than 100 beds. We are not preparing analysis for section 1102(b) of the Act because the Secretary has determined that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

The Medicaid statute specifies the methodology for determining the amounts of states' DSH allotments and IMD DSH limits; and as described previously, the application of the methodology specified in statute results in the decreases or increases in states' DSH allotments and IMD DSH limits for the applicable FYs. The statute applicable to these allotments and limits does not apply to the determination of the amounts of DSH payments made to specific DSH hospitals; rather, these

allotments and limits represent an overall limit on the total of such DSH payments. For this reason, we do not believe that this notice will have a significant economic impact on a substantial number of small entities.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of $100 million in 1995 dollars, updated annually for inflation. In 2018, that threshold is approximately $150 million. This notice will have no consequential effect on spending by state, local, or tribal governments, in the aggregate, or on the private sector.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on state and local governments, preempts state law, or otherwise has Federalism implications. Since this notice does not impose any costs on state or local governments or otherwise have Federalism implications, the requirements of E.O. 13132 are not applicable.

Executive Order 13771, titled ''Reducing Regulation and Controlling Regulatory Costs,'' was issued on January 30, 2017. It has been determined that this notice is a transfer rule and is not a regulatory action for the purposes of Executive Order 13771.

A. Alternatives Considered

The methodologies for determining the states' fiscal year DSH allotments and IMD DSH limits, as reflected in this notice, were established in accordance with the methodologies and formula for determining states' allotments and limits as specified in statute. This notice does not put forward any further discretionary administrative policies for determining such allotments and limits, or otherwise.

B. Accounting Statement

As required by OMB Circular A–4 (available at *http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf*), in Table 1, we have prepared an accounting statement showing the classification of the estimated expenditures associated with the provisions of this notice. Table 1 provides our best estimate of the change (decrease) in the federal share of states' Medicaid DSH payments resulting from the application of the provisions of the Medicaid statute relating to the calculation of states' FY DSH allotments and the increase in the FY DSH allotments from FY 2017 to FY 2018.

TABLE 1—ACCOUNTING STATEMENT: CLASSIFICATION OF ESTIMATED EXPENDITURES, FROM THE FY 2017 TO FY 2018

[In millions]

Category	Transfers
Annualized Monetized Transfers.	$288.
From Whom To Whom?	Federal Government to States.

Congressional Review Act

This proposed regulation is subject to the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*) and has been transmitted to the Congress and the Comptroller General for review.

In accordance with the provisions of Executive Order 12866, this notice was reviewed by the Office of Management and Budget.

Dated: May 30, 2018.

Seema Verma,

Administrator, Centers for Medicare & Medicaid Services.

Dated June 28, 2018.

Alex M. Azar II,

Secretary, Department of Health and Human Services.

KEY TO ADDENDUM 1—FINAL DSH ALLOTMENTS FOR FY 2015

The Final FY 2016 DSH Allotments for the NON-Low DSH States are presented in the top section of this addendum, and the Final FY 2016 DSH Allotments for the Low-DSH States are presented in the bottom section of this addendum.

Column	Description
Column A	State.
Column B	FY 2016 FMAPs. This column contains the States' FY 2016 Federal Medical Assistance Percentages.
Column C	Prior FY (2015) DSH Allotments. This column contains the States' prior FY 2015 DSH Allotments.
Column D	Prior FY (2015) DSH Allotments (Col C) × (100 percent + Percentage Increase in CPIU): 100.3 percent. This column contains the amount in Column C increased by 1 plus the percentage increase in the CPI–U for the prior FY (100.3 percent).
Column E	FY 2016 TC MAP Exp. Including DSH. This column contains the amount of the States' FY 2016 total computable (TC) medical assistance expenditures including DSH expenditures.
Column F	FY 2016 TC DSH Expenditures. This column contains the amount of the States' FY 2016 total computable DSH expenditures.
Column G	FY 2016 TC MAP Exp. Net of DSH. This column contains the amount of the States' FY 2016 total computable medical assistance expenditures net of DSH expenditures, calculated as the amount in Column E minus the amount in Column F.
Column H	12 percent Amount. This column contains the amount of the ''12 percent limit'' in Federal share, determined in accordance with the provisions of section 1923(f)(3) of the Act.
Column I	Greater of FY 2015 Allotment or 12 percent Limit. This column contains the greater of the State's prior FY (FY 2015) DSH allotment or the amount of the 12 percent Limit, determined as the maximum of the amount in Column C or Column H.
Column J	FY 2016 DSH Allotment. This column contains the States' final FY 2016 DSH allotments, determined as the minimum of the amount in Column I or Column D. For states with ''na'' in Columns I or D, refer to the footnotes in the addendum.

ADDENDUM 1: FINAL DSH ALLOTMENTS FOR FISCAL YEAR: 2016

STATE	FY 2016 FMAPs (percent)	Prior FY (2015) DSH allotments	Prior FY (2015) DSH allotment (Col C) x 100% + Pct Increase in CPIU: 100.3%	FY 2016 TC MAP Exp. including DSH	FY 2016 TC DSH expenditures	FY 2016 TC MAP EXP. net Of DSH Col E - F	"12% Amount" = Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, 2015 allotment)	FY 2016 DSH allotment MIN Col I, Col D
ALABAMA	69.87	$333,514,963	$334,515,508	$5,435,036,771	$478,107,126	$4,956,929,645	$718,176,619	$718,176,619	$334,515,508
ARIZONA	68.92	109,815,903	110,145,351	11,118,985,133	189,441,573	10,929,543,560	1,588,048,086	1,588,048,086	110,145,351
CALIFORNIA	50.00	1,188,994,401	1,192,561,384	83,175,819,924	2,294,310,296	80,881,509,628	12,770,764,678	12,770,764,678	1,192,561,384
COLORADO	50.72	100,325,639	100,626,616	7,885,768,808	191,712,503	7,694,056,305	1,209,429,346	1,209,429,346	100,626,616
CONNECTICUT	50.00	216,920,301	217,571,062	7,344,137,284	199,756,136	7,144,381,148	1,128,060,181	1,128,060,181	217,571,062
DISTRICT OF COLUMBIA	70.00	66,431,842	66,631,138	2,761,584,285	39,648,028	2,721,936,257	394,211,458	394,211,458	66,631,138
FLORIDA	60.67	216,920,301	217,571,062	21,689,957,388	357,672,706	21,332,284,682	3,191,032,780	3,191,032,780	217,571,062
GEORGIA	67.55	291,486,655	292,361,115	9,723,814,007	432,380,982	9,291,433,025	1,355,829,993	1,355,829,993	292,361,115
ILLINOIS	50.89	233,189,324	233,888,892	19,178,940,763	470,855,203	18,708,085,560	2,937,684,158	2,937,684,158	233,888,892
INDIANA	66.60	231,833,573	232,529,074	10,371,904,061	351,344,249	10,020,559,812	1,466,745,678	1,466,745,678	232,529,074
KANSAS	55.96	44,739,812	44,874,031	3,252,725,194	66,439,556	3,186,285,638	486,727,600	486,727,600	44,874,031
KENTUCKY	70.32	157,267,219	157,739,021	9,609,364,927	226,104,508	9,383,260,419	1,357,676,693	1,357,676,693	157,739,021
LOUISIANA	62.21	743,671,360	745,902,374	8,536,666,882	1,283,724,677	7,252,942,205	1,078,364,154	1,078,364,154	745,902,374
MAINE	62.67	113,883,158	114,224,807	2,490,164,925	42,332,641	2,447,832,284	363,305,268	363,305,268	114,224,807
MARYLAND	50.00	82,700,865	82,948,968	10,398,319,397	119,001,246	10,279,318,151	1,623,050,234	1,623,050,234	82,948,968
MASSACHUSETTS	50.00	330,803,459	331,795,869	16,990,908,511	0	16,990,908,511	2,682,775,028	2,682,775,028	331,795,869
MICHIGAN	65.60	287,419,400	288,281,658	16,714,754,874	415,106,163	16,299,648,711	2,393,858,855	2,393,858,855	288,281,658
MISSISSIPPI	74.17	165,401,730	165,897,935	5,397,714,759	223,355,122	5,174,359,637	740,773,211	740,773,211	165,897,935
MISSOURI	63.28	513,829,963	515,371,453	9,811,515,212	661,694,759	9,149,820,453	1,354,915,690	1,354,915,690	515,371,453
NEVADA	64.93	50,162,819	50,313,307	3,335,480,165	77,412,264	3,258,067,901	479,606,308	479,606,308	50,313,307
NEW HAMPSHIRE	50.00	173,643,098	174,164,027	1,948,727,991	248,325,661	1,700,402,330	268,484,578	268,484,578	174,164,027
NEW JERSEY	50.00	698,212,220	700,306,857	14,319,021,372	1,083,026,899	13,235,994,473	2,089,893,864	2,089,893,864	700,306,857
NEW YORK	50.00	1,742,141,169	1,747,367,593	60,995,857,591	3,395,485,268	57,600,372,323	9,094,795,630	9,094,795,630	1,747,367,593

STATE	FY 2016 FMAPs (percent)	Prior FY (2015) DSH allotments	Prior FY (2015) DSH allotment (Col C) x 100% + Pct Increase in CPIU:	FY 2016 TC MAP Exp. including DSH	FY 2016 TC DSH expenditures	FY 2016 TC MAP EXP. net Of DSH Col E - F	"12% Amount" = Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, 2015 allotment)	FY 2016 DSH allotment MIN Col I, Col D
NORTH CAROLINA	66.24	319,957,444	320,917,316	12,157,764,904	459,922,639	11,697,842,265	1,714,303,256	1,714,303,256	320,917,316
OHIO	62.47	440,619,363	441,941,221	21,473,065,804	702,913,525	20,770,152,279	3,085,028,126	3,085,028,126	441,941,221
PENNSYLVANIA	52.01	608,732,595	610,558,793	27,350,279,117	923,597,202	26,426,681,915	4,122,324,598	4,122,324,598	610,558,793
RHODE ISLAND	50.42	70,499,098	70,710,595	2,411,382,026	139,680,713	2,271,701,313	357,748,611	357,748,611	70,710,595
SOUTH CAROLINA	71.08	355,206,993	356,272,614	5,941,185,838	532,052,436	5,409,133,402	780,936,768	780,936,768	356,272,614
TENNESSEE	Na	53,100,000	na	na	na	na	na	na	53,100,000
TEXAS	57.13	1,037,150,191	1,040,261,642	39,563,147,154	2,820,435,388	36,742,711,766	5,581,505,313	5,581,505,313	1,040,261,642
VERMONT	54.45	$24,403,535	24,476,746	1,679,425,056	37,448,781	1,641,976,275	252,736,702	252,736,702	24,476,746
VIRGINIA	50.00	$95,019,307	95,304,365	8,498,905,069	177,422,312	8,321,482,757	1,313,918,330	1,313,918,330	95,304,365
WASHINGTON	50.00	$200,651,279	201,253,233	10,787,810,275	429,732,157	10,358,078,118	1,635,486,019	1,635,486,019	201,253,233
WEST VIRGINIA	71.42	$73,210,602	73,430,234	3,655,890,862	73,502,498	3,582,388,364	516,703,151	516,703,151	73,430,234
TOTAL	0.00	11,371,859,581	11,352,715,860	476,006,026,329	19,143,945,217	456,862,081,112	70,134,900,964	70,134,900,964	11,405,815,861
LOW DSH STATES									
ALASKA	50.00	22,092,999	22,159,278	1,785,355,973	23,183,505	1,762,172,468	278,237,758.11	278,237,758	22,159,278
ARKANSAS	70.00	46,787,305	46,927,667	5,955,864,929	41,908,658	5,913,956,271	856,504,012	856,504,012	46,927,667
DELAWARE	54.83	9,819,111	9,848,568	1,883,220,982	0	1,883,220,982	289,302,843	289,302,843	9,848,568
HAWAII	53.98	10,570,301	10,602,012	2,156,012,061	8,107,072	2,164,119,133	333,928,015.62	333,928,016	10,602,012
IDAHO	71.24	17,828,139	17,881,623	1,689,500,076	23,288,276	1,666,211,800	240,447,525.93	240,447,526	17,881,623
IOWA	54.91	42,712,842	42,840,981	4,716,461,091	35,224,693	4,681,236,398	718,844,159	718,844,159	42,840,981
MINNESOTA	50.00	81,007,666	81,250,689	10,893,812,759	4,956,777	10,888,855,982	1,719,293,050	1,719,293,050	81,250,689
MONTANA	65.24	12,311,068	12,348,001	1,361,662,906	18,908,411	1,342,754,495	197,448,467	197,448,467	12,348,001
NEBRASKA	51.16	30,692,294	30,784,371	1,968,891,548	39,394,164	1,929,497,384	302,491,582	302,491,582	30,784,371
NEW MEXICO	70.37	22,092,999	22,159,278	5,339,766,195	16,101,218	5,323,664,977	770,175,716	770,175,716	22,159,278

STATE	FY 2016 FMAPs (percent)	Prior FY (2015) DSH allotments	Prior FY (2015) DSH allotment (Col C) x 100% + Pct Increase in CPIU:	FY 2016 TC MAP Exp. including DSH	FY 2016 TC DSH expenditures	FY 2016 TC MAP EXP. net Of DSH Col E - F	"12% Amount" = Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, 2015 allotment)	FY 2016 DSH allotment MIN Col I, Col D
NORTH DAKOTA	50.00	**10,360,093**	**10,391,173**	1,162,904,244	1,385,593	1,161,518,651	183,397,682	183,397,682	**10,391,173**
OKLAHOMA	60.99	**39,276,442**	**39,394,271**	4,460,334,118	44,416,344	4,415,917,774	659,710,533	659,710,533	**39,394,271**
OREGON	64.38	**49,095,555**	**49,242,842**	8,316,707,109	127,373,075	8,189,334,034	1,207,856,415	1,207,856,415	**49,242,842**
SOUTH DAKOTA	51.61	**11,979,041**	**12,014,978**	832,399,125	1,496,978	830,902,147	129,915,253	129,915,253	**12,014,978**
UTAH	70.24	**21,277,695**	**21,341,528**	2,100,346,398	33,093,465	2,067,252,933	299,183,749	299,183,749	**21,341,528**
WISCONSIN	58.23	**102,530,441**	**102,838,032**	7,626,998,105	39,461,949	7,587,536,156	1,146,845,504	1,146,845,504	**102,838,032**
WYOMING	50.00	**245,478**	**246,214**	573,809,794	462,433	573,347,361	90,528,531	90,528,531	**246,214**
TOTAL LOW DSH STATES	**0.00**	**530,679,469**	**532,271,507**	**62,824,047,413**	**442,548,467**	**62,381,498,946**	**9,424,110,794**	**9,424,110,794**	**532,271,506**
TOTAL	**0.00%**	**11,902,539,050**	**11,884,987,367**	**538,830,073,742**	**19,586,493,684**	**519,243,580,058**	**79,559,011,758**	**79,559,011,758**	**11,938,087,367**

FOOTNOTES:

/1 Tennessee's DSH allotment for FY 2016, determined under section 1923(f)(6)(A) of the Social Security Act, is $53,100,000.

/2 Per 1905(z)(1)(A) of Act, Vermont's regular FMAP is increased by 2.2 percentage points for the period 1/1/2014 - 12/31/2015.

KEY TO ADDENDUM 2—PRELIMINARY DSH ALLOTMENTS FOR FY 2018

The Preliminary FY 2018 DSH Allotments for the NON-Low DSH States are presented in the top section of this addendum, and the Preliminary FY 2018 DSH Allotments for the Low-DSH States are presented in the bottom section of this addendum.

Column	Description
Column A	State.
Column B	FY 2018 FMAPs. This column contains the States' FY 2018 Federal Medical Assistance Percentages.
Column C	Prior FY (2017) DSH Allotments. This column contains the States' prior preliminary FY 2017 DSH Allotments.
Column D	Prior FY (2017) DSH Allotments (Col C) × (100 percent + Percentage Increase in CPIU): 102.4 percent. This column contains the amount in Column C increased by 1 plus the estimated percentage increase in the CPI–U for the prior FY (102.4 percent).
Column E	FY 2018 TC MAP Exp. Including DSH. This column contains the amount of the States' projected FY 2018 total computable (TC) medical assistance expenditures including DSH expenditures.
Column F	FY 2018 TC DSH Expenditures. This column contains the amount of the States' projected FY 2018 total computable DSH expenditures.
Column G	FY 2018 TC MAP Exp. Net of DSH. This column contains the amount of the States' projected FY 2018 total computable medical assistance expenditures net of DSH expenditures, calculated as the amount in Column E minus the amount in Column F.
Column H	12 percent Amount. This column contains the amount of the ''12 percent limit'' in Federal share, determined in accordance with the provisions of section 1923(f)(3) of the Act.
Column I	Greater of FY 2017 Allotment or 12 percent Limit. This column contains the greater of the State's preliminary prior FY (FY 2017) DSH allotment or the amount of the 12 percent Limit, determined as the maximum of the amount in Column C or Column H.
Column J	FY 2018 DSH Allotment. This column contains the States' preliminary FY 2018 DSH allotments, determined as the minimum of the amount in Column I or Column D. For states with ''na'' in Columns I or D, refer to the footnotes in the addendum.

ADDENDUM 2: PRELIMINARY DSH ALLOTMENTS FOR FISCAL YEAR: 2018

STATE	FY 2018 FMAPs (percent)	Prior FY (2017) DSH Allotments	Prior FY (2017) DSH Allotment (Col C) x 100% + Pct Increase in CPIU: 102.4%	FY 2018 TC MAP Exp. Including DSH	FY 2018 TC DSH Expenditures	FY 2018 TC MAP EXP. Net Of DSH Col E - F	"12% Amount" =Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, FY 2017 allotment)	FY 2018 DSH allotment MIN Col I, Col D
ALABAMA	71.44	$337,526,148	$345,626,776	6,438,602,000	477,896,000	$5,960,706,000	$859,689,441	$859,689,441	**$345,626,776**
ARIZONA	69.89	111,136,659	113,803,939	12,761,090,000	131,593,000	12,629,497,000	1,829,695,378	1,829,695,378	**113,803,939**
CALIFORNIA	50.00	1,203,294,436	1,232,173,502	95,266,251,000	96,560,000	95,169,691,000	15,026,793,316	15,026,793,316	**1,232,173,502**
COLORADO	50.00	101,532,256	103,969,030	9,012,198,000	202,670,000	8,809,528,000	1,390,978,105	1,390,978,105	**103,969,030**
CONNECTICUT	50.00	219,529,202	224,797,903	7,595,837,000	134,842,000	7,460,995,000	1,178,051,842	1,178,051,842	**224,797,903**
DISTRICT OF COLUMBIA	70.00	67,230,818	68,844,358	2,923,831,000	43,077,000	2,880,754,000	417,212,648	417,212,648	**68,844,358**
FLORIDA	61.79	219,529,202	224,797,903	25,048,032,000	354,933,000	24,693,099,000	3,677,332,606	3,677,332,606	**224,797,903**
GEORGIA	68.50	294,992,365	302,072,182	11,076,453,000	434,088,000	10,642,365,000	1,548,322,837	1,548,322,837	**302,072,182**
ILLINOIS	50.74	235,993,892	241,657,745	20,479,620,000	442,416,000	20,037,204,000	3,149,265,042	3,149,265,042	**241,657,745**
INDIANA	65.59	234,621,836	240,252,760	11,343,341,000	81,086,000	11,262,255,000	1,654,095,105	1,654,095,105	**240,252,760**
KANSAS	54.74	45,277,897	46,364,567	3,337,185,000	80,472,000	3,256,713,000	500,531,033	500,531,033	**46,364,567**
KENTUCKY	71.17	159,158,672	162,978,480	9,852,595,000	227,396,000	9,625,199,000	1,389,269,047	1,389,269,047	**162,978,480**
LOUISIANA	63.69	752,615,495	770,678,267	12,160,406,000	1,032,353,000	11,128,053,000	1,645,375,962	1,645,375,962	**770,678,267**
MAINE	64.34	115,252,830	118,018,898	2,653,122,000	42,529,000	2,610,593,000	385,094,888	385,094,888	**118,018,898**
MARYLAND	50.00	83,695,509	85,704,201	12,383,588,000	136,614,000	12,246,974,000	1,933,732,737	1,933,732,737	**85,704,201**
MASSACHUSETTS	50.00	334,782,032	342,816,801	19,026,584,000	0	19,026,584,000	3,004,197,474	3,004,197,474	**342,816,801**
MICHIGAN	64.78	290,876,193	297,857,222	18,494,528,000	365,564,000	18,128,964,000	2,670,089,325	2,670,089,325	**297,857,222**
MISSISSIPPI	75.65	167,391,016	171,408,400	5,660,629,000	226,579,000	5,434,050,000	775,024,445	775,024,445	**171,408,400**
MISSOURI	64.61%	520,009,796	532,490,031	11,596,997,000	652,923,000	10,944,074,000	1,612,841,561	1,612,841,561	**532,490,031**
NEVADA	65.75	50,766,127	51,984,514	3,807,476,000	91,764,000	3,715,712,000	545,431,957	545,431,957	**51,984,514**
NEW HAMPSHIRE	50.00	175,731,503	179,949,059	2,168,807,000	180,511,000	1,988,296,000	313,941,474	313,941,474	**179,949,059**
NEW JERSEY	50.00	706,609,619	723,568,250	15,882,292,000	784,079,000	15,098,213,000	2,383,928,368	2,383,928,368	**723,568,250**

STATE	FY 2018 FMAPs (percent)	Prior FY (2017) DSH Allotments	Prior FY (2017) DSH Allotment (Col C) x 100% + Pct Increase in CPIU: 102.4%	FY 2018 TC MAP Exp. Including DSH	FY 2018 TC DSH Expenditures	FY 2018 TC MAP EXP. Net Of DSH Col E - F	"12% Amount" =Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, FY 2017 allotment)	FY 2018 DSH allotment MIN Col I, Col D
NEW YORK	50.00	1,763,093,901	1,805,408,155	77,129,127,000	6,859,300,000	70,269,827,000	11,095,235,842	11,095,235,842	**1,805,408,155**
NORTH CAROLINA	67.61	323,805,572	331,576,906	13,674,561,000	595,840,000	13,078,721,000	1,908,115,073	1,908,115,073	**331,576,906**
OHIO	62.78	445,918,692	456,620,741	23,543,753,000	0	23,543,753,000	3,492,895,187	3,492,895,187	**456,620,741**
PENNSYLVANIA	51.82	616,053,822	630,839,114	28,987,279,000	977,385,000	28,009,894,000	4,374,101,578	4,374,101,578	**630,839,114**
RHODE ISLAND	51.45	71,346,990	73,059,318	2,635,184,000	139,704,000	2,495,480,000	390,547,364	390,547,364	**73,059,318**
SOUTH CAROLINA	71.58	359,479,068	368,106,566	6,340,892,000	530,923,000	5,809,969,000	837,618,491	837,618,491	**368,106,566**
TENNESSEE /1	65.82	na	na	na	na	na	na	na	**53,100,000**
TEXAS	56.88	1,049,623,997	1,074,814,973	40,052,765,000	1,889,603,000	38,163,162,000	5,804,065,921	5,804,065,921	**1,074,814,973**
VERMONT	53.47	24,697,037	25,289,766	1,641,243,000	27,449,000	1,613,794,000	249,692,496	249,692,496	**25,289,766**
VIRGINIA	50.00	96,162,104	98,469,994	9,786,362,000	233,386,000	9,552,976,000	1,508,364,632	1,508,364,632	**98,469,994**
WASHINGTON	50.00	203,064,512	207,938,060	14,685,096,000	487,940,000	14,197,156,000	2,241,656,211	2,241,656,211	**207,938,060**
WEST VIRGINIA	73.24	74,091,106	75,869,293	4,158,425,000	74,018,000	4,084,407,000	586,169,762	586,169,762	**75,869,293**
TOTAL		**11,454,890,304**	**11,729,807,671**	**541,604,151,000**	**18,035,493,000**	**523,568,658,000**	**80,379,357,149**	**80,379,357,149**	**11,782,907,674**
									LOW DSH STATES
ALASKA	50.00	**22,358,712**	**22,895,321**	2,321,499,000	19,711,000	2,301,788,000	363,440,210.53	363,440,211	**22,895,321**
ARKANSAS	70.87	**47,350,016**	**48,486,416**	6,744,319,000	52,850,000	6,691,469,000	966,654,136	966,654,136	**48,486,416**
DELAWARE	56.43	**9,937,205**	**10,175,698**	2,332,230,000	14,062,000	2,318,168,000	353,313,221	353,313,221	**10,175,698**
HAWAII	54.78	**10,697,430**	**10,954,168**	2,444,830,000	0	2,444,830,000	375,674,017.95	375,674,018	**10,954,168**
IDAHO	71.17	**18,042,558**	**18,475,579**	2,134,805,000	25,206,000	2,109,599,000	304,492,467.46	304,492,467	**18,475,579**
IOWA	58.48	**43,226,550**	**44,263,987**	4,428,123,000	45,204,000	4,382,919,000	661,737,788	661,737,788	**44,263,987**
MINNESOTA	50.00	**81,981,945**	**83,949,512**	12,542,446,000	536,000	12,541,910,000	1,980,301,579	1,980,301,579	**83,949,512**
MONTANA	65.38	**12,459,133**	**12,758,152**	1,633,918,000	19,745,000	1,614,173,000	237,245,330	237,245,330	**12,758,152**

STATE	FY 2018 FMAPs (percent)	Prior FY (2017) DSH Allotments	Prior FY (2017) DSH Allotment (Col C) x 100% + Pct Increase in CPIU: 102.4%	FY 2018 TC MAP Exp. Including DSH	FY 2018 TC DSH Expenditures	FY 2018 TC MAP EXP. Net Of DSH Col E - F	"12% Amount" =Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, FY 2017 allotment)	FY 2018 DSH allotment MIN Col I, Col D
NEBRASKA	52.55	**31,061,430**	**31,806,904**	2,338,039,000	37,064,000	2,300,975,000	357,828,566	357,828,566	**31,806,904**
NEW MEXICO	72.16	**22,358,712**	**22,895,321**	5,395,007,000	34,484,000	5,360,523,000	771,573,151	771,573,151	**22,895,321**
NORTH DAKOTA	50.00	**10,484,694**	**10,736,327**	1,385,355,000	2,002,000	1,383,353,000	218,424,158	218,424,158	**10,736,327**
OKLAHOMA	58.57	**39,748,819**	**40,702,791**	5,193,661,000	43,978,000	5,149,683,000	777,196,307	777,196,307	**40,702,791**
OREGON	63.62	**49,686,028**	**50,878,493**	9,712,803,000	61,563,000	9,651,240,000	1,427,381,377	1,427,381,377	**50,878,493**
SOUTH DAKOTA	55.34	**12,123,113**	**12,414,068**	943,669,000	1,577,000	942,092,000	144,352,666	144,352,666	**12,414,068**
UTAH	70.26	**21,533,602**	**22,050,408**	2,610,371,000	30,619,000	2,579,752,000	373,333,420	373,333,420	**22,050,408**
WISCONSIN	58.77	**103,763,574**	**106,253,900**	8,687,664,000	102,737,000	8,584,927,000	1,294,512,277	1,294,512,277	**106,253,900**
WYOMING	50.00	**248,430**	**254,392**	615,509,000	482,000	615,027,000	97,109,526	97,109,526	**254,392**
TOTAL LOW DSH STATES		**537,061,951**	**549,951,438**	**71,464,248,000**	**491,820,000**	**70,972,428,000**	**10,704,570,196**	**10,704,570,196**	**549,951,437**
TOTAL		**11,991,952,255**	**12,279,759,109**	**613,068,399,000**	**18,527,313,000**	**594,541,086,000**	**91,083,927,346**	**91,083,927,346**	**12,332,859,111**
FOOTNOTES:									
/1 Tennessee's DSH allotment for FY 2018, determined under section 1923(f)(6)(A) of the Social Security Act, is $53,100,000.									

KEY TO ADDENDUM 3—FINAL IMD DSH LIMITS FOR FY 2016

The final FY 2016 IMD DSH Limits for the Non-Low DSH States are presented in the top section of this addendum and the preliminary FY 2016 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the addendum.

Column	Description
Column A	State.
Column B	Inpatient Hospital Services FY 95 DSH Total Computable. This column contains the States' total computable FY 1995 inpatient hospital DSH expenditures as reported on the Form CMS–64 as of January 1, 1997.
Column C	IMD and Mental Health Services FY 95 DSH Total Computable. This column contains the total computable FY 1995 mental health facility DSH expenditures as reported on the Form CMS–64 as of January 1, 1997.
Column D	Total Inpatient Hospital & IMD & Mental Health FY 95 DSH Total Computable, Col. B + C. This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FY 1995 as reported on the Form CMS–64 as of January 1, 1997 (representing the sum of Column B and Column C).
Column E	Applicable Percentage, Col. C/D. This column contains the ''applicable percentage'' representing the total Computable FY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FY 1995 (the amount in Column C divided by the amount in Column D) Per section 1923(h)(2)(A)(ii)(III) of the Act, for FYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F	FY 2016 Federal Share DSH Allotment. This column contains the states' FY 2016 DSH allotments from Addendum 1, Column J.
Column G	FY 2016 FMAP.
Column H	FY 2016 DSH Allotments in Total Computable, Col. F/G. This column contains states' FY 2016 total computable DSH allotment (determined as Column F/Column G).
Column I	Applicable Percentage Applied to FY 2016 Allotments in TC, Col E × Col H. This column contains the applicable percentage of FY 2016 total computable DSH allotment (calculated as the percentage in Column E multiplied by the amount in Column H).
Column J	FY 2016 TC IMD DSH Limit. Lesser of Col. I or C. This column contains the total computable FY 2016 TC IMD DSH Limit equal to the lesser of the amount in Column I or Column C.
Column K	FY 2016 IMD DSH Limit in Federal Share, Col. G × J. This column contains the FY 2016 Federal Share IMD DSH limit determined by converting the total computable FY 2016 IMD DSH Limit from Column J into a federal share amount by multiplying it by the FY 2016 FMAP in Column G.

ADDENDUM 3: FINAL IMD DSH LIMIT FOR FY: 2016

STATE	Inpatient Hospital Services FY 95 DSH total computable	IMD And Mental Health Services FY 95 DSH total computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2016 Allotment In FS	FY 2016 FMAPs (percent)	FY 2016 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2013 Allotments in TC Col E x Col H	FY 2016 TC IMD Limit (Lesser Of Col I or Col C)	FY 2016 IMD Limit In FS Col G x J
ALABAMA	$413,006,229	$4,451,770	$417,457,999	1.07	$334,515,508	69.87	$478,768,439	$5,105,584	$4,451,770	**$3,110,452**
ARIZONA	93,916,100	28,474,900	122,391,000	23.27	110,145,351	68.92	159,816,238	37,182,075	28,474,900	**19,624,901**
CALIFORNIA	2,189,879,543	1,555,919	2,191,435,462	0.07	1,192,561,384	50.00	2,385,122,768	1,693,437	1,555,919	**777,960**
COLORADO	173,900,441	594,776	174,495,217	0.34	100,626,616	50.72	198,396,325	676,244	594,776	**301,670**
CONNECTICUT	303,359,275	105,573,725	408,933,000	25.82	217,571,062	50.00	435,142,124	112,340,102	105,573,725	**52,786,863**
DISTRICT OF COLUMBIA	39,532,234	6,545,136	46,077,370	14.20	66,631,138	70.00	95,187,340	13,521,043	6,545,136	**4,581,595**
FLORIDA	184,468,014	149,714,986	334,183,000	33.00	217,571,062	60.67	358,613,915	118,342,592	118,342,592	**71,798,450**
GEORGIA	407,343,557	0	407,343,557	0.00	292,361,115	67.55	432,806,980	0	0	**0**
ILLINOIS	315,868,508	89,408,276	405,276,784	22.06	233,888,892	50.89	459,596,958	101,391,872	89,408,276	**45,499,872**
INDIANA	79,960,783	153,566,302	233,527,085	33.00	232,529,074	66.60	349,142,754	115,217,109	115,217,109	**76,734,594**
KANSAS	11,587,208	76,663,508	88,250,716	33.00	44,874,031	55.96	80,189,476	26,462,527	26,462,527	**14,808,430**
KENTUCKY	158,804,908	37,443,073	196,247,981	19.08	157,739,021	70.32	224,316,014	42,798,305	37,443,073	**26,329,969**
LOUISIANA	1,078,512,169	132,917,149	1,211,429,318	10.97	745,902,374	62.21	1,199,007,192	131,554,202	131,554,202	**81,839,869**
MAINE	99,957,958	60,958,342	160,916,300	33.00	114,224,807	62.67	182,263,933	60,147,098	60,147,098	**37,694,186**
MARYLAND	22,226,467	120,873,531	143,099,998	33.00	82,948,968	50.00	165,897,936	54,746,319	54,746,319	**27,373,159**
MASSACHUSETTS	469,653,946	105,635,054	575,289,000	18.36	331,795,869	50.00	663,591,738	121,849,278	105,635,054	**52,817,527**
MICHIGAN	133,258,800	304,765,552	438,024,352	33.00	288,281,658	65.60	439,453,747	145,019,736	145,019,736	**95,132,947**
MISSISSIPPI	182,608,033	0	182,608,033	0.00	165,897,935	74.17	223,672,556	0	0	**0**
MISSOURI	521,946,524	207,234,618	729,181,142	28.42	515,371,453	63.28	814,430,235	231,462,567	207,234,618	**131,138,066**
NEVADA	73,560,000	0	73,560,000	0.00	50,313,307	64.93	77,488,537	0	0	**0**
NEW HAMPSHIRE	92,675,916	94,753,948	187,429,864	33.00	174,164,027	50.00	348,328,054	114,948,258	94,753,948	**47,376,974**
NEW JERSEY	736,742,539	357,370,461	1,094,113,000	32.66	700,306,857	50.00	1,400,613,714	457,482,882	357,370,461	**178,685,231**
NEW YORK	2,418,869,368	605,000,000	3,023,869,368	20.01	1,747,367,593	50.00	3,494,735,186	699,208,375	605,000,000	**302,500,000**

STATE	Inpatient Hospital Services FY 95 DSH total computable	IMD And Mental Health Services FY 95 DSH total computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2016 Allotment In FS	FY 2016 FMAPs (percent)	FY 2016 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2013 Allotments in TC Col E x Col H	FY 2016 TC IMD Limit (Lesser Of Col I or Col C)	FY 2016 IMD Limit In FS Col G x J
NORTH CAROLINA	193,201,966	236,072,627	429,274,593	33.00	320,917,316	66.24	484,476,624	159,877,286	159,877,286	**105,902,714**
OHIO	535,731,956	93,432,758	629,164,714	14.85	441,941,221	62.47	707,445,527	105,057,683	93,432,758	**58,367,444**
PENNSYLVANIA	388,207,319	579,199,682	967,407,001	33.00	610,558,793	52.01	1,173,925,770	387,395,504	387,395,504	**201,484,402**
RHODE ISLAND	108,503,167	2,397,833	110,901,000	2.16	70,710,595	50.42	140,243,148	3,032,251	2,397,833	**1,208,987**
SOUTH CAROLINA	366,681,364	72,076,341	438,757,705	16.43	356,272,614	71.08	501,227,651	82,338,509	72,076,341	**51,231,863**
TENNESSEE	0	0	0	0.00	53,100,000	65.05	81,629,516	0	0	**0**
TEXAS	1,220,515,401	292,513,592	1,513,028,993	19.33	1,040,261,642	57.13	1,820,867,569	352,027,962	292,513,592	**167,113,015**
VERMONT	19,979,252	9,071,297	$29,050,549	31.23	$24,476,746	54.45	44,952,702	14,036,888	9,071,297	**4,939,321**
VIRGINIA	129,313,480	7,770,268	137,083,748	5.67	$95,304,365	50.00	190,608,730	10,804,205	7,770,268	**3,885,134**
WASHINGTON	171,725,815	163,836,435	335,562,250	33.00	$201,253,233	50.00	402,506,466	132,827,134	132,827,134	**66,413,567**
WEST VIRGINIA	66,962,606	18,887,045	85,849,651	22.00	$73,430,234	71.42	102,814,665	22,619,372	18,887,045	**13,489,128**
TOTAL	**13,402,460,846**	**4,118,758,904**	**17,521,219,750**		**11,405,815,861**		**20,317,280,526**	**3,861,166,398**	**3,471,780,297**	**1,944,948,290**
LOW DSH STATES										
ALASKA	2,506,827	17,611,765	20,118,592	33.00	22,159,278	50.00	44,318,556	14,625,123	14,625,123	**7,312,562**
ARKANSAS	2,422,649	819,351	3,242,000	25.27	46,927,667	70.00	67,039,524	16,942,906	819,351	**573,546**
DELAWARE	0	7,069,000	7,069,000	33.00	9,848,568	54.83	17,962,006	5,927,462	5,927,462	**3,250,027**
HAWAII	0	0	0	0.00	10,602,012	53.98	19,640,630	0	0	**0**
IDAHO	2,081,429	0	2,081,429	0.00	17,881,623	71.24	25,100,538	0	0	**0**
IOWA	12,011,250	0	12,011,250	0.00	42,840,981	54.91	78,020,362	0	0	**0**
MINNESOTA	24,240,000	5,257,214	29,497,214	17.82	81,250,689	50.00	162,501,378	28,962,210	5,257,214	**2,628,607**
MONTANA	237,048	0	237,048	0.00	12,348,001	65.24	18,927,040	0	0	**0**
NEBRASKA	6,449,102	1,811,337	8,260,439	21.93	30,784,371	51.16	60,172,735	13,194,589	1,811,337	**926,680**
NEW MEXICO	6,490,015	254,786	6,744,801	3.78	22,159,278	70.37	31,489,666	1,189,527	254,786	**179,293**
NORTH DAKOTA	214,523	988,478	1,203,001	33.00	10,391,173	50.00	20,782,346	6,858,174	988,478	**494,239**

STATE	Inpatient Hospital Services FY 95 DSH total computable	IMD And Mental Health Services FY 95 DSH total computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2016 Allotment In FS	FY 2016 FMAPs (percent)	FY 2016 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2013 Allotments in TC Col E x Col H	FY 2016 TC IMD Limit (Lesser Of Col I or Col C)	FY 2016 IMD Limit In FS Col G x J
OKLAHOMA	20,019,969	3,273,248	23,293,217	14.05	39,394,271	60.99	64,591,361	9,076,614	3,273,248	**1,996,354**
OREGON	11,437,908	19,975,092	31,413,000	33.00	49,242,842	64.38	76,487,794	25,240,972	19,975,092	**12,859,964**
SOUTH DAKOTA	321,120	751,299	1,072,419	33.00	12,014,978	51.61	23,280,329	7,682,509	751,299	**387,745**
UTAH	3,621,116	934,586	4,555,702	20.51	21,341,528	70.24	30,383,724	6,233,113	934,586	**656,453**
WISCONSIN	6,609,524	4,492,011	11,101,535	33.00	102,838,032	58.23	176,606,615	58,280,183	4,492,011	**2,615,698**
WYOMING	0	0	0	0.00	246,214	50.00	492,428	0	0	**0**
TOTAL LOW DSH STATES	**98,662,480**	**63,238,167**	**161,900,647**		**532,271,506**		**917,797,033**	**194,213,384**	**59,109,988**	**33,881,168**
TOTAL	**13,501,123,326**	**4,181,997,071**	**17,683,120,397**		**11,938,087,367**		**21,235,077,559**	**4,055,379,782**	**3,530,890,285**	**1,978,829,458**

KEY TO ADDENDUM 4—PRELIMINARY IMD DSH LIMITS FOR FY 2018

The preliminary FY 2018 IMD DSH Limits for the Non-Low DSH States are presented in the top section of this addendum and the preliminary FY 2018 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the addendum.

Column	Description
Column A	State.
Column B	Inpatient Hospital Services FY 95 DSH Total Computable. This column contains the States' total computable FY 1995 inpatient hospital DSH expenditures as reported on the Form CMS–64 as of January 1, 1997.
Column C	IMD and Mental Health Services FY 95 DSH Total Computable. This column contains the total computable FY 1995 mental health facility DSH expenditures as reported on the Form CMS–64 as of January 1, 1997.
Column D	Total Inpatient Hospital & IMD & Mental Health FY 95 DSH Total Computable, Col. B + C. This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FY 1995 as reported on the Form CMS–64 as of January 1, 1997 (representing the sum of Column B and Column C).
Column E	Applicable Percentage, Col. C/D. This column contains the ''applicable percentage'' representing the total Computable FY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FY 1995 (the amount in Column C divided by the amount in Column D) Per section 1923(h)(2)(A)(ii)(III) of the Act, for FYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F	FY 2018 Federal Share DSH Allotment. This column contains the states' preliminary FY 2017 DSH allotments from Addendum 1, Column J.
Column G	FY 2018 FMAP.
Column H	FY 2018 DSH Allotments in Total Computable, Col. F/G. This column contains states' FY 2018 total computable DSH allotment (determined as Column F/Column G).
Column I	Applicable Percentage Applied to FY 2018 Allotments in TC, Col E × Col H. This column contains the applicable percentage of FY 2018 total computable DSH allotment (calculated as the percentage in Column E multiplied by the amount in Column H).
Column J	FY 2018 TC IMD DSH Limit. Lesser of Col. I or C. This column contains the total computable FY 2018 TC IMD DSH Limit equal to the lesser of the amount in Column I or Column C.
Column K	FY 2018 IMD DSH Limit in Federal Share, Col. G × J. This column contains the FY 2018 Federal Share IMD DSH limit determined by converting the total computable FY 2018 IMD DSH Limit from Column J into a federal share amount by multiplying it by the FY 2018 FMAP in Column G.

ADDENDUM 4: PRELIMINARY IMD DSH LIMIT FOR FISCAL YEAR: 2018

STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2018 Allotment In FS	FY 2018 FMAPs	FY 2018 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2018 Allotments in TC Col E x Col H	FY 2018 TC IMD Limit (Lesser Of Col I or Col C)	FY 2018 IMD Limit In FS Col G x J
ALABAMA	$413,006,229	$4,451,770	$417,457,999	1.07	**345,626,776**	71.44	$483,800,078	$5,159,242	$4,451,770	**$3,180,344**
ARIZONA	93,916,100	28,474,900	122,391,000	23.27	**113,803,939**	69.89	162,832,936	37,883,926	28,474,900	**19,901,108**
CALIFORNIA	2,189,879,543	1,555,919	2,191,435,462	0.07	**1,232,173,502**	50.00	2,464,347,004	1,749,686	1,555,919	**777,960**
COLORADO	173,900,441	594,776	174,495,217	0.34	**103,969,030**	50.00	207,938,060	708,768	594,776	**297,388**
CONNECTICUT	303,359,275	105,573,725	408,933,000	25.82	**224,797,903**	50.00	449,595,806	116,071,591	105,573,725	**52,786,863**
DISTRICT OF COLUMBIA	39,532,234	6,545,136	46,077,370	14.20	**68,844,358**	70.00	98,349,083	13,970,158	6,545,136	**4,581,595**
FLORIDA	184,468,014	149,714,986	334,183,000	33.00	**224,797,903**	61.79	363,809,521	120,057,142	120,057,142	**74,183,308**
GEORGIA	407,343,557	0	407,343,557	0.00	**302,072,182**	68.50	440,981,288	0	0	**0**
ILLINOIS	315,868,508	89,408,276	405,276,784	22.06	**241,657,745**	50.74	476,266,742	105,069,400	89,408,276	**45,365,759**
INDIANA	79,960,783	153,566,302	233,527,085	33.00	**240,252,760**	65.59	366,294,801	120,877,284	120,877,284	**79,283,411**
KANSAS	11,587,208	76,663,508	88,250,716	33.00	**46,364,567**	54.74	84,699,611	27,950,872	27,950,872	**15,300,307**
KENTUCKY	158,804,908	37,443,073	196,247,981	19.08	**162,978,480**	71.17	228,998,848	43,691,765	37,443,073	**26,648,235**
LOUISIANA	1,078,512,169	132,917,149	1,211,429,318	10.97	**770,678,267**	63.69	1,210,045,952	132,765,367	132,765,367	**84,558,262**
MAINE	99,957,958	60,958,342	160,916,300	33.00	**118,018,898**	64.34	183,430,056	60,531,918	60,531,918	**38,946,236**
MARYLAND	22,226,467	120,873,531	143,099,998	33.00	**85,704,201**	50.00	171,408,402	56,564,773	56,564,773	**28,282,386**
MASSACHUSETTS	469,653,946	105,635,054	575,289,000	18.36	**342,816,801**	50.00	685,633,602	125,896,623	105,635,054	**52,817,527**
MICHIGAN	133,258,800	304,765,552	438,024,352	33.00	**297,857,222**	64.78	459,798,120	151,733,380	151,733,380	**98,292,883**
MISSISSIPPI	182,608,033	0	182,608,033	0.00	**171,408,400**	75.65	226,580,833	0	0	**0**
MISSOURI	521,946,524	207,234,618	729,181,142	28.42	**532,490,031**	64.61	824,160,395	234,227,896	207,234,618	**133,894,287**
NEVADA	73,560,000	0	73,560,000	0.00	**51,984,514**	65.75	79,063,900	0	0	**0**
NEW HAMPSHIRE	92,675,916	94,753,948	187,429,864	33.00	**179,949,059**	50.00	359,898,118	118,766,379	94,753,948	**47,376,974**
NEW JERSEY	736,742,539	357,370,461	1,094,113,000	32.66	**723,568,250**	50.00	1,447,136,500	472,678,634	357,370,461	**178,685,231**
NEW YORK	2,418,869,368	605,000,000	3,023,869,368	20.01	**1,805,408,155**	50.00	3,610,816,310	722,433,281	605,000,000	**302,500,000**

STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2018 Allotment In FS	FY 2018 FMAPs	FY 2018 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2018 Allotments in TC Col E x Col H	FY 2018 TC IMD Limit (Lesser Of Col I or Col C)	FY 2018 IMD Limit In FS Col G x J
NORTH CAROLINA	193,201,966	236,072,627	429,274,593	33.00	**331,576,906**	67.61	490,425,833	161,840,525	161,840,525	**109,420,379**
OHIO	535,731,956	93,432,758	629,164,714	14.85	**456,620,741**	62.78	727,334,726	108,011,285	93,432,758	**58,657,085**
PENNSYLVANIA	388,207,319	579,199,682	967,407,001	33.00	**630,839,114**	51.82	1,217,366,102	401,730,814	401,730,814	**208,176,908**
RHODE ISLAND	108,503,167	2,397,833	110,901,000	2.16	**73,059,318**	51.45	142,000,618	3,070,250	2,397,833	**1,233,685**
SOUTH CAROLINA	366,681,364	72,076,341	438,757,705	16.43	**368,106,566**	71.58	514,258,963	84,479,210	72,076,341	**51,592,245**
TENNESSEE*	0	0	0	0.00	**53,100,000**	65.82	80,674,567	0	0	**0**
TEXAS	1,220,515,401	292,513,592	1,513,028,993	19.33	**1,074,814,973**	56.88	1,889,618,448	365,319,556	292,513,592	**166,381,731**
VERMONT**	19,979,252	9,071,297	29,050,549	31.23	**25,289,766**	53.47	47,297,112	14,768,952	9,071,297	**4,850,423**
VIRGINIA	129,313,480	7,770,268	137,083,748	5.67	**98,469,994**	50.00	196,939,988	11,163,077	7,770,268	**3,885,134**
WASHINGTON	171,725,815	163,836,435	335,562,250	33.00	**207,938,060**	50.00	415,876,120	137,239,120	137,239,120	**68,619,560**
WEST VIRGINIA	66,962,606	18,887,045	85,849,651	22.00	**75,869,293**	73.24	103,589,969	22,789,940	18,887,045	**13,832,872**
TOTAL	**13,402,460,846**	**4,118,758,904**	**17,521,219,750**		**11,782,907,674**		**20,911,268,411**	**3,979,200,811**	**3,511,481,984**	**1,974,310,086**
LOW DSH STATES										
ALASKA	2,506,827	17,611,765	20,118,592	33.00	**22,895,321**	50.00	45,790,642	15,110,912	15,110,912	**7,555,456**
ARKANSAS	2,422,649	819,351	3,242,000	25.27	**48,486,416**	70.87	68,415,995	17,290,782	819,351	**580,674**
DELAWARE	0	7,069,000	7,069,000	33.00	**10,175,698**	56.43	18,032,426	5,950,701	5,950,701	**3,357,980**
HAWAII	0	0	0	0.00	**10,954,168**	54.78	19,996,656	0	0	**0**
IDAHO	2,081,429	0	2,081,429	0.00	**18,475,579**	71.17	25,959,785	0	0	**0**
IOWA	12,011,250	0	12,011,250	0.00	**44,263,987**	58.48	75,690,812	0	0	**0**
MINNESOTA	24,240,000	5,257,214	29,497,214	17.82	**83,949,512**	50.00	167,899,024	29,924,219	5,257,214	**2,628,607**
MONTANA	237,048	0	237,048	0.00	**12,758,152**	65.38	19,513,845	0	0	**0**
NEBRASKA	6,449,102	1,811,337	8,260,439	21.93	**31,806,904**	52.55	60,526,934	13,272,258	1,811,337	**951,858**
NEW MEXICO	6,490,015	254,786	6,744,801	3.78	**22,895,321**	72.16	31,728,549	1,198,551	254,786	**183,854**
NORTH DAKOTA	214,523	988,478	1,203,001	33.00	**10,736,327**	50.00	21,472,654	7,085,976	988,478	**494,239**

STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2018 Allotment In FS	FY 2018 FMAPs	FY 2018 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2018 Allotments in TC Col E x Col H	FY 2018 TC IMD Limit (Lesser Of Col I or Col C)	FY 2018 IMD Limit In FS Col G x J
OKLAHOMA	20,019,969	3,273,248	23,293,217	14.05	**40,702,791**	58.57	69,494,265	9,765,588	3,273,248	**1,917,141**
OREGON	11,437,908	19,975,092	31,413,000	33.00	**50,878,493**	63.62	79,972,482	26,390,919	19,975,092	**12,708,154**
SOUTH DAKOTA	321,120	751,299	1,072,419	33.00	**12,414,068**	55.34	22,432,360	7,402,679	751,299	**415,769**
UTAH	3,621,116	934,586	4,555,702	20.51	**22,050,408**	70.26	31,384,014	6,438,318	934,586	**656,640**
WISCONSIN	6,609,524	4,492,011	11,101,535	33.00	**106,253,900**	58.77	180,796,155	59,662,731	4,492,011	**2,639,955**
WYOMING	0	0	0	0.00	**254,392**	50.00	508,784	0	0	**0**
TOTAL LOW DSH STATES	**98,662,480**	**63,238,167**	**161,900,647**		**549,951,437**		**939,615,382**	**199,493,634**	**59,619,014**	**34,090,327**
TOTAL	**13,501,123,326**	**4,181,997,071**	**17,683,120,397**		**12,332,859,111**		**21,850,883,793**	**4,178,694,444**	**3,571,100,998**	**2,008,400,413**

[FR Doc. 2018–14533 Filed 7–5–18; 8:45 am]
BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Submission for OMB Review; Comment Request

Title: Healthy Marriage and Responsible Fatherhood performance measures and additional data collection (part of the Fatherhood and Marriage Local Evaluation and Cross-Site (FaMLE Cross-Site) Project)—Extension.

OMB No.: 0970–0460.

Description

Background

For decades various organizations and agencies have been developing and operating programs to strengthen families through healthy marriage and relationship education and responsible fatherhood programming. The Administration for Children and Families (ACF), Office of Family Assistance (OFA), has had administrative responsibility for federal funding of such programs since 2006 through the Healthy Marriage (HM) and Responsible Fatherhood (RF) Grant Programs. The authorizing legislation for the programs may be found in Section 403(a)(2) of the Social Security Act [1].

Extension of Current Approval

The Offices of Family Assistance (OFA) and Planning, Research and Evaluation (OPRE) in the Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS) are proposing to extend performance measure and other data collection activities, in service to the HM and RF programs. This data collection is part of the Fatherhood and Marriage Local Evaluation and Cross-Site (FaMLE Cross-Site) project, whose purpose is to support high quality data collection, strengthen local evaluations, and conduct cross-site analysis for the Responsible Fatherhood and Healthy Marriage grantees.

ACF is requesting comment on the following data collection, which has been ongoing under OMB #0970–0460 since 2016. There are no changes proposed to the information collection, we are only requesting an extension to continue data collection with the current grantees for another three years.

Performance measures. ACF is proposing to extend collection of a set of performance measures that are collected by all grantees. These measures collect standardized information in the following areas:

- Applicant characteristics;
- Program operations (including program characteristics and service delivery); and
- Participant outcomes:
  - ○ Entrance survey, with four versions: (1)Healthy Marriage Program Pre-Program Survey for Adult-Focused Programs; (2) Healthy Marriage Program Pre-Program Survey for Youth-Focused Programs; (3) Responsible Fatherhood Program Pre-Program Survey for Community-Based-Fathers; and (4)Responsible Fatherhood Program Pre-Program Survey for Incarcerated Fathers.
  - ○ Exit survey, with four versions: (1) Healthy Marriage Program Post-Program Survey for Adult-Focused Programs; (2) Healthy Marriage Program Post-Program Survey for Youth-Focused Programs; (3) Responsible Fatherhood Program Post-Program Survey for Community-Based-Fathers; and (4) Responsible Fatherhood Program Post-Program Survey for Incarcerated Fathers.

These measures were developed per extensive review of the research literature and grantees' past measures.

Grantees are required to submit data on these standardized measures on a regular basis (*e.g.,* quarterly). In addition to the performance measures mention above, ACF proposes to extend collection for these data submissions:

- Semi-annual Performance Progress Report (PPR), with two versions: (1) Performance Progress Report for Healthy Marriage Programs, and (2) Performance Progress Report for Responsible Fatherhood Programs; and
- Quarterly Performance Report (QPR), with two versions: (1) Quarterly Performance Progress Report for Healthy Marriage Programs, and (2)Quarterly Performance Progress Report for Responsible Fatherhood Programs.

A management information system has been implemented which improves efficiency and the quality of data, and makes reporting easier.

Additional data collection. We also seek to extend the approval to collect information from a sub-set of grantees on how they designed and implemented their programs (information on outcomes associated with programs will also be assessed), per the following protocols:

- Staff interview protocol on program design (will be collected from about half of all grantees);
- Staff interview protocols on program implementation (will be collected from about 20 grantees); and
- Program participant focus group protocol (will be conducted with about 20 grantees).

Respondents: Responsible Fatherhood and Healthy Marriage Program grantees (*e.g.,* grantee staff) and program applicants and participants—participants are called ''clients.''

ANNUAL BURDEN ESTIMATES

Instrument	Respondent	Total number of respondents	Annual number of respondents	Number of responses per respondent	Average burden hours per response	Annual burden hours
Data Collection by Grantees (DCS, or Data Collected by Sites)						
Instrument DCS–1: Applicant characteristics.	Program applicants	265,838	88,613	1	0.25	22,153
	Program staff	360	360	246	0.10	8,856
Instrument DCS–2:Grantee program operations.	Program staff	120	120	1	0.75	90
Instrument DCS–3: Service receipt in MIS.	Program staff	239,493	79,831	15	0.033	39,916
Instrument DCS–4:Entrance and Exit Surveys.	Program clients (Entrance Survey; 4 versions).	239,493	79,831	1	0.42	33,529
	Program clients (Exit Survey; 4 versions).	132,087	44,029	1	0.42	18,492
	Program staff (Entrance and Exit surveys on paper).	60	20	1,285	0.30	7,710

ANNUAL BURDEN ESTIMATES—Continued

Instrument	Respondent	Total number of respondents	Annual number of respondents	Number of responses per respondent	Average burden hours per response	Annual burden hours
Instrument DCS–5: Semi-annual report.	Program staff (2 versions)	120	120	2	3	720
Instrument DCS–6: Quarterly performance report.	Program staff (2 versions)	120	120	2	1	240
Data Collection by the Contractor (DCI, or Data collected by the Contractor Itself)						
Instrument DCI–1: Topic guide on program design.	Program staff	60	20	1	1	20
Instrument DCI–2: Topic guide on program implementation.	Program staff	300	100	1	1	100
Instrument DCI–3: Focus group protocol.	Program clients	801	267	1	1.50	401

Estimated Total Annual Burden Hours: 132,227

Additional Information: Copies of the proposed collection may be obtained by writing to the Administration for Children and Families, Office of Planning, Research and Evaluation, 330 C Street SW, Washington, DC 20201, Attn: OPRE Reports Clearance Officer. All requests should be identified by the title of the information collection. Email address: *OPREinfocollection@acf.hhs.gov.*

OMB Comment: OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication of this document in the **Federal Register**. Therefore, a comment is best assured of having its full effect if OMB receives it within 30 days of publication. Written comments and recommendations for the proposed information collection should be sent directly to the following: Office of Management and Budget, Paperwork Reduction Project, Email: *OIRA_SUBMISSION@OMB.EOP.GOV*, Attn: Desk Officer for the Administration for Children and Families.

Reference

[1] *http://www.ssa.gov/OP_Home/ssact/title04/0403.htm.*

Mary B. Jones,

ACF/OPRE Certifying Officer.

[FR Doc. 2018–14486 Filed 7–5–18; 8:45 am]

BILLING CODE 4184–73–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Neurological Disorders and Stroke; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Institute of Neurological Disorders and Stroke Special, Emphasis Panel, ADRD PET Ligand and Structural Biology.

Date: July 30, 2018.

Time: 8:30 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Lorien Hotel & Spa, 1600 King Street, Alexandria, VA 22314.

Contact Person: Birgit Neuhuber, Ph.D., Scientific Review Officer, Scientific Review Branch, NINDS/NIH/DHHS, Neuroscience Center, 6001 Executive Blvd., SUITE 3208, MSC 9529, Bethesda, MD 20892–9529, (301) 496–3562, *neuhuber@ninds.nih.gov.*

Name of Committee: National Institute of Neurological Disorders and Stroke Special Emphasis Panel, LBD CWOW and ADRD Pathways and Targets.

Date: July 31, 2018.

Time: 8:00 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Lorien Hotel & Spa, 1600 King Street, Alexandria, VA 22314.

Contact Person: Birgit Neuhuber, Ph.D., Scientific Review Officer, Scientific Review Branch, NINDS/NIH/DHHS, Neuroscience Center, 6001 Executive Blvd., SUITE 3208, MSC 9529, Bethesda, MD 20892–9529, (301) 496–3562, *neuhuber@ninds.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.853, Clinical Research Related to Neurological Disorders; 93.854, Biological Basis Research in the Neurosciences, National Institutes of Health, HHS)

Dated: June 28, 2018.

Sylvia L. Neal,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2018–14455 Filed 7–5–18; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Office of the Director, National Institutes of Health; Notice of Meeting

Pursuant to section 10(a) of the Federal Advisory Committee Act, as amended notice is hereby given of a meeting of the NIH Clinical Center Research Hospital Board.

The meeting will be open to the public, with attendance limited to space available. 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.

Name of Committee: NIH Clinical Center Research Hospital Board.

Date: July 20, 2018.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: Discussion of Patient Safety.

Place: National Institutes of Health, Building 31, 6th Floor, Rm: 6C6, 31 Center Drive, Bethesda, MD 20892.

Contact Person: Gretchen Wood, Staff Assistant, Office of the Director, National Institutes of Health, One Center Drive, Building 1, Room 126, Bethesda, MD 20892, 301–496–4272, *woodgs@nih.gov.*

Any interested person may file written comments with the committee by forwarding the statement to the Contact Person listed on this notice. The statement should include the name, address, telephone number and when applicable, the business or professional affiliation of the interested person.

In the interest of security, NIH has instituted stringent procedures for entrance onto the NIH campus. All visitor vehicles,

including taxicabs, hotel, and airport shuttles will be inspected before being allowed on campus. Visitors will be asked to show one form of identification (for example, a government-issued photo ID, driver's license, or passport) and to state the purpose of their visit.

(Catalogue of Federal Domestic Assistance Program Nos. 93.14, Intramural Research Training Award; 93.22, Clinical Research Loan Repayment Program for Individuals from Disadvantaged Backgrounds; 93.232, Loan Repayment Program for Research Generally; 93.39, Academic Research Enhancement Award; 93.936, NIH Acquired Immunodeficiency Syndrome Research Loan Repayment Program; 93.187, Undergraduate Scholarship Program for Individuals from Disadvantaged Backgrounds, National Institutes of Health, HHS)

Dated: June 28, 2018.

Sylvia L. Neal,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2018–14456 Filed 7–5–18; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Eunice Kennedy Shriver National Institute of Child Health & Human Development; Amended Notice of Meeting

Notice is hereby given of a change in the meeting of the National Institute of Child Health and Human Development Special Emphasis Panel, July 11, 2018, 01:00 p.m. to July 11, 2018, 04:00 p.m., National Institutes of Health, 6710 B Rockledge Drive, Bethesda, MD, 20892 which was published in the **Federal Register** on June 12, 2018, 83 248540 27338.

The meeting date has changed from July 11, 2018, 1:00 p.m. to 4:00 p.m. to August 14, 2018, 1:00 p.m. to 4:00 p.m. The meeting is closed to the public.

Dated: June 29, 2018.

Michelle D. Trout,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2018–14454 Filed 7–5–18; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Heart, Lung, and Blood Institute; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Heart, Lung, and Blood Institute Special Emphasis Panel; Bold New Bioengineering Methods and Approaches for Heart, Lung, Blood and Sleep Disorders and Diseases (R21).

Date: July 26–27, 2018.

Time: 8:30 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Embassy Suites at the Chevy Chase Pavilion 4300 Military Road NW, Washington, DC 20015.

Contact Person: Susan Wohler Sunnarborg, Ph.D., Scientific Review Officer, Office of Scientific Review/DERA, National, Heart, Lung, and Blood Institute, 6701 Rockledge Drive, Room 7182, Bethesda, MD 20892, *susan.sunnarborg@nih.gov*.

Name of Committee: National Heart, Lung, and Blood Institute Special Emphasis Panel; Clinical Trial Pilot Studies (R34).

Date: August 1–2, 2018.

Time: 8:30 a.m. to 11:00 a.m.

Agenda: To review and evaluate grant applications.

Place: The William F. Bolger Center, 9600 Newbridge Drive, Potomac, MD 20854.

Contact Person: YingYing Li-Smerin, MD, Ph.D., Scientific Review Officer, Office of Scientific Review/DERA, National Heart, Lung, and Blood Institute, 6701 Rockledge Drive, Room 7184, Bethesda, MD 20892–7924, 301–827–7942, *lismerin@nhlbi.nih.gov*.

Name of Committee: National Heart, Lung, and Blood Institute Special Emphasis Panel; CLTR Conflict Meeting.

Date: August 2, 2018.

Time: 11:00 a.m. to 3:00 p.m.

Agenda: To review and evaluate grant applications.

Place: The William F. Bolger Center, 9600 Newbridge Drive, Potomac, MD 20854.

Contact Person: YingYing Li-Smerin, MD, Ph.D., Scientific Review Officer, Office of Scientific Review/DERA, National Heart, Lung, and Blood Institute, 6701 Rockledge Drive, Room 7184, Bethesda, MD 20892–7924, 301–827–7942, *lismerin@nhlbi.nih.gov*.

Name of Committee: National Heart, Lung, and Blood Institute Special Emphasis Panel; Clinical Ancillary Studies (R01).

Date: August 10, 2018.

Time: 8:30 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: The William F. Bolger Center, 9600 Newbridge Drive, Potomac, MD 20854.

Contact Person: YingYing Li-Smerin, MD, Ph.D., Scientific Review Officer, Office of Scientific Review/DERA, National Heart, Lung, and Blood Institute, 6701 Rockledge Drive, Room 7184, Bethesda, MD 20892–7924, 301–827–7942, *lismerin@nhlbi.nih.gov*.

(Catalogue of Federal Domestic Assistance Program Nos. 93.233, National Center for Sleep Disorders Research; 93.837, Heart and Vascular Diseases Research; 93.838, Lung Diseases Research; 93.839, Blood Diseases and Resources Research, National Institutes of Health, HHS)

Dated: June 29, 2018.

Michelle D. Trout,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2018–14453 Filed 7–5–18; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Submission for OMB Review; 30-Day Comment Request; NIH NeuroBioBank Tissue Access Request Form, (National Institute of Mental Health)

AGENCY: National Institutes of Health, HHS.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the National Institutes of Health (NIH) has submitted to the Office of Management and Budget (OMB) a request for review and approval of the information collection listed below.

DATES: Comments regarding this information collection are best assured of having their full effect if received within 30-days of the date of this publication.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice, especially regarding the estimated public burden and associated response time, should be directed to the: Office of Management and Budget, Office of Regulatory Affairs, *OIRA_submission@omb.eop.gov* or by fax to 202–395–6974, Attention: Desk Officer for NIH.

FOR FURTHER INFORMATION CONTACT: To request more information on the proposed project or to obtain a copy of the data collection plans and instruments, contact: Melba Rojas, NIMH Project Clearance Liaison, Science Policy and Evaluation Branch, Office of Science Policy, Planning and Communications, NIMH, Neuroscience Center, 6001 Executive Boulevard, MSC 9667, Bethesda, Maryland 20892, call 301–443–4335, or email your request, including your mailing address, to *nimhprapubliccomments@mail.nih.gov.*

SUPPLEMENTARY INFORMATION: This proposed information collection was previously published in the **Federal Register** on April 20, 2018, pages 17558–17559 (83 FR 77) and allowed 60 days for public comment. No public comments were received. The purpose of this notice is to allow an additional 30 days for public comment. The National Institute of Mental Health (NIMH), National Institutes of Health, may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

In compliance with Section 3507(a)(1)(D) of the Paperwork Reduction Act of 1995, the National Institutes of Health (NIH) has submitted to the Office of Management and Budget (OMB) a request for review and approval of the information collection listed below.

Proposed Collection: NIH NeuroBioBank Tissue Access Request Form, 0925–0723, Expiration Date 07/31/2018, EXTENSION, National Institute of Mental Health (NIMH), National Institutes of Health (NIH).

Need and Use of Information Collection: This request serves as notice that the National Institute of Mental Health plans to continue supporting the research community studying neurological, developmental, and psychiatric disorders by coordinating access to human post-mortem brain tissue and related biospecimens stored by our federation of networked brain and tissue repositories known as the NIH NeuroBioBank. To facilitate this process, researchers wishing to obtain brain tissue and biospecimens stored by the NIH NeuroBioBank must continue completing the NIH NeuroBioBank Tissue Access Request Form. The primary use of the information collected by this instrument is to document, track, monitor, and evaluate the appropriate use of the NIH NeuroBioBank resources, as well as to notify stakeholders of updates, corrections or changes to the system.

OMB approval is requested for 3 years. There are no costs to respondents' other than their time. The total estimated annualized burden hours are 56.

ESTIMATED ANNUALIZED BURDEN HOURS

Form name	Type of respondents	Number of respondents	Number of responses per respondent	Average burden per response (in hours)	Total annual burden hours
NIH NeuroBioBank Tissue Access Request Form	Researchers	225	1	15/60	56
Total		225	225		56

Dated: June 25, 2018.

Melba O. Rojas,

Project Clearance Liaison, NIMH, NIH.

[FR Doc. 2018–14490 Filed 7–5–18; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

Intent To Request Extension From OMB of One Current Public Collection of Information: TSA Airspace Waiver Program

AGENCY: Transportation Security Administration, DHS.

ACTION: 60-Day notice.

SUMMARY: The Transportation Security Administration (TSA) invites public comment on one currently approved Information Collection Request (ICR), Office of Management and Budget (OMB) control number 1652–0033, abstracted below that we will submit to OMB for an extension in compliance with the Paperwork Reduction Act (PRA). The ICR describes the nature of the information collection and its expected burden. The collection of information allows TSA to conduct security threat assessments on individuals on board aircraft operating in restricted airspace pursuant to an airspace waiver or flight authorization.

DATES: Send your comments by September 4, 2018.

ADDRESSES: Comments may be emailed to *TSAPRA@tsa.dhs.gov* or delivered to the TSA PRA Officer, Office of Information Technology (OIT), TSA–11, Transportation Security Administration, 601 South 12th Street, Arlington, VA 20598–6011.

FOR FURTHER INFORMATION CONTACT: Christina A. Walsh at the above address, or by telephone (571) 227–2062.

SUPPLEMENTARY INFORMATION:

Comments Invited

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The ICR documentation will be available at *http://www.reginfo.gov* upon its submission to OMB. Therefore, in preparation for OMB review and approval of the following information collection, TSA is soliciting comments to—

(1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Consistent with the requirements of Executive Order (E.O.) 13771, Reducing Regulation and Controlling Regulatory Costs, and E.O. 13777, Enforcing the Regulatory Reform Agenda, TSA is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

Information Collection Requirement

OMB Control Number 1652–0033; TSA Airspace Waiver Program. TSA is seeking approval to extend this collection of information. The airspace waiver program allows U.S. and foreign general aviation aircraft operators to apply for approval to operate in U.S. restricted airspace, including over flying the United States and its territories. This program includes both processing of applications for airspace waivers and flight authorizations for the DCA Access Standard Security Program flights,

which requires name-based security threat assessments for all passengers, flight crews and armed security officers on board each flight. TSA uses the information to conduct security threat assessments of persons on these flights to protect against and mitigate threats to transportation security.

TSA collects information from applicants applying for a waiver or flight authorization either online via *https://waivers.faa.gov,* or by completing a waiver or flight authorization form requested via facsimile. It is recommended that applicants submit the request electronically within five business days prior to the start date of the flight. To obtain a waiver, the aircraft operator must submit information about the flight and provide certain information about all passengers and crew on board the flight for TSA to perform a security threat assessment on each individual. To obtain a flight authorization, the aircraft operator must submit information about all passengers, flight crews, and armed security officers on board each flight for TSA to perform a name-based security threat assessment on each individual. Specifically, waiver and flight authorization requests must include the purpose of the flight, the aircraft type and registration number, including aircraft operator's company name and address, and the proposed itinerary. Additionally, aircraft operators must provide the names, dates and places of birth, and Social Security or passport numbers of all passengers and crew, and, in the case of flight authorizations, armed security officers. The current estimated annual reporting burden is 7,078 hours.

Dated: June 28, 2018.

Christina A. Walsh,

TSA Paperwork Reduction Act Officer, Office of Information Technology.

[FR Doc. 2018–14478 Filed 7–5–18; 8:45 am]

BILLING CODE 9110–05–P

DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

Intent To Request an Extension From OMB of One Current Public Collection of Information: Department of Homeland Security Traveler Redress Inquiry Program (DHS TRIP)

AGENCY: Transportation Security Administration, DHS.

ACTION: 60-Day notice.

SUMMARY: The Transportation Security Administration (TSA) invites public comment on one currently approved Information Collection Request (ICR), Office of Management and Budget (OMB) control number 1652–0044, abstracted below that we will submit to OMB for an extension in compliance with the Paperwork Reduction Act (PRA). The ICR describes the nature of the information collection and its expected burden. The collection involves the submission of identifying and travel experience information by individuals requesting redress through the Department of Homeland Security (DHS) Traveler Redress Inquiry Program (TRIP).

DATES: Send your comments by September 4, 2018.

ADDRESSES: Comments may be emailed to *TSAPRA@tsa.dhs.gov* or delivered to the TSA PRA Officer, Office of Information Technology (OIT), TSA–11, Transportation Security Administration, 601 South 12th Street, Arlington, VA 20598–6011.

FOR FURTHER INFORMATION CONTACT: Christina A. Walsh at the above address, or by telephone (571) 227–2062.

SUPPLEMENTARY INFORMATION:

Comments Invited

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The ICR documentation will be available at *http://www.reginfo.gov* upon its submission to OMB. Therefore, in preparation for OMB review and approval of the following information collection, TSA is soliciting comments to—

(1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Consistent with the requirements of Executive Order (E.O.) 13771, Reducing Regulation and Controlling Regulatory Costs, and E.O. 13777, Enforcing the Regulatory Reform Agenda, TSA is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

Information Collection Requirement

OMB Control Number 1652–0044; Department of Homeland Security (DHS) Traveler Redress Inquiry Program (DHS TRIP). DHS TRIP is a single point of contact for individuals who have inquiries or seek resolution regarding difficulties they have experienced during their travel screening. These difficulties could include: (1) Denied or delayed boarding; (2) denied or delayed entry into or departure from the United States at a port of entry; or (3) identified for additional (secondary) screening at our Nation's transportation facilities, including airports, seaports, train stations and land borders. The TSA manages the DHS TRIP office on behalf of DHS. To request redress, individuals are asked to provide identifying information, as well as details of their travel experience in two surveys.

The DHS TRIP office serves as a centralized intake office for traveler requests for redress and uses the online Traveler Inquiry Form (TIF) to collect requests for redress. DHS TRIP then passes the information to the relevant DHS TRIP practitioner office(s), including components of DHS, the U.S. Department of State, and the U.S. Department of Justice, to process the request, as appropriate. Participating DHS components include TSA, U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, U.S. Citizenship and Immigration Services, the National Protection and Programs Directorate's Office of Biometric Information Management, Office of Civil Rights and Civil Liberties, and the Privacy Office, along with the U.S. Department of State, Bureau of Consular Affairs, and the U.S. Department of Justice, Terrorist Screening Center. This collection serves to distinguish misidentified individuals from an individual actually on any watch list that DHS uses, to initiate the correction of erroneous information about an individual contained in government-held records, which are leading to travel difficulties, and, where appropriate, to help streamline and expedite future check-in or border crossing experiences. It also serves to obtain information about the redress applicants' level of satisfaction with the DHS TRIP application process with the aim of using this information to identify areas for improvement.

DHS estimates completing the form, and gathering and submitting the information will take approximately one hour. The annual respondent population was derived from data

contained within the DHS case management database and reflects the actual number of respondents for the most recent calendar year. The estimated annual number of burden hours for passengers seeking redress, based on 15,000 annual respondents, is 15,000 hours (15,000 × 1). DHS estimates 10 percent of the 15,000 respondents completing the form will complete the two surveys to share details of their application experience. The completion of the surveys will take approximately 10 minutes, giving an estimated annual number of burden hours as 250 (1,500 × .0167). The total estimated annual number of burden hours for this collection is 15,250 (15,000 + 250).

Dated: June 28, 2018.

Christina A. Walsh,

TSA Paperwork Reduction Act Officer, Office of Information Technology.

[FR Doc. 2018–14479 Filed 7–5–18; 8:45 am]

BILLING CODE 9110–05–P

DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

[Docket No. TSA–2004–19147]

Intent To Request Extension From OMB of One Current Public Collection of Information: Flight Training for Aliens and Other Designated Individuals; Security Awareness Training for Flight School Employees

AGENCY: Transportation Security Administration, DHS.

ACTION: 60-Day notice.

SUMMARY: The Transportation Security Administration (TSA) invites public comment on one currently approved Information Collection Request (ICR), Office of Management and Budget (OMB) control number 1652–0021, abstracted below, that we will submit to OMB for an extension in compliance with the Paperwork Reduction Act (PRA). The ICR describes the nature of the information collection and its expected burden. The collection involves information necessary to conduct security threat assessments for all aliens and other designated individuals seeking flight instruction (''candidates'') from Federal Aviation Administration (FAA)-certified flight training providers. Pursuant to statute, TSA will use the information collected to determine whether a candidate poses or is suspected of posing a threat to aviation or national security, and thus prohibited from receiving flight training. Additionally, flight training providers are required to conduct a security awareness training program for their employees and to maintain records associated with this training.

DATES: Send your comments by September 4, 2018.

ADDRESSES: Comments may be emailed to *TSAPRA@dhs.gov* or delivered to the TSA PRA Officer, Office of Information Technology (OIT), TSA–11, Transportation Security Administration, 601 South 12th Street, Arlington, VA 20598–6011.

FOR FURTHER INFORMATION CONTACT: Christina A. Walsh at the above address, or by telephone (571) 227–2062.

SUPPLEMENTARY INFORMATION:

Comments Invited

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The ICR documentation will be available at *http://www.reginfo.gov* upon its submission to OMB. Therefore, in preparation for OMB review and approval of the following information collection, TSA is soliciting comments to—

(1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Consistent with the requirements of Executive Order (E.O.) 13771, Reducing Regulation and Controlling Regulatory Costs, and E.O. 13777, Enforcing the Regulatory Reform Agenda, TSA is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

Information Collection Requirement

OMB Control Number 1652–0021, Flight Training for Aliens and Other Designated Individuals; Security Awareness Training for Flight School Employees, 49 CFR part 1552. Under 49 CFR part 1552, TSA conducts security threat assessments for all aliens and other designated individuals seeking flight instruction with Federal Aviation Administration (FAA)-certified flight training providers.[1] The purpose of this requirement is to ensure flight training candidates do not pose a threat to aviation or national security and thus permitted to receive flight training. The collection of information required under 49 CFR part 1552 includes candidates' biographic information and fingerprints, which TSA uses to perform the security threat assessment.

Additionally, flight training providers are required to maintain records of security awareness training provided to their employees. *See* subpart B of 49 CFR part 1552. This training, which is intended to increase awareness of suspicious circumstances and activities of individuals enrolling in, or attending, flight training, must be provided to certain employees within 60 days of being hired and on an annual recurring basis. The flight training providers must maintain records of the training completed throughout the course of the individual's employment, and for one year after the individual is no longer a flight training provider employee.[2]

Based on the numbers of respondents to date, TSA estimates a total of 71,600 respondents annually: 53,900 candidate training requests, 5,600 flight training providers' candidates and employee records and an additional 12,100 flight training providers' employee records. Respondents are required to provide the subject information every time an alien or other designated individual applies for pilot training as described in the regulation. TSA estimates an average of 45 minutes to complete each application, for a total approximate application burden of 40,425 hours per year. Flight training providers must keep records for each flight training candidate for five years from the time they are created. TSA estimates an average of 5 minutes per training record, for a total approximate recordkeeping hour burden of 4,492 hours. TSA estimates an average of 5 minutes per record of security awareness training of flight school employees, for a total approximate recordkeeping hour burden of 5,750 hours. Thus, TSA estimates the combined hour burden associated with this collection to be 50,667 hours annually.

[1] *See also* 49 U.S.C. 44939.

[2] In May 2018, TSA published a notice to reopen the comment period on this regulation. *See* 83 FR 23238 (May 18, 2018). The comment period closed on June 18, 2018. As part of the notice, TSA specifically requested ways to reduce the burden of recordkeeping.

Dated: June 28, 2018.

Christina A. Walsh,

TSA Paperwork Reduction Act Officer, Office of Information Technology.

[FR Doc. 2018–14482 Filed 7–5–18; 8:45 am]

BILLING CODE 9110–05–P

DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

[Docket No. TSA–2004–17131]

Intent To Request Extension From OMB of One Current Public Collection of Information: Aircraft Repair Station Security

AGENCY: Transportation Security Administration, DHS.

ACTION: 60-Day notice.

SUMMARY: The Transportation Security Administration (TSA) invites public comment on one currently approved Information Collection Request (ICR), Office of Management and Budget (OMB) control number 1652–0060, abstracted below that we will submit to OMB for an extension in compliance with the Paperwork Reduction Act (PRA). The ICR describes the nature of the information collection and its expected burden. The collection involves recordkeeping requirements and petitions for reconsideration by owners and/or operators of repair stations certificated by the Federal Aviation Administration (FAA).

DATES: Send your comments by September 4, 2018.

ADDRESSES: Comments may be emailed to *TSAPRA@tsa.dhs.gov* or delivered to the TSA PRA Officer, Information Technology (IT), TSA–11, Transportation Security Administration, 601 South 12th Street, Arlington, VA 20598–6011.

FOR FURTHER INFORMATION CONTACT: Christina A. Walsh at the above address, or by telephone (571) 227–2062.

SUPPLEMENTARY INFORMATION:

Comments Invited

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The ICR documentation will be available at *http://www.reginfo.gov* upon its submission to OMB. Therefore, in preparation for OMB review and approval of the following information collection, TSA is soliciting comments to—

(1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Consistent with the requirements of Executive Order (E.O.) 13771, Reducing Regulation and Controlling Regulatory Costs, and E.O. 13777, Enforcing the Regulatory Reform Agenda, TSA is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

Information Collection Requirement

OMB Control Number 1652–0060; Aircraft Repair Station Security. In accordance with 49 U.S.C. 44924 and 49 CFR part 1554, TSA performs security reviews and audits of aircraft repair stations located within and outside of the United States.

On December 12, 2003, the President of the United States signed into law the Vision 100 Century of Aviation Reauthorization Act (the Act). Section 611 of the Act requires the Department of Homeland Security (DHS) to ensure the security of aircraft repair stations. The Act further requires a security review and audit of repair stations located outside the United States, with a 145-certificate issued by the FAA. TSA, on behalf of DHS, is the agency to conduct the relevant tasks associated with this legislation. In response to the Act, TSA published a final rule setting forth the new requirements. *See* 79 FR 2119 (January 13, 2014).

Repair stations certificated by the FAA under part 145 and located on or adjacent to an airport, as defined in 49 CFR 1554.101(a)(1) and (2), are required to implement security requirements. Unless located on a military installation, these repair stations are subject to inspection by TSA.

The required security measures include designating a TSA point of contact and preventing the operation of unattended large aircraft that are capable of flight. A repair station owner or operator also is responsible for maintaining updated employment history records to demonstrate compliance with the regulatory requirements. These records must be made available to TSA upon request. If TSA discovers security deficiencies, a repair station may be subject to suspension or, in extreme cases, withdrawal of its certification by the FAA if such deficiencies are not corrected. A repair station owner or operator may petition for reconsideration (appeal) of a determination by TSA that FAA must suspend or revoke its certificate. TSA uses the collected information to determine compliance with the security measures required under 49 CFR part 1554.

The respondents to this information collection are the owners and/or operators of repair stations certificated by the FAA under 14 CFR part 145, which is estimated to be 4,013 aircraft repair stations located in the United States and 874 repair stations located outside the United States.

Respondent repair stations are required to submit and update Security point of contact (POC) information, respond to requests to inspect documentation, and may petition for reconsideration. For these activities, TSA estimates that all respondent repair stations will incur a total of 1,176 hours annually to satisfy the collection requirements.

Dated: June 28, 2018.

Christina A. Walsh,

TSA Paperwork Reduction Act Officer, Information Technology.

[FR Doc. 2018–14481 Filed 7–5–18; 8:45 am]

BILLING CODE 9110–05–P

DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

Intent To Request Extension From OMB of One Current Public Collection of Information: Aviation Security Customer Satisfaction Performance Measurement Passenger Survey

AGENCY: Transportation Security Administration, DHS.

ACTION: 60-Day notice.

SUMMARY: The Transportation Security Administration (TSA) invites public comment on one currently approved Information Collection Request (ICR), Office of Management and Budget (OMB) control number 1652–0013, abstracted below that we will submit to OMB for an extension in compliance with the Paperwork Reduction Act (PRA). The ICR describes the nature of the information collection and its expected burden. The collection

involves surveying travelers to measure customer satisfaction with their aviation security screening experience in an effort to manage TSA's performance at the airport more efficiently.

DATES: Send your comments by September 4, 2018.

ADDRESSES: Comments may be emailed to *TSAPRA@tsa.dhs.gov* or delivered to the TSA PRA Officer, Office of Information Technology (OIT), TSA–11, Transportation Security Administration, 601 South 12th Street, Arlington, VA 20598–6011.

FOR FURTHER INFORMATION CONTACT: Christina A. Walsh at the above address, or by telephone (571) 227–2062.

SUPPLEMENTARY INFORMATION:

Comments Invited

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The ICR documentation will be available at *http://www.reginfo.gov* upon its submission to OMB. Therefore, in preparation for OMB review and approval of the following information collection, TSA is soliciting comments to—

(1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Consistent with the requirements of Executive Order (E.O.) 13771, Reducing Regulation and Controlling Regulatory Costs, and E.O. 13777, Enforcing the Regulatory Reform Agenda, TSA is also requesting comments on the extent to which this request for information could be modified to reduce the burden on respondents.

Information Collection Requirement

OMB Control Number 1652–0013; Aviation Security Customer Satisfaction Performance Measurement Passenger Survey. TSA, with OMB's approval, has conducted surveys of passengers at airports nationwide and now seeks approval to continue this effort. The surveys are administered using an intercept methodology. The intercept methodology uses TSA personnel who are not in uniform to hand deliver business card style forms to passengers immediately following the passenger's experience with TSA's checkpoint security functions. Passengers are invited, though not required, to complete and return the survey using either an online portal or by responding in writing to the survey questions on the customer satisfaction card and depositing the card in a drop-box at the airport or using U.S. mail. Prior to each survey collection at an airport, TSA personnel select the method by which all passengers surveyed on that particular occasion will be asked to complete and return the survey. TSA uses the intercept methodology to randomly select passengers to complete the survey in an effort to gain survey data representative of all passenger demographics—including passengers who—

- Travel on weekdays or weekends;
- Travel in the morning, mid-day, or evening;
- Pass through each of the different security screening locations in the airport;
- Are subject to more intensive screening of their baggage or person; and
- Experience different volume conditions and wait times as they proceed through the security checkpoints.

Each survey includes 10 to 15 questions, and each question promotes a quality response so that TSA can identify areas in need of improvement. All questions concern aspects of the passenger's security screening experience.

TSA collects this information in order to continue to assess customer satisfaction in an effort to manage TSA employee performance more efficiently. OMB has previously approved a total of 82 questions from which the 10 to 15 questions are selected. TSA is requesting an extension of the approval for the information collection.

TSA personnel have the capability to conduct this survey at 25 airports each year. Based on prior survey data and research, TSA estimates 384 responses from the passengers at each airport. The average number of respondents is estimated to be 9,600 per year (384 passengers × 25 airports). TSA estimates that the time it takes to complete the survey either online or by writing on the form ranges from 3 to 7 minutes, with an average of 5 minutes (0.083 hours) per respondent. Therefore, the annual burden is 800 hours (9,600 responses × 0.083 hours).

Dated: June 28, 2018.

Christina A. Walsh,

TSA Paperwork Reduction Act Officer, Office of Information Technology.

[FR Doc. 2018–14480 Filed 7–5–18; 8:45 am]

BILLING CODE 9110–05–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[189A2100DD/AAKC001030/A0A501010.999900]

HEARTH Act Approval of San Manuel Band of Mission Indians, California Business Site Leasing Code

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: On June 11, 2018, the Bureau of Indian Affairs (BIA) approved the San Manuel Band of Mission Indians, California, leasing regulations under the HEARTH Act. With this approval, the Band is authorized to enter into business leases without BIA approval.

FOR FURTHER INFORMATION CONTACT: Sharlene Round Face, Bureau of Indian Affairs, Division of Real Estate Services, 1849 C Street, NW, MS–4642–MIB, Washington, DC 20240, at (202) 208–3615.

SUPPLEMENTARY INFORMATION:

I. Summary of the HEARTH Act

The HEARTH (Helping Expedite and Advance Responsible Tribal Homeownership) Act of 2012 (the Act) makes a voluntary, alternative land leasing process available to Tribes, by amending the Indian Long-Term Leasing Act of 1955, 25 U.S.C. 415. The Act authorizes Tribes to negotiate and enter into agricultural and business leases of Tribal trust lands with a primary term of 25 years, and up to two renewal terms of 25 years each, without the approval of the Secretary of the Interior. The Act also authorizes Tribes to enter into leases for residential, recreational, religious or educational purposes for a primary term of up to 75 years without the approval of the Secretary. Participating Tribes develop Tribal leasing regulations, including an environmental review process, and then must obtain the Secretary's approval of those regulations prior to entering into leases. The Act requires the Secretary to approve Tribal regulations if the Tribal regulations are consistent with the Department's leasing regulations at 25 CFR part 162 and provide for an

environmental review process that meets requirements set forth in the Act. This notice announces that the Secretary, through the Assistant Secretary—Indian Affairs, has approved the Tribal regulations for the San Manuel Band of Mission Indians, California.

II. Federal Preemption of State and Local Taxes

The Department's regulations governing the surface leasing of trust and restricted Indian lands specify that, subject to applicable Federal law, permanent improvements on leased land, leasehold or possessory interests, and activities under the lease are not subject to State and local taxation and may be subject to taxation by the Indian Tribe with jurisdiction. *See* 25 CFR 162.017. As explained further in the preamble to the final regulations, the Federal government has a strong interest in promoting economic development, self-determination, and Tribal sovereignty. 77 FR 72,440, 72,447–48 (December 5, 2012). The principles supporting the Federal preemption of State law in the field of Indian leasing and the taxation of lease-related interests and activities applies with equal force to leases entered into under Tribal leasing regulations approved by the Federal government pursuant to the HEARTH Act.

Section 5 of the Indian Reorganization Act, 25 U.S.C. 5108, preempts State and local taxation of permanent improvements on trust land. *Confederated Tribes of the Chehalis Reservation* v. *Thurston County,* 724 F.3d 1153, 1157 (9th Cir. 2013) (citing *Mescalero Apache Tribe* v. *Jones,* 411 U.S. 145 (1973)). Similarly, Section 5108 preempts State taxation of rent payments by a lessee for leased trust lands, because ''tax on the payment of rent is indistinguishable from an impermissible tax on the land.'' *See Seminole Tribe of Florida* v. *Stranburg,* No. 14–14524, *13–*17, n.8 (11th Cir. 2015). In addition, as explained in the preamble to the revised leasing regulations at 25 CFR part 162, Federal courts have applied a balancing test to determine whether State and local taxation of non-Indians on the reservation is preempted. *White Mountain Apache Tribe* v. *Bracker,* 448 U.S. 136, 143 (1980). The *Bracker* balancing test, which is conducted against a backdrop of ''traditional notions of Indian self-government,'' requires a particularized examination of the relevant State, Federal, and Tribal interests. We hereby adopt the *Bracker* analysis from the preamble to the surface leasing regulations, 77 FR at 72,447–48, as supplemented by the analysis below.

The strong Federal and Tribal interests against State and local taxation of improvements, leaseholds, and activities on land leased under the Department's leasing regulations apply equally to improvements, leaseholds, and activities on land leased pursuant to tribal leasing regulations approved under the HEARTH Act. Congress's overarching intent was to ''allow tribes to exercise greater control over their own land, support self-determination, and eliminate bureaucratic delays that stand in the way of homeownership and economic development in tribal communities.'' 158 Cong. Rec. H. 2682 (May 15, 2012). The HEARTH Act was intended to afford Tribes ''flexibility to adapt lease terms to suit [their] business and cultural needs'' and to ''enable [Tribes] to approve leases quickly and efficiently.'' *Id.* at 5–6.

Assessment of State and local taxes would obstruct these express Federal policies supporting Tribal economic development and self-determination, and also threaten substantial Tribal interests in effective Tribal government, economic self-sufficiency, and territorial autonomy. *See Michigan* v. *Bay Mills Indian Community,* 134 S. Ct. 2024, 2043 (2014) (Sotomayor, J., concurring) (determining that ''[a] key goal of the Federal Government is to render Tribes more self-sufficient, and better positioned to fund their own sovereign functions, rather than relying on Federal funding''). The additional costs of State and local taxation have a chilling effect on potential lessees, as well as on a Tribe that, as a result, might refrain from exercising its own sovereign right to impose a Tribal tax to support its infrastructure needs. *See id.* at 2043–44 (finding that State and local taxes greatly discourage Tribes from raising tax revenue from the same sources because the imposition of double taxation would impede Tribal economic growth).

Similar to BIA's surface leasing regulations, Tribal regulations under the HEARTH Act pervasively cover all aspects of leasing. See 25 U.S.C. 415(h)(3)(B)(i) (requiring Tribal regulations be consistent with BIA surface leasing regulations). Furthermore, the Federal government remains involved in the Tribal land leasing process by approving the Tribal leasing regulations in the first instance and providing technical assistance, upon request by a Tribe, for the development of an environmental review process. The Secretary also retains authority to take any necessary actions to remedy violations of a lease or of the Tribal regulations, including terminating the lease or rescinding approval of the Tribal regulations and reassuming lease approval responsibilities. Moreover, the Secretary continues to review, approve, and monitor individual Indian land leases and other types of leases not covered under the Tribal regulations according to the part 162 regulations.

Accordingly, the Federal and Tribal interests weigh heavily in favor of preemption of State and local taxes on lease-related activities and interests, regardless of whether the lease is governed by Tribal leasing regulations or part 162. Improvements, activities, and leasehold or possessory interests may be subject to taxation by the San Manuel Band of Mission Indians, California.

Dated: June 11, 2018.

John Tahsuda,

Principal Deputy Assistant Secretary—Indian Affairs, Exercising the Authority of the Assistant Secretary—Indian Affairs.

[FR Doc. 2018–14520 Filed 7–5–18; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[189A2100DD/AAKC001030/ A0A501010.999900]

HEARTH Act Approval of the Confederated Tribes of the Warm Springs Reservation of Oregon's Tribal Code

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: On June 11, 2018, the Bureau of Indian Affairs (BIA) approved the Confederated Tribes of the Warm Springs Reservation of Oregon (Tribe) leasing regulations under the Helping Expedite and Advance Responsible Tribal Homeownership Act of 2012 (HEARTH Act). With this approval, the Tribe is authorized to enter into business leases without further BIA approval.

FOR FURTHER INFORMATION CONTACT: Ms. Sharlene Round Face, Bureau of Indian Affairs, Division of Real Estate Services, 1849 C Street, NW, MS–4642–MIB, Washington, DC 20240, at (202) 208–3615.

SUPPLEMENTARY INFORMATION:

I. Summary of the HEARTH Act

The HEARTH Act makes a voluntary, alternative land leasing process available to Tribes, by amending the

Indian Long-Term Leasing Act of 1955, 25 U.S.C. 415. The HEARTH Act authorizes Tribes to negotiate and enter into agricultural and business leases of Tribal trust lands with a primary term of 25 years, and up to two renewal terms of 25 years each, without the approval of the Secretary of the Interior (Secretary). The HEARTH Act also authorizes Tribes to enter into leases for residential, recreational, religious or educational purposes for a primary term of up to 75 years without the approval of the Secretary. Participating tribes develop Tribal leasing regulations, including an environmental review process, and then must obtain the Secretary's approval of those regulations prior to entering into leases. The HEARTH Act requires the Secretary to approve Tribal regulations if the Tribal regulations are consistent with the Department of the Interior's (Department) leasing regulations at 25 CFR part 162 and provide for an environmental review process that meets requirements set forth in the HEARTH Act. This notice announces that the Secretary, through the Assistant Secretary—Indian Affairs, has approved the Tribal regulations for the Confederated Tribes of the Warm Springs Reservation of Oregon.

II. Federal Preemption of State and Local Taxes

The Department's regulations governing the surface leasing of trust and restricted Indian lands specify that, subject to applicable Federal law, permanent improvements on leased land, leasehold or possessory interests, and activities under the lease are not subject to State and local taxation and may be subject to taxation by the Indian Tribe with jurisdiction. See 25 CFR 162.017. As explained further in the preamble to the final regulations, the Federal government has a strong interest in promoting economic development, self-determination, and Tribal sovereignty. 77 FR 72,440, 72,447–48 (December 5, 2012). The principles supporting the Federal preemption of State law in the field of Indian leasing and the taxation of lease-related interests and activities applies with equal force to leases entered into under Tribal leasing regulations approved by the Federal government pursuant to the HEARTH Act.

Section 5 of the Indian Reorganization Act, 25 U.S.C. 5108, preempts State and local taxation of permanent improvements on trust land. *Confederated Tribes of the Chehalis Reservation* v. *Thurston County,* 724 F.3d 1153, 1157 (9th Cir. 2013) (citing *Mescalero Apache Tribe* v. *Jones,* 411 U.S. 145 (1973)). Similarly, section 5108 preempts State taxation of rent payments by a lessee for leased trust lands, because ''tax on the payment of rent is indistinguishable from an impermissible tax on the land.'' *See Seminole Tribe of Florida* v. *Stranburg,* No. 14–14524, *13–*17, n.8 (11th Cir. 2015). In addition, as explained in the preamble to the revised leasing regulations at 25 CFR part 162, Federal courts have applied a balancing test to determine whether State and local taxation of non-Indians on the reservation is preempted. *White Mountain Apache Tribe* v. *Bracker,* 448 U.S. 136, 143 (1980). The *Bracker* balancing test, which is conducted against a backdrop of ''traditional notions of Indian self-government,'' requires a particularized examination of the relevant State, Federal, and Tribal interests. We hereby adopt the *Bracker* analysis from the preamble to the surface leasing regulations, 77 FR at 72,447–48, as supplemented by the analysis below.

The strong Federal and Tribal interests against State and local taxation of improvements, leaseholds, and activities on land leased under the Department's leasing regulations apply equally to improvements, leaseholds, and activities on land leased pursuant to Tribal leasing regulations approved under the HEARTH Act. Congress's overarching intent was to ''allow [T]ribes to exercise greater control over their own land, support self-determination, and eliminate bureaucratic delays that stand in the way of homeownership and economic development in [T]ribal communities.'' 158 Cong. Rec. H. 2682 (May 15, 2012). The HEARTH Act was intended to afford Tribes ''flexibility to adapt lease terms to suit [their] business and cultural needs'' and to ''enable [Tribes] to approve leases quickly and efficiently.'' *Id.* at 5–6.

Assessment of State and local taxes would obstruct these express Federal policies supporting Tribal economic development and self-determination, and also threaten substantial Tribal interests in effective Tribal government, economic self-sufficiency, and territorial autonomy. *See Michigan* v. *Bay Mills Indian Community,* 134 S. Ct. 2024, 2043 (2014) (Sotomayor, J., concurring) (determining that ''[a] key goal of the Federal Government is to render Tribes more self-sufficient, and better positioned to fund their own sovereign functions, rather than relying on Federal funding''). The additional costs of State and local taxation have a chilling effect on potential lessees, as well as on a Tribe that, as a result, might refrain from exercising its own sovereign right to impose a Tribal tax to support its infrastructure needs. *See id.* at 2043–44 (finding that State and local taxes greatly discourage Tribes from raising tax revenue from the same sources because the imposition of double taxation would impede Tribal economic growth).

Similar to BIA's surface leasing regulations, Tribal regulations under the HEARTH Act pervasively cover all aspects of leasing. *See* 25 U.S.C. 415(h)(3)(B)(i) (requiring Tribal regulations be consistent with BIA surface leasing regulations). Furthermore, the Federal government remains involved in the Tribal land leasing process by approving the Tribal leasing regulations in the first instance and providing technical assistance, upon request by a Tribe, for the development of an environmental review process. The Secretary also retains authority to take any necessary actions to remedy violations of a lease or of the Tribal regulations, including terminating the lease or rescinding approval of the Tribal regulations and reassuming lease approval responsibilities. Moreover, the Secretary continues to review, approve, and monitor individual Indian land leases and other types of leases not covered under the Tribal regulations according to the part 162 regulations.

Accordingly, the Federal and Tribal interests weigh heavily in favor of preemption of State and local taxes on lease-related activities and interests, regardless of whether the lease is governed by Tribal leasing regulations or part 162. Improvements, activities, and leasehold or possessory interests may be subject to taxation by the Confederated Tribes of the Warm Springs Reservation of Oregon.

Dated: June 11, 2018.

John Tahsuda,

Principal Deputy Assistant Secretary—Indian Affairs, Exercising the Authority of the Assistant Secretary—Indian Affairs.

[FR Doc. 2018–14519 Filed 7–5–18; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLOR957000.L63100000.HD0000. 18XL1116AF.HAG 18–0123]

Filing of Plats of Survey: Oregon/Washington

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: The plats of survey of the following described lands are scheduled to be officially filed in the Bureau of Land Management (BLM), Oregon State Office, Portland, Oregon, 30 calendar days from the date of this publication. The surveys, which were executed at the request of the BLM, are necessary for the management of these lands.

DATES: Protests must be received by the BLM by August 6, 2018.

ADDRESSES: A copy of the plats may be obtained from the Public Room at the Bureau of Land Management, Oregon State Office, 1220 SW 3rd Avenue, Portland, Oregon 97204, upon required payment. The plats may be viewed at this location at no cost.

FOR FURTHER INFORMATION CONTACT: Marshal Wade, Branch of Geographic Sciences, Bureau of Land Management, 1220 SW 3rd Avenue, Portland, Oregon 97204. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Relay Service at 1–800–877–8339 to contact the above individual during normal business hours. The FRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION: The plats of survey of the following described lands are scheduled to be officially filed in the Bureau of Land Management, Oregon State Office, Portland, Oregon:

Willamette Meridian, Oregon

T. 32 S., R. 1 W., accepted May 18, 2018
T. 34 S., R. 7 W., accepted May 18, 2018
T. 26 S., R. 20 E., accepted May 18, 2018
T. 7 S., R. 4 E., accepted May 18, 2018
T. 6 S., R. 1 E., accepted June 18, 2018

A person or party who wishes to protest one or more plats of survey identified above must file a written notice of protest with the Chief Cadastral Surveyor for Oregon/Washington, Bureau of Land Management. The notice of protest must identify the plat(s) of survey that the person or party wishes to protest. The notice of protest must be filed before the scheduled date of official filing for the plat(s) of survey being protested. Any notice of protest filed after the scheduled date of official filing will be untimely and will not be considered. A notice of protest is considered filed on the date it is received by the Chief Cadastral Surveyor for Oregon/Washington during regular business hours; if received after regular business hours, a notice of protest will be considered filed the next business day. A written statement of reasons in support of a protest, if not filed with the notice of protest, must be filed with the Chief Cadastral Surveyor for Oregon/Washington within 30 calendar days after the notice of protest is filed. If a notice of protest against a plat of survey is received prior to the scheduled date of official filing, the official filing of the plat of survey identified in the notice of protest will be stayed pending consideration of the protest. A plat of survey will not be officially filed until the next business day following dismissal or resolution of all protests of the plat.

Before including your address, phone number, email address, or other personal identifying information in a notice of protest or statement of reasons, you should be aware that the documents you submit—including your personal identifying information—may be made publicly available in their entirety at any time. While you can ask us to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Mary J.M. Hartel,

Chief Cadastral Surveyor of Oregon/Washington.

[FR Doc. 2018–14510 Filed 7–5–18; 8:45 am]

BILLING CODE 4310–33–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLCON04000 L71220000.DF0000 LVTFCX700190 17X]

Notice of Intent To Amend the Resource Management Plan for the Colorado River Valley Field Office, Colorado, and Prepare an Associated Environmental Assessment

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of Intent.

SUMMARY: In compliance with the National Environmental Policy Act of 1969, as amended (NEPA), and the Federal Land Policy and Management Act of 1976, as amended (FLPMA), the Bureau of Land Management (BLM) Colorado River Valley Field Office (CRVFO), Silt, Colorado, intends to prepare a Resource Management Plan (RMP) Amendment with an associated Environmental Assessment (EA) to develop the Sutey Ranch and Haines Management Plan and by this Notice is announcing the beginning of the scoping process to solicit public comments and identify issues.

DATES: This Notice initiates the public scoping process for the RMP Amendment with an associated EA. Comments on issues may be submitted in writing until August 6, 2018. The date(s) and location(s) of any scoping meetings will be announced at least 15 days in advance through local news media, newspapers and the BLM website at: *https://go.usa.gov/xnvM5.* In order to be included in the analysis, all comments must be received prior to the close of the 30-day scoping period or 15 days after the last public meeting, whichever is later. The BLM will provide additional opportunities for public participation as appropriate.

ADDRESSES: You may submit comments on issues and planning criteria related to Sutey Ranch Management Plan by any of the following methods:

- *Website: https://go.usa.gov/xnvM5.*
- *Email: blm_co_si_crvfo_webmail@blm.gov.*
- *Fax:* (970) 876–9090.
- *Mail:* Bureau of Land Management, Colorado River Valley Field Office, 2300 River Frontage Road, Silt, CO 81652.

Documents pertinent to this proposal may be examined at the Colorado River Valley Field Office at the above address.

FOR FURTHER INFORMATION CONTACT: Brian Hopkins, Assistant Field Manager, telephone (970) 876–9003; address 2300 River Frontage, Silt, CO 81652; email *blm_co_si_crvfo_webmail@blm.gov.* Contact Brian Hopkins to have your name added to our mailing list. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Relay Service (FRS) at 1–800–877–8339 to contact the above individual during normal business hours. The FRS is available 24 hours a day, seven days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION: This document provides notice that the CRVFO, Silt, Colorado, intends to prepare an RMP Amendment with an associated EA for the future management of the recently acquired Sutey Ranch and Haines parcels. This Notice announces the beginning of the scoping process, and seeks public input on issues and planning criteria. The planning area encompasses approximately 669 acres of public land, including the 557-acre Sutey Ranch located in Garfield County, Colorado, and the 112-acre Haines parcel located along Prince Creek in Pitkin County, Colorado. The purpose of the public scoping process is to determine relevant issues that will influence the scope of the environmental analysis, including alternatives, and guide the planning process. The following preliminary

issues for the RMP amendment identified by BLM personnel, Federal, State and local agencies, and other stakeholders include: Recreational use, big game winter range, grazing, cultural resources and water rights. Preliminary planning criteria include: (1) The BLM will continue to manage the public lands within the CRVFO in accordance with FLPMA, and other applicable laws and regulations including all existing public land laws; (2) the BLM will complete the RMP Amendment using an interdisciplinary approach to identify alternatives and analyze resource impacts, including cumulative impacts to natural and cultural resources, and the social and economic environment; and (3) the RMP Amendment process will follow the FLPMA planning process and the BLM will develop an EA with appropriate environmental analysis of the alternatives, consistent with NEPA.

You may submit comments on issues and planning criteria in writing to the BLM at any public scoping meeting, or you may submit them to the BLM using one of the methods listed in the **ADDRESSES** section above. Comments must be submitted by the close of the 30-day scoping period or within 15 days after the last public meeting, whichever is later.

The BLM will use the NEPA public participation requirements to assist the agency in satisfying the public involvement requirements under Section 106 of the National Historic Preservation Act (NHPA) (16 U.S.C. 470(f)) pursuant to 36 CFR 800.2(d)(3). The information about historic and cultural resources within the area potentially affected by the proposed action will assist the BLM in identifying and evaluating impacts to such resources in the context of both NEPA and Section 106 of the NHPA.

The BLM will consult with Indian Tribes on a government-to-government basis in accordance with Executive Order 13175 and other policies. Tribal concerns, including impacts on Indian trust assets and potential impacts to cultural resources, will be given due consideration. Federal, State and local agencies, along with Tribes and other stakeholders that may be interested in or affected by the proposed action that the BLM is evaluating, are invited to participate in the scoping process and, if eligible, may request or be requested by the BLM to participate in the development of the environmental analysis as a cooperating agency. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so. The BLM will evaluate identified issues to be addressed in the plan, and will place them into one of three categories:

1. Issues to be resolved in the plan amendment;
2. Issues to be resolved through policy or administrative action; or
3. Issues beyond the scope of this plan amendment.

The BLM will provide an explanation in the Draft RMP Amendment/Preliminary EA as to why an issue was placed in category two or three. The public is also encouraged to help identify any management questions and concerns that should be addressed in the plan. The BLM will work collaboratively with interested parties to identify the management decisions that are best suited to local, regional, and national needs and concerns.

The BLM will use an interdisciplinary approach to develop the plan amendment in order to consider the variety of resource issues and concerns identified. Specialists with expertise in the following disciplines will be involved in the planning process: Rangeland management, minerals and geology, fuels, outdoor recreation, archaeology, paleontology, wildlife and fisheries, lands and realty, hydrology, soils, botany and ecology.

Authority: 40 CFR 1501.7 and 43 CFR 1610.2

Andy Tenney,

Acting BLM Colorado State Director.

[FR Doc. 2018–14442 Filed 7–5–18; 8:45 am]

BILLING CODE 4310–JB–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLAK940000.L14100000.BX0000.18X. LXSS001L0100]

Filing of Plats of Survey: Alaska

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of official filing.

SUMMARY: The plats of survey of lands described in this notice are scheduled to be officially filed in the Bureau of Land Management (BLM), Alaska State Office, Anchorage, Alaska. The surveys, which were executed at the request of the BLM, are necessary for the management of these lands.

DATES: Protests must be received by the BLM by August 6, 2018.

ADDRESSES: A copy of the plats may be obtained from the Alaska Public Information Center at the BLM Alaska State Office, 222 W 7th Avenue, Anchorage, Alaska 99513, upon required payment. The plats may be viewed at this location at no cost. Please use this address when filing written protests.

FOR FURTHER INFORMATION CONTACT: Douglas N. Haywood, Chief, Branch of Cadastral Survey, Bureau of Land Management, Alaska State Office, 222 W 7th Avenue, Anchorage, Alaska 99513; 1–907–271–5481; *dhaywood@blm.gov.* Persons who use a telecommunications device for the deaf may call the Federal Relay Service (FRS) at 1–800–877–8339 to contact the above individual during normal business hours. The FRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION: The lands surveyed are:

Seward Meridian, Alaska

T. 23 N., R. 37 W., accepted March 19, 2018
T. 23 N., R. 38 W., accepted March 19, 2018
T. 23 N., R. 39 W., accepted March 19, 2018
T. 23 N., R. 40 W., accepted March 19, 2018
T. 24 N., R. 37 W., accepted March 19, 2018
T. 24 N., R. 38 W., accepted March 19, 2018
T. 24 N., R. 39 W., accepted March 19, 2018
T. 24 N., R. 40 W., accepted March 19, 2018
T. 25 N., R. 37 W., accepted March 19, 2018
T. 25 N., R. 38 W., accepted March 19, 2018
T. 25 N., R. 39 W., accepted March 19, 2018
T. 26 N., R. 36 W., accepted March 19, 2018
T. 26 N., R. 37 W., accepted March 19, 2018
T. 26 N., R. 38 W., accepted March 19, 2018
T. 26 N., R. 39 W., accepted March 19, 2018
T. 27 N., R. 35 W., accepted March 19, 2018
T. 27 N., R. 36 W., accepted March 19, 2018
T. 27 N., R. 37 W., accepted March 19, 2018
T. 27 N., R. 38 W., accepted March 19, 2018
T. 28 N., R. 35 W., accepted March 19, 2018
T. 28 N., R. 36 W., accepted March 19, 2018
T. 28 N., R. 37 W., accepted March 19, 2018
T. 28 N., R. 38 W., accepted March 19, 2018
T. 29 N., R. 34 W., accepted March 19, 2018
T. 29 N., R. 35 W., accepted March 19, 2018
T. 29 N., R. 36 W., accepted March 19, 2018
T. 29 N., R. 37 W., accepted March 19, 2018
T. 29 N., R. 38 W., accepted March 19, 2018
T. 30 N., R. 34 W., accepted March 19, 2018
T. 30 N., R. 35 W., accepted March 19, 2018
T. 30 N., R. 36 W., accepted March 19, 2018
T. 30 N., R. 37 W., accepted March 19, 2018
T. 30 N., R. 38 W., accepted March 19, 2018
T. 31 N., R. 36 W., accepted March 19, 2018
T. 31 N., R. 37 W., accepted March 19, 2018
T. 31 N., R. 38 W., accepted March 16, 2018
T. 13 S., R. 51 W., accepted March 27, 2018
T. 50 S., R. 77 W., accepted January 25, 2018

A person or party who wishes to protest one or more plats of survey identified above must file a written notice of protest with the State Director

for Alaska, BLM. The notice of protest must identify the plat(s) of survey that the person or party wishes to protest. The notice of protest must be filed before the scheduled date of official filing for the plat(s) of survey being protested. Any notice of protest filed after the scheduled date of official filing will not be considered. A notice of protest is considered filed on the date it is received by the State Director for Alaska during regular business hours; if received after regular business hours, a notice of protest will be considered filed the next business day. A written statement of reasons in support of a protest, if not filed with the notice of protest, must be filed with the State Director for Alaska within 30 calendar days after the notice of protest is filed. If a notice of protest against a plat of survey is received prior to the scheduled date of official filing, the official filing of the plat of survey identified in the notice of protest will be stayed pending consideration of the protest. A plat of survey will not be officially filed until the dismissal or resolution of all protests of the plat.

Before including your address, phone number, email address, or other personal identifying information in a notice of protest or statement of reasons, you should be aware that the documents you submit, including your personal identifying information, may be made publicly available in their entirety at any time. While you can ask us to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Authority: 43 U.S.C. Chap. 3.

Douglas N. Haywood,

Chief Cadastral Surveyor, Alaska.

[FR Doc. 2018–14505 Filed 7–5–18; 8:45 am]

BILLING CODE 4310–JA–P

DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

[S1D1S SS08011000 SX064A000 189S180110; S2D2S SS08011000 SX064A000 18XS501520; OMB Control Number 1029–0027]

Agency Information Collection Activities: General Requirements for Surface Coal Mining and Reclamation Operations on Federal Lands

AGENCY: Office of Surface Mining Reclamation and Enforcement, Interior.

ACTION: Notice of Information Collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, we, the Office of Surface Mining Reclamation and Enforcement (OSMRE), are announcing our intention to request renewed approval for the collection of information which requires that a Federal lands program be established to govern surface coal mining and reclamation operations on Federal lands. The information requested is needed to assist the regulatory authority to determine the eligibility of an applicant to conduct surface coal mining operations on Federal lands. This information collection activity was previously approved by the Office of Management and Budget (OMB), and assigned control number 1029–0027.

DATES: Interested persons are invited to submit comments on or before September 4, 2018.

ADDRESSES: Send your comments on this information collection request (ICR) by mail to: The Office of Surface Mining Reclamation and Enforcement, Information Collection Clearance Officer, Attn: John Trelease, 1849 C Street NW; Mail Stop 4559, Washington, DC 20240. Comments may also be submitted electronically to *jtrelease@osmre.gov.*

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact John Trelease by email at *jtrelease@osmre.gov,* or by telephone at (202) 208–2783.

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act of 1995, 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.

We are soliciting comments on the proposed ICR that is described below. We are especially interested in public comment addressing the following issues: (1) Is the collection necessary to the proper functions of the OSMRE; (2) is the estimate of burden accurate; (3) how might the OSMRE enhance the quality, utility, and clarity of the information to be collected; and (4) how might the OSMRE minimize the burden of this collection on the respondents, including through the use of information technology.

Comments that you submit in response to this notice are a matter of public record. We will include or summarize each comment in our request to OMB to approve this ICR. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

This notice provides the public with 60 days in which to comment on the following information collection activity:

Title of Collection: 30 CFR part 740—General Requirements for Surface Coal Mining and Reclamation Operations on Federal Lands.

OMB Control Number: 1029–0027.

Abstract: Section 523 of the Surface Mining Control and Reclamation Act of 1977 requires that a Federal lands program be established to govern surface coal mining and reclamation operations on Federal lands. The information requested is needed to assist the regulatory authority to determine the eligibility of an applicant to conduct surface coal mining operations on Federal lands.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Applicants for surface coal mine permits on Federal lands, and State Regulatory Authorities.

Total Estimated Number of Annual Respondents: 6 applicants and 6 States.

Total Estimated Number of Annual Responses: 6 applicants and 6 States.

Estimated Completion Time per Response: 780 hours.

Total Estimated Number of Annual Burden Hours: 780 hours for applicants and 1,425 hours for States.

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

Frequency of Collection: Once.

Total Estimated Annual Nonhour Burden Cost: $0.

An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Authority: The authorities for this action are the Surface Mining Control and Reclamation Act of 1977, as amended (30 U.S.C. 1201 *et seq.*), and the Paperwork

Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

John A. Trelease,

Acting Chief, Division of Regulatory Support.

[FR Doc. 2018–14450 Filed 7–5–18; 8:45 am]

BILLING CODE 4310–05–P

DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

[S1D1S SS08011000 SX064A000 189S180110; S2D2S SS08011000 SX064A000 18XS501520; OMB Control Number 1029–0080]

Agency Information Collection Activities: Permanent Regulatory Program Requirements—Standards for Certification of Blasters

AGENCY: Office of Surface Mining Reclamation and Enforcement, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, we, the Office of Surface Mining Reclamation and Enforcement (OSMRE), are announcing our intention to request renewed approval for the collection of information which is used to identify and evaluate new blaster certification programs. This information collection activity was previously approved by the Office of Management and Budget (OMB), and assigned control number 1029–0080.

DATES: Interested persons are invited to submit comments on or before September 4, 2018.

ADDRESSES: Send your comments on this information collection request (ICR) by mail to: The Office of Surface Mining Reclamation and Enforcement, Information Collection Clearance Officer, Attn: John Trelease, 1849 C Street NW, Mail Stop 4559, Washington, DC 20240. Comments may also be submitted electronically to *jtrelease@osmre.gov.*

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact John Trelease by email at *jtrelease@osmre.gov,* or by telephone at (202) 208–2783.

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act of 1995, 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.

We are soliciting comments on the proposed ICR that is described below. We are especially interested in public comment addressing the following issues: (1) Is the collection necessary to the proper functions of the OSMRE; (2) is the estimate of burden accurate; (3) how might the OSMRE enhance the quality, utility, and clarity of the information to be collected; and (4) how might the OSMRE minimize the burden of this collection on the respondents, including through the use of information technology.

Comments that you submit in response to this notice are a matter of public record. We will include or summarize each comment in our request to OMB to approve this ICR. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

This notice provides the public with 60 days in which to comment on the following information collection activity:

Title of Collection: 30 CFR part 850—Permanent Regulatory Program Requirements—Standards for Certification of Blasters.

OMB Control Number: 1029–0080.

Abstract: The information is used to identify and evaluate new blaster certification programs. Part 850 implements Section 719 of the Surface Mining Control and Reclamation Act (SMCRA). Section 719 requires the Secretary of the Interior to issue regulations which provide for each State regulatory authority to train, examine and certify persons for engaging in blasting or use of explosives in surface coal mining operations. Each State that wishes to certify blasters must submit a blasters certification program to OSMRE for approval.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: State regulatory authorities and Indian Tribes.

Total Estimated Number of Annual Respondents: 1 State or Tribe.

Total Estimated Number of Annual Responses: 1.

Estimated Completion Time per Response: 267 hours.

Total Estimated Number of Annual Burden Hours: 267 hours.

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

Frequency of Collection: Once.

Total Estimated Annual Nonhour Burden Cost: $0.

An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Authority: The authorities for this action are the Surface Mining Control and Reclamation Act of 1977, as amended (30 U.S.C. 1201 *et seq.*), and the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

John A. Trelease,

Acting Chief, Division of Regulatory Support.

[FR Doc. 2018–14451 Filed 7–5–18; 8:45 am]

BILLING CODE 4310–05–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1103 (Second Review)]

Certain Activated Carbon From China

Determination

On the basis of the record [1] developed in the subject five-year review, the United States International Trade Commission (''Commission'') determines, pursuant to the Tariff Act of 1930 (''the Act''), that revocation of the antidumping duty order on certain activated carbon from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

Background

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on February 1, 2018 (83 FR 4681) and determined on May 7, 2018 that it would conduct an expedited review (83 FR 24345, May 25, 2018).

The Commission made this determination pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)). It completed and filed its determination in this review on June 29, 2018. The views of the Commission are contained in USITC Publication 4797 (June 2018), entitled *Certain Activated Carbon from*

[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

China: Investigation No. 731–TA–1103 (Second Review).

By order of the Commission.

Issued: June 29, 2018.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2018–14472 Filed 7–5–18; 8:45 am]

BILLING CODE 7020–02–P

JUDICIAL CONFERENCE OF THE UNITED STATES

Meeting of The Judicial Conference Advisory Committee on Rules of Bankruptcy Procedure

AGENCY: Advisory Committee on Rules of Bankruptcy Procedure, Judicial Conference of the United States.

ACTION: Notice of open meeting.

SUMMARY: The Advisory Committee on Rules of Bankruptcy Procedure will hold a meeting on September 17, 2018. The meeting will be open to public observation but not participation. An agenda and supporting materials will be posted at least 7 days in advance of the meeting at: *http://www.uscourts.gov/rules-policies/records-and-archives-rules-committees/agenda-books.*

DATES: September 17, 2018

TIME: 9:00 a.m. to 5:00 p.m.

ADDRESSES: Thurgood Marshall Federal Judiciary Building, Mecham Conference Center, Administrative Office of the United States Courts, One Columbus Circle NE, Washington, DC 20544.

FOR FURTHER INFORMATION CONTACT: Rebecca A. Womeldorf, Rules Committee Secretary, Rules Committee Staff, Administrative Office of the United States Courts, Washington, DC 20544, telephone (202) 502–1820.

Dated: July 2, 2018.

Rebecca A. Womeldorf,

Rules Committee Secretary.

[FR Doc. 2018–14523 Filed 7–5–18; 8:45 am]

BILLING CODE 2210–55–P

DEPARTMENT OF JUSTICE

[OMB Number: 1105—NEW]

Agency Information Collection: Submission to OMB for Review and Approval

AGENCY: Civil Division, Department of Justice.

ACTION: 30-Day notice.

SUMMARY: The Department of Justice, Civil Division, is submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. This proposed information collection was previously published in the **Federal Register** allowing for a 60 day comment period.

DATES: The Department of Justice encourages public comment and will accept input until August 6, 2018.

FOR FURTHER INFORMATION CONTACT: If you have additional comments especially on the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions or additional information, please contact Julie Childs, 950 Pennsylvania Ave. NW, Washington, DC 20005, Attn: Civil Communications Office (Attn: Elder Justice Initiative) (Phone: 202–598–0292).

Written comments and/or suggestions can also be sent to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention Department of Justice Desk Officer, Washington, DC 20503 or sent to *OIRA_submissions@omb.eop.gov.*

SUPPLEMENTARY INFORMATION: Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

—Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Civil Division, including whether the information will have practical utility;

—Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

—Evaluate whether and if so how the quality, utility, and clarity of the information to be collected can be enhanced; and

—Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Overview of This Information Collection

1. *Type of information collection:* New Generic.

2. *The title of the form/collection:* Data Collection Survey to gain a better understanding of the prevalence and impact of elder abuse and elder abuse prevention methods and tools.

3. *The agency form number, if any, and the applicable component of the Department sponsoring the collection:* Civil Division, United States Department of Justice.

4. *Affected public who will be asked or required to respond, as well as a brief abstract:* Professionals working on elder abuse and elder justice issues.

Abstract: The U.S. Department of Justice, Elder Justice Initiative will conduct surveys to gain a better understanding of the needs of older Americans who may be at risk of, or the victims of, elder abuse and the needs of elder justice professionals to build their capacity to better serve and protect older adults from elder abuse.

5. *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* It is estimated that no more than 5,000 respondents will apply. Each application takes approximately less than 30 minutes to complete and is submitted once per year (annually).

6. *An estimate of the total public burden (in hours) associated with the collection:*

The total hour burden to complete the applications is estimated to be 6,000 hours.

Category of respondent	Number of respondents	Participation time	Burden hours
Elder Justice Professionals	5,000	30 minutes	2,500
State Local and Tribal government agencies	5,000	30 minutes	2,500
Focus Groups	1,000	1 hour	1,000
Totals			6,000

If additional information is required contact: Melody Braswell, Department Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Two Constitution Square, 145 N Street NE, 3E.405A, Washington, DC 20530.

Dated: July 2, 2018.

Melody Braswell,

Department Clearance Officer for PRA, U.S. Department of Justice.

[FR Doc. 2018–14488 Filed 7–5–18; 8:45 am]

BILLING CODE 4410–12–P

DEPARTMENT OF LABOR

Office of the Secretary

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Occupational Safety and Health Act Variance Regulations

ACTION: Notice of availability; request for comments.

SUMMARY: The Department of Labor (DOL) is submitting the Occupational Safety and Health Administration (OSHA) sponsored information collection request (ICR) titled, ''Occupational Safety and Health Act Variance Regulations,'' to the Office of Management and Budget (OMB) for review and approval for continued use, without change, 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 agency receives on or before August 6, 2018.

ADDRESSES: A copy of this ICR with applicable supporting documentation; including a description of the likely respondents, proposed frequency of response, and estimated total burden may be obtained free of charge from the RegInfo.gov website at *http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=201805-1218-004* or by contacting Michel Smyth by telephone at 202–693–4129, TTY 202–693–8064, (these are not toll-free numbers) or by email at *DOL_PRA_PUBLIC@dol.gov.*

Submit comments about this request by mail to the Office of Information and Regulatory Affairs, Attn: OMB Desk Officer for DOL–OSHA, Office of Management and Budget, Room 10235, 725 17th Street NW, Washington, DC 20503; by Fax: 202–395–5806 (this is not a toll-free number); or by email: *OIRA_submission@omb.eop.gov.*

Commenters are encouraged, but not required, to send a courtesy copy of any comments by mail or courier to the U.S. Department of Labor-OASAM, Office of the Chief Information Officer, Attn: Departmental Information Compliance Management Program, Room N1301, 200 Constitution Avenue NW, Washington, DC 20210; or by email: *DOL_PRA_PUBLIC@dol.gov.*

FOR FURTHER INFORMATION CONTACT: Michel Smyth by telephone at 202–693–4129, TTY 202–693–8064, (these are not toll-free numbers) or by email at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: This ICR seeks to extend PRA authority for the Occupational Safety and Health Act (OSH Act) Variance Regulations information collection. The OSH Act allows a covered employer to apply for four (4) different types of variances from the requirements of OSH Act standards. An employer submits a variance application that specifies an alternative means of complying with the requirements of applicable standards to the Agency. The OSHA has developed an information collection for four different optional-use forms (Forms OSHA–5–30–1, OSHA–5–30–2, OSHA–5–30–3, and OSHA–5–30–4) that an employer might use as a template in applying for a variance. While use of the forms is optional, employers are required to submit an application that includes all elements specified in regulations 29 CFR part 1905 in order to receive consideration for a variance. OSH Act sections 2(b)(9), 6, 8(c) and 16 authorize this information collection. *See* 29 U.S.C. 651(b)(9), 655, 657(c), and 665.

This information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless it is approved by the OMB under the PRA and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid Control Number. *See* 5 CFR 1320.5(a) and 1320.6. The DOL obtains OMB approval for this information collection under Control Number 1218–0265.

The DOL seeks to extend PRA authorization for this information collection for three (3) more years, without any change to existing requirements. The DOL notes that existing information collection requirements submitted to the OMB receive a month-to-month extension while they undergo review. For additional substantive information about this ICR, see the related notice published in the **Federal Register** on March 30, 2018 (83 FR 13790).

Interested parties are encouraged to send comments to the OMB, Office of Information and Regulatory Affairs at the address shown in the **ADDRESSES** section within thirty (30) days of publication of this notice in the **Federal Register**. In order to help ensure appropriate consideration, comments should mention OMB Control Number 1218–0265. The OMB is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Agency: DOL–OSHA.

Title of Collection: Occupational Safety and Health Act Variance Regulations.

OMB Control Number: 1218–0265.

Affected Public: Private Sector—businesses or other for-profits.

Total Estimated Number of Respondents: 12.

Total Estimated Number of Responses: 48.

Total Estimated Annual Time Burden: 366 hours.

Total Estimated Annual Other Costs Burden: $0.

Authority: 44 U.S.C. 3507(a)(1)(D).

Michel Smyth,

Departmental Clearance Officer.

[FR Doc. 2018–14475 Filed 7–5–18; 8:45 am]

BILLING CODE 4510–26–P

NATIONAL COUNCIL ON DISABILITY

Sunshine Act Meetings

TIME AND DATES: The Members of the National Council on Disability (NCD)

will hold a quarterly meeting on Wednesday, July 18, 2018, 9:00 a.m.–4:00 p.m., Eastern Time, and Thursday, July 19, 2018, 9:00 a.m.–11:00 a.m., Eastern Time, in Washington, DC.

PLACE: This meeting will occur in Washington, DC, at the Access Board Conference Room, 1331 F Street NW, Suite 800, Washington, DC 20004. Interested parties may join the meeting in person at the meeting location or may join by phone in a listening-only capacity (other than the period allotted for public comment noted below) using the following call-in information: Teleconference number: 1–877–795–3635; Conference ID: 1068537; Conference Title: NCD Meeting; Host Name: Neil Romano.

MATTERS TO BE CONSIDERED: The Council will receive agency updates on policy projects, finance, governance, and other business. The Council Members and staff will then receive its annual ethics training in the morning. Following the training, the Council will receive a presentation on 14(c) of the Fair Labor Standards Act before lunch. Following lunch, the Council will receive a presentation on accessible exam and diagnostic equipment, followed by an update on its 14(c) employment project currently underway. The meeting will then include a time for public comment on NCD's policy priorities for the next fiscal year, before concluding with a brief period for any unfinished business.

AGENDA: The times provided below are approximations for when each agenda item is anticipated to be discussed (all times Eastern):

Wednesday, July 18

9:00–9:15 a.m.—Welcome and introductions
9:15–10:15 a.m.—Annual ethics training
10:15–10:30 a.m.—Break
10:30–11:30 a.m.—14(c) Panel presentation
11:30 a.m.–1:00 p.m.—Lunch Break
1:00–2:00 p.m.—Accessible exam and diagnostic equipment presentation
2:00–2:15 p.m.—Break
2:15–3:15 p.m.—14(c)/employment—updates on project
3:15–3:45 p.m.—Public comments (focused on NCD's newest policy priorities—subminimum wage work regarding use of 14(c) within for-profit supply chains; involuntary institutionalization as a result of natural disaster; bioethics and disability; guardianship issues specific to I/DD populations; centralized accommodation funds for the Federal Government)
3:45–4:00 p.m.—Unfinished business
4:00 p.m.—Adjourn

Thursday, July 19

9:00–9:15 a.m.—Welcome and introductions
9:15–11:00 a.m.—Executive reports (scheduled votes include financial manual update; strategic plan updates; and charter school and vouchers reports)
11:00 a.m.—Adjourn

Public Comment: To better facilitate NCD's public comment, any individual interested in providing public comment is asked to register his or her intent to provide comment in advance by sending an email to *PublicComment@ncd.gov* with the subject line ''Public Comment'' with your name, organization, state, and topic of comment included in the body of your email. Full-length written public comments may also be sent to that email address. All emails to register for public comment at the quarterly meeting must be received by Tuesday, July 17, 2018. Priority will be given to those individuals who are in-person to provide their comments during the public comment period. Those commenters on the phone will be called on per the list of those registered via email. Due to time constraints, NCD asks all commenters to limit their comments to three minutes. Comments received at the May quarterly meeting will be limited to those regarding NCD's newest policy priorities—elimination of 14c; involuntary institutionalization as a result of natural disaster; bioethics and disability; guardianship issues specific to I/DD populations; centralized accommodation funds for the Federal Government.

CONTACT PERSON FOR MORE INFORMATION: Anne Sommers, NCD, 1331 F Street NW, Suite 850, Washington, DC 20004; 202–272–2004 (V), 202–272–2074 (TTY). Accommodations: A CART streamtext link has been arranged for this meeting. The web link to access CART on Wednesday, July 18, 2018 and Thursday, July 19, 2018 is: *http://www.streamtext.net/player?event=NCD-QUARTERLYMEETING.* Those who plan to attend the meeting in-person and require accommodations should notify NCD as soon as possible to allow time to make arrangements. To help reduce exposure to fragrances for those with multiple chemical sensitivities, NCD requests that all those attending the meeting in person refrain from wearing scented personal care products such as perfumes, hairsprays, and deodorants.

Dated: July 3, 2018.

Sharon M. Lisa Grubb,

Acting Executive Director.

[FR Doc. 2018–14688 Filed 7–3–18; 4:15 pm]

BILLING CODE 8421–03–P

NATIONAL SCIENCE FOUNDATION

Committee Management Renewals

The National Science Foundation (NSF) management officials having responsibility for the advisory committees listed below have determined that renewing these groups for another two years is necessary and in the public interest in connection with the performance of duties imposed upon the Director, National Science Foundation (NSF), by 42 U.S.C. 1861 *et seq.* This determination follows consultation with the Committee Management Secretariat, General Services Administration.

Committees

Advisory Committee for Computer and Information Science and Engineering #1115
Advisory Committee for Mathematical and Physical Sciences #66
Advisory Committee for Social, Behavioral, and Economic Sciences #1171
Business and Operations Advisory Committee #9556
Committee on Equal Opportunities in Sciences and Engineering #1173
Proposal Review Panel for Astronomical Sciences #1186
Proposal Review Panel for Chemical, Bioengineering, Environmental, and Transport Systems #1189
Proposal Review Panel for Chemistry #1191
Proposal Review Panel for Civil, Mechanical, and Manufacturing Innovation #1194
Proposal Review Panel for Computer and Network Systems #1207
Proposal Review Panel for Computing & Communication Foundations #1192
Proposal Review Panel for Cyberinfrastructure #1185
Proposal Review Panel for Electrical, Communications, and Cyber Systems #1196
Proposal Review Panel for Engineering Education and Centers #173
Proposal Review Panel for Graduate Education #57
Proposal Review Panel for Human Resource Development #1199
Proposal Review Panel for Information and Intelligent Systems #1200
Proposal Review Panel for Materials Research #1203
Proposal Review Panel for Mathematical Sciences #1204

Proposal Review Panel for Physics #1208
Proposal Review Panel for Polar Programs #1209
Proposal Review Panel for Undergraduate Education #1214

Effective date for renewal is June 29, 2018. For more information, please contact Crystal Robinson, NSF, at (703) 292–8687.

Dated: June 29, 2018.

Crystal Robinson,

Committee Management Officer.

[FR Doc. 2018–14484 Filed 7–5–18; 8:45 am]

BILLING CODE 7555–01–P

NATIONAL SCIENCE FOUNDATION

Sunshine Act Meeting; National Science Board

The National Science Board's Committee on National Science and Engineering Policy (SEP), pursuant to NSF regulations (45 CFR part 614), the National Science Foundation Act, as amended (42 U.S.C. 1862n–5), and the Government in the Sunshine Act (5 U.S.C. 552b), hereby gives notice of the scheduling of a teleconference for the transaction of National Science Board business, as follows:

TIME AND DATE: Tuesday, July 10, 2018 at 1:00 p.m.–2:00 p.m. EDT.

PLACE: This meeting will be held by teleconference at the National Science Foundation, 2415 Eisenhower Avenue, Alexandria, VA 22314. An audio link will be available for the public. Members of the public must contact the Board Office to request the public audio link by sending an email to *nationalsciencebrd@nsf.gov* at least 24 hours prior to the teleconference.

STATUS: Open.

MATTERS TO BE CONSIDERED: Chair's opening remarks; plans for the July SEP meeting and the status of ''Reimagining S&E Indicators''.

CONTACT PERSON FOR MORE INFORMATION: Point of contact for this meeting is: Matt Wilson (*mbwilson@nsf.gov*), 703/292–7000.

Meeting information and updates (time, place, subject matter or status of meeting) may be found at *http://www.nsf.gov/nsb/meetings/notices/.jsp#sunshine.* Please refer to the National Science Board website *www.nsf.gov/nsb* for additional information.

Ann Bushmiller,

Senior Counsel to the National Science Board.

[FR Doc. 2018–14604 Filed 7–3–18; 11:15 am]

BILLING CODE 7555–01–P

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 701151, 700036, 11004036, 11004358, 11004552, 11004670, 11004736, 11004752, 11004918, 11005042, 11005057, 11005536, 11005678, 11005908, 11006001, 11006014, 11006040, 11006060, 11006085, 11006217, 11004990, 11005031, 11005224, 11005357, 11006233, 11005472, 11006011, 11006216, 11005639, 11005030, 11005968; NRC–2018–0135]

Order Approving Indirect Transfer of Control of License: Westinghouse Electric Company, LLC

AGENCY: Nuclear Regulatory Commission.

ACTION: Indirect transfer of license; order.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) issued an Order approving the indirect transfer of several licenses for Westinghouse Electric Company, LLC (Westinghouse). Westinghouse is the holder of special nuclear materials (SNM) license numbers SNM–1107 and SNM–33, which authorize the possession and use of SNM at the Columbia Fuel Fabrication Facility in Hopkins, South Carolina, and Hematite Fuel Fabrication Facility in Festus Township, Missouri, respectively. Westinghouse is also the holder of several export licenses as noted in the Order. The Order approves the indirect transfer of control of the these licenses resulting from the acquisition of Westinghouse's intermediate parent company, TSB Nuclear Energy Services Inc., by Brookfield WEC Holdings Inc., a Delaware limited liability company, which is ultimately owned and controlled by Brookfield Asset Management Inc., a Canadian company. The Order became effective upon issuance.

DATES: The Order was issued on June 28, 2018, and is effective until June 28, 2019.

ADDRESSES: Please refer to Docket ID NRC–2018–0135 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 Web Site:* Go to *http://www.regulations.gov* and search for Docket ID NRC–2018–0135. Address questions about NRC dockets to Jennifer Borges; telephone: 301–287–9127; e-mail: *Jennifer.Borges@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 *http://www.nrc.gov/reading-rm/adams.html.* To begin the search, select ''*ADAMS Public Documents*'' and then select ''*Begin Web-based ADAMS Search.*'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, 301–415–4737, or by e-mail 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. The ADAMS accession number for the package containing the Order and Safety Evaluation Report is ML18162A027.
- *NRC's PDR:* You may examine and purchase copies of public documents at the NRC's PDR, Room O1–F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852.

FOR FURTHER INFORMATION CONTACT: Marilyn Diaz, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301–415–7110, e-mail: *Marilyn.Diazmaldonado@nrc.gov.*

SUPPLEMENTARY INFORMATION: The text of the Order is attached.

Dated at Rockville, Maryland, this 2nd day of July, 2018.

For the Nuclear Regulatory Commission.

Craig G. Erlanger,

Director, Division of Fuel Cycle Safety, Safeguards, and Environmental Review, Office of Nuclear Material Safety and Safeguards.

Attachment—Order Approving Indirect Transfer of Control of License

UNITED STATES OF AMERICA NUCLEAR REGULATORY COMMISSION

In the Matter of Westinghouse Electric Company, LLC.

EA–28–084; Docket Nos. 70–1151, 70–0036, 11004036,11004358, 11004552, 11004670, 11004736,11004752, 11004918, 11005042, 11005057, 11005536, 11005678, 11005908, 11006001, 11006014, 11006040, 11006060,11006085, 11006217, 11004990, 11005031,11005224, 11005357, 11006233, 11005472, 11006011, 11006216, 11005639, 11005030, 11005968

License Nos. SNM–1107, SNM–33, XCOM1014, XCOM1047, XCOM1072, XCOM1082, XCOM1093, XCOM1094, XCOM1102, XCOM1111, XCOM1113, XCOM1116, XCOM1170, XCOM1188, XCOM1219, XCOM1246, XCOM1249, XCOM1252, XCOM1255, XCOM1262, XCOM1298, XSNM3006, XSNM3034, XSNM3163, XSNM3264, XSNM3461, XSNM3702, XSNM3769, XR169, XR176, XR178

ORDER APPROVING THE INDIRECT TRANSFER OF CONTROL OF LICENSES

I

Westinghouse Electric Company, LLC (Westinghouse), is the holder of materials license numbers SNM–1107 and SNM–33, which authorize the possession and use of special nuclear material (SNM) at the Columbia Fuel Fabrication Facility (CFFF) in Hopkins, South Carolina, and Hematite Fuel Fabrication Facility (Hematite) in Festus Township, Missouri, respectively. Westinghouse is also the holder of export license numbers. XCOM1014, XCOM1047, XCOM1072, XCOM1082, XCOM1093, XCOM1094, XCOM1102, XCOM1111, XCOM1113, XCOM1116, XCOM1170, XCOM1188, XCOM1219, XCOM1246, XCOM1249, XCOM1252, XCOM1255, XCOM1262, XCOM1298, XSNM3006, XSNM3034, XSNM3163, XSNM3264, XSNM3461, XSNM3702, XSNM3769, XR169, XR176, and XR178.

II

By letter dated March 21, 2018 (ADAMS Accession Number ML18086B504), and supplemented by letters dated April 10, 2018 (ADAMS Accession Number ML18100B265), April 26, 2018 (ADAMS Accession Number ML18116A673), April 27, 2018 (ADAMS Accession Number ML18123A213), and May 24, 2018 (ADAMS Accession Number ML18144A994) (collectively, the Application), Westinghouse requested the NRC's consent to the indirect transfer of control of the licenses listed above. The Application describes the indirect transfer of control of Westinghouse from Toshiba Corporation (Toshiba) to Brookfield WEC Holdings Inc. (WEC Holdings), which is ultimately owned and controlled by Brookfield Asset Management Inc. (BAM), a Canadian global alternative asset manager, through a series of intermediate holding companies and investment funds.

Westinghouse is currently a wholly owned subsidiary of Toshiba, a Japanese Corporation. On March 29, 2017, Westinghouse and its immediate parent, TSB Nuclear Energy Services Inc. (TSB Services), and other affiliated entities, filed petitions for bankruptcy protection in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court). On January 12, 2018, Brookfield WEC Holdings LLC (BWH), TSB Services, and Toshiba Nuclear Energy Holdings (UK) Limited entered into a Plan Funding Agreement that provides, among other things, for the acquisition by BWH of 100 percent ownership of TSB Services. BWH is a special purpose vehicle established under Delaware law and is ultimately controlled by BAM. Upon closing of the transaction, BWH will assign, and WEC Holdings will assume, the transaction documents and WEC Holdings will acquire Westinghouse. Like BWH, WEC Holdings is also ultimately controlled by BAM through a series of intermediate holding companies and investment funds. At the closing under the transaction, WEC Holdings will have acquired 100 percent ownership of TSB Services and, indirectly, Westinghouse. The transaction is the basis of Westinghouse's Plan of Reorganization that the Bankruptcy Court confirmed on March 28, 2018.

There will be no direct transfer of control involved with the transaction because Westinghouse will continue to be the licensee. There will also be no change in the management or technical personnel responsible for licensed activities. The current safety, security, and licensing organizations within Westinghouse will remain unchanged. Additionally, there are no planned changes in the operational organization, location, facilities, equipment, or procedures associated with the NRC licenses, and there will be no changes in Westinghouse operating procedures, emergency procedures, or decommissioning financial assurance. Because the licensee remains the same, there will be no physical transfer of any records concerning the safe and effective decommissioning of the facility, public dose, and waste disposal, and such records will remain with Westinghouse. No physical or operational changes affecting the Westinghouse sites and licensed activities were proposed in the Application.

Westinghouse requested the NRC's consent to the indirect transfer of control, pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the Act), and Title 10 of the *Code of Federal Regulations* (10 CFR) Sections 70.36 and 110.50. A notice of receipt of the Application and opportunity to request a hearing and provide written comments was published in the **Federal Register** on May 14, 2018 (83 FR 22294). The NRC did not receive any comments or requests for a hearing in response to the notice.

Section 184 of the Atomic Energy Act of 1954 (AEA) provides that no NRC license shall be transferred, assigned, or in any manner disposed of, directly or indirectly, through transfer of control of any license to any person unless the Commission, after securing full information, finds that the transfer is in accordance with the provisions of the AEA, and gives its consent in writing. Pursuant to 10 CFR 70.36, no 10 CFR part 70 license shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, unless the NRC, after securing full information, finds that the transfer is in accordance with the provisions of the Act, and gives its consent in writing. After review of the information in the Application, and relying on the representations and agreements contained in the Application, the NRC staff has determined that WEC Holdings, and ultimately BAM, is qualified to hold the ownership interests previously held by Toshiba, and that the transfer of ownership and operating interests to WEC Holdings, described in the Application, is otherwise consistent with applicable provisions of law and regulations. The NRC staff further finds that the requested transfer of control will not be inimical to the common defense and security or to the health and safety of the public. The findings set forth above are supported by the NRC's Safety Evaluation Report issued with this Order. These findings are subject to the conditions set forth below.

III

Accordingly, pursuant to Sections 161.b., 161.i., 183, and 184 of the Act; 42 U.S.C. 2201(b), 2201(i), 2233, and 2234; and 10 CFR 70.36, IT IS HEREBY

ORDERED that the Application regarding the indirect transfer of control over licenses listed above from Toshiba to WEC Holdings, and ultimately to BAM, is approved, subject to the following conditions:

1. With respect to the licenses listed above, Westinghouse shall continue to abide by all commitments and representations it previously made. These include, but are not limited to, maintaining decommissioning records and financial assurance, conducting decontamination activities, and eventually decommissioning the site.

2. The commitments/representations made in the Application regarding reporting relationships and authority over safety and security matters as well compliance with NRC requirements, shall be adhered to and may not be modified without the prior written consent from the Director, Office of Nuclear Material Safety and Safeguards, or that person's designee.

IT IS FURTHER ORDERED that Westinghouse, at least one (1) business day before all actions necessary to accomplish the indirect transfer of control are completed, shall so inform the Director, Office of Nuclear Material Safety and Safeguards, in writing. Should the proposed indirect transfer not be completed within one year from the date of issuance of this Order, the Order shall become null and void; provided, however, upon timely written application and for good cause shown, such completion date may be extended by Order.

This Order is effective upon issuance.

For further details with respect to this Order, see the Application cited in Section II above, and the Safety Evaluation Report supporting this action (ADAMS Accession No. ML18162A243), which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01–F21, 11555 Rockville Pike (first floor), Rockville, Maryland, and accessible, electronically, through the ADAMS Public Electronic Reading Room, on the Internet, at the NRC Web site, *http://www.nrc.gov/reading-rm/adams.html.* Persons who do not have access to ADAMS, or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR reference staff, by telephone, at 1-800-397–4209, 301-415-4737, or via e-mail, to *pdr@nrc.gov.*

Dated and issued this 28th day of June, 2018.

For the Nuclear Regulatory Commission.

Marc L. Dapas,

Director Office of Nuclear Material Safety and Safeguards.

[FR Doc. 2018–14489 Filed 7–5–18; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2018–0001]

Sunshine Act Meeting Notice

DATE: Weeks of July 9, 16, 23, 30, August 6, 13, 2018.

PLACE: Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Maryland.

STATUS: Public and Closed.

Week of July 9, 2018

There are no meetings scheduled for the week of July 9, 2018.

Week of July 16, 2018—Tentative

There are no meetings scheduled for the week of July 16, 2018.

Week of July 23, 2018—Tentative

There are no meetings scheduled for the week of July 23, 2018.

Week of July 30, 2018—Tentative

There are no meetings scheduled for the week of July 30, 2018.

Week of August 6, 2018—Tentative

There are no meetings scheduled for the week of August 6, 2018.

Week of August 13, 2018—Tentative

There are no meetings scheduled for the week of August 13, 2018.

* * * * *

The schedule for Commission meetings is subject to change on short notice. For more information or to verify the status of meetings, contact Denise McGovern at 301–415–0681 or via email at *Denise.McGovern@nrc.gov.*

* * * * *

The NRC Commission Meeting Schedule can be found on the internet at: *http://www.nrc.gov/public-involve/public-meetings/schedule.html.*

* * * * *

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 notify Kimberly Meyer-Chambers, NRC Disability Program Manager, at 301–287–0739, by videophone at 240–428–3217, or by email at *Kimberly.Meyer-Chambers@nrc.gov.* Determinations on requests for reasonable accommodation will be made on a case-by-case basis.

* * * * *

Members of the public may request to receive this information electronically. If you would like to be added to the distribution, please contact the Nuclear Regulatory Commission, Office of the Secretary, Washington, DC 20555 (301–415–1969), or you may email *Patricia.Jimenez@nrc.gov* or *Wendy.Moore@nrc.gov.*

Dated: July 3, 2018.

Denise L. McGovern,

Policy Coordinator, Office of the Secretary.

[FR Doc. 2018–14635 Filed 7–3–18; 4:15 pm]

BILLING CODE 7590–01–P

PENSION BENEFIT GUARANTY CORPORATION

Proposed Submission of Information Collections for OMB Review; Comment Request; Multiemployer Plan Regulations

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Notice of intention to request extension of OMB approval of information collections.

SUMMARY: The Pension Benefit Guaranty Corporation (PBGC) intends to request that the Office of Management and Budget (OMB) extend approval, under the Paperwork Reduction Act, of collections of information in PBGC's regulations on multiemployer plans under the Employee Retirement Income Security Act of 1974 (ERISA). This notice informs the public of PBGC's intent and solicits public comment on the collections of information.

DATES: Comments must be submitted on or before September 4, 2018.

ADDRESSES: Comments may be submitted by any of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the online instructions for submitting comments.
- *Email: paperwork.comments@pbgc.gov.*
- *Mail or Hand Delivery:* Regulatory Affairs Division, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street NW, Washington, DC 20005–4026.

All submissions received must include the agency's name (Pension Benefit Guaranty Corporation, or PBGC) and refer to the OMB control number(s) and the specific part number(s) of the regulation(s) they relate to. All comments received will be posted

without change to PBGC's website, *www.pbgc.gov.* Copies of the collections of information may also be obtained by writing to Disclosure Division, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street NW, Washington, DC 20005–4026, or calling 202–326–4040 during normal business hours. TTY users may call the Federal relay service toll-free at 800–877–8339 and ask to be connected to 202–326–4040. PBGC's regulations on multiemployer plans may be accessed on PBGC's website at *www.pbgc.gov.*

FOR FURTHER INFORMATION CONTACT: Hilary Duke (*duke.hilary@pbgc.gov*), Assistant General Counsel for Regulatory Affairs, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street NW, Washington DC 20005–4026; 202–326–4400, extension 3839. (TTY users may call the Federal relay service toll-free at 800–877–8339 and ask to be connected to 202–326–4100, ext. 6818, or 202–326–4400, extension 3839.)

SUPPLEMENTARY INFORMATION: OMB has approved and issued control numbers for three collections of information in PBGC's regulations relating to multiemployer plans. These collections of information are described below. OMB approvals for these collections of information expire November 30, 2018. PBGC intends to request that OMB extend its approval of these collections of information for three years. 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. PBGC is soliciting public comments to—

- Evaluate whether the proposed collections of information are necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- evaluate the accuracy of the agency's estimate of the burden of the proposed collections of information, including the validity of the methodologies and assumptions used;
- enhance the quality, utility, and clarity of the information to be collected; and
- minimize the burden of the collections of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

1. Termination of Multiemployer Plans (29 CFR Part 4041A) (OMB Control Number 1212–0020) (Expires November 30, 2018)

Section 4041A(f)(2) of ERISA authorizes PBGC to prescribe reporting requirements and other rules and standards for administering terminated multiemployer plans. Section 4041A(c) and (f)(1) of ERISA prohibit the payment by a mass-withdrawal-terminated plan of lump sums greater than $1,750 or of nonvested plan benefits unless authorized by PBGC.

The regulation requires the plan sponsor of a terminated plan to submit a notice of termination to PBGC. It also requires the plan sponsor of a mass-withdrawal-terminated plan that is closing out to give notices to participants regarding the election of alternative forms of benefit distribution and, if the plan is not closing out, to obtain PBGC approval to pay lump sums greater than $1,750 or to pay nonvested plan benefits.

PBGC uses the information in a notice of termination to assess the likelihood that PBGC financial assistance will be needed. Plan participants and beneficiaries use the information on alternative forms of benefit to make personal financial decisions. PBGC uses the information in an application for approval to pay lump sums greater than $1,750 or to pay nonvested plan benefits to determine whether such payments should be permitted.

PBGC estimates that each year plan sponsors submit notices of termination for ten plans, distribute election notices to participants in three of those plans, and submit requests to pay benefits or benefit forms not otherwise permitted for one of those plans. The estimated annual burden of the collection of information is 69 hours and $50,000.

2. Notice of Insolvency (29 CFR Part 4245) (OMB Control Number 1212–0033) (Expires November 30, 2018)

Section 4245(e) of ERISA requires two types of notice: A ''notice of insolvency,'' stating a plan sponsor's determination that the plan is or may become insolvent, and a ''notice of insolvency benefit level,'' stating the level of benefits that will be paid during an insolvency year. The recipients of these notices are PBGC, contributing employers, employee organizations representing participants, and participants and beneficiaries.

The regulation establishes the procedure for complying with these notice requirements. PBGC uses the information submitted to estimate cash needs for financial assistance to troubled plans. The collective bargaining parties use the information to decide whether additional plan contributions will be made to avoid the insolvency and consequent benefit suspensions. Plan participants and beneficiaries use the information in personal financial decisions.

PBGC estimates that at most one plan sponsor of an ongoing plan gives notices each year under this regulation. The estimated annual burden of the collection of information is 20 hours and $12,000.

3. Duties of Plan Sponsor Following Mass Withdrawal (29 CFR Part 4281) (OMB Control Number 1212–0032) (Expires November 30, 2018)

Section 4281 of ERISA provides rules for plans that have terminated by mass withdrawal. Under section 4281, if nonforfeitable benefits exceed plan assets, the plan sponsor must amend the plan to reduce benefits. If the plan nevertheless becomes insolvent, the plan sponsor must suspend certain benefits that cannot be paid. If available resources are inadequate to pay guaranteed benefits, the plan sponsor must request financial assistance from PBGC.

The regulation requires a plan sponsor to give notices of benefit reduction, notices of insolvency, and notices of insolvency benefit level to PBGC and to participants and beneficiaries and, if necessary, to apply to PBGC for financial assistance.

PBGC uses the information it receives to make determinations required by ERISA, to identify and estimate the cash needed for financial assistance to terminated plans, and to verify the appropriateness of financial assistance payments. Plan participants and beneficiaries use the information to make personal financial decisions.

PBGC estimates that plan sponsors of terminated plans each year will give benefit reduction notices for 1 plan, notices of insolvency for 10 plans, and notices of insolvency benefit level for 55 plans. PBGC also estimates that plan sponsors each year will file initial requests for financial assistance for 10 plans and will submit 300 non-initial applications for financial assistance. The estimated annual burden of the collection of information is 1,300 hours and $615,400.

Issued in Washington, DC.

Hilary Duke,

Assistant General Counsel for Regulatory Affairs, Pension Benefit Guaranty Corporation.

[FR Doc. 2018–14491 Filed 7–5–18; 8:45 am]

BILLING CODE 7709–02–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83566; File No. SR–CboeEDGX–2018–021]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 21.5, Minimum Increments, To Extend the Penny Pilot Program

June 29, 2018.

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 June 26, 2018, Cboe EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(6)(iii) thereunder,[4] which renders it effective upon filing with 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

The Exchange filed a proposal for the EDGX Options Market (''EDGX Options'') to extend through December 31, 2018, the Penny Pilot Program (''Penny Pilot'') in options classes in certain issues (''Pilot Program'') previously approved by the Commission.[5]

The text of the proposed rule change is available at the Exchange's website at *www.markets.cboe.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to extend the Penny Pilot, which was previously approved by the Commission, through December 31, 2018, and to provide revised dates for adding replacement issues to the Pilot Program. The Exchange proposes that any Pilot Program issues that have been delisted may be replaced on the second trading day following July 1, 2018. The replacement issues will be selected based on trading activity for the most recent six month period excluding the month immediately preceding the replacement (*i.e.,* beginning December 1, 2017, and ending May 31, 2018).

The Exchange represents that the Exchange has the necessary system capacity to continue to support operation of the Penny Pilot. The Exchange believes the benefits to public customers and other market participants who will be able to express their true prices to buy and sell options have been demonstrated to outweigh the increase in quote traffic.

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.[6] In particular, the proposal is consistent with Section 6(b)(5) of the Act[7] 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. The Exchange believes that the Pilot Program promotes just and equitable principles of trade by enabling public customers and other market participants to express their true prices to buy and sell options. Accordingly, the Exchange believes that the proposal is consistent with the Act because it will allow the Exchange to extend the Pilot Program prior to its expiration on June 30, 2018. The Exchange notes that this proposal does not propose any new policies or provisions that are unique or unproven, but instead relates to the continuation of an existing program that operates on a pilot basis.

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. In this regard, the Exchange notes that the rule change is being proposed in order to continue the Pilot Program, which is a competitive response to analogous programs offered by other options exchanges. The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

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[8] and Rule 19b–4(f)(6) thereunder.[9] 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.

A proposed rule change filed under Rule 19b–4(f)(6)[10] normally does not become operative prior to 30 days after the date of the filing.[11] However,

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(6)(iii).

[5] The rules of EDGX Options, including rules applicable to EDGX Options' participation in the Penny Pilot, were approved on August 7, 2015. *See* Securities Exchange Act Release No. 75650 (August 7, 2015), 80 FR 48600 (August 13, 2015) (SR–EDGX–2015 18). EDGX Options commenced operations on November 2, 2015.

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

[8] 15 U.S.C. 78s(b)(3)(A)(iii).

[9] 17 CFR 240.19b–4(f)(6).

[10] 17 CFR 240.19b–4(f)(6).

[11] 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 the Exchange's intent to file the proposed rule change along with a brief description and the text of the proposed rule

pursuant to Rule 19b–4(f)(6)(iii),[12] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because doing so will allow the Pilot Program to continue without interruption in a manner that is consistent with the Commission's prior approval of the extension and expansion of the Pilot Program and will allow the Exchange and the Commission additional time to analyze the impact of the Pilot Program.[13] Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.[14]

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)[15] 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 (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–CboeEDGX–2018–021 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR-CboeEDGX–2018–021. 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 (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–CboeEDGX–2018–021 and should be submitted on or before July 27, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14466 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

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 pre-filing requirement.

[12] 17 CFR 240.19b–4(f)(6)(iii).

[13] *See* Securities Exchange Act Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR–NYSEArca–2009–44).

[14] For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[15] 15 U.S.C. 78s(b)(2)(B).

[16] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83569; File No. SR–CboeBZX–2018–049]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 21.5, Minimum Increments, To Extend the Penny Pilot Program

June 29, 2018.

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 June 26, 2018, Cboe BZX Exchange, Inc. (''Exchange'' or ''BZX'') 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 Exchange has designated this proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(6)(iii) thereunder,[4] which renders it effective upon filing with 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

The Exchange filed a proposal to for the BZX Options Market (''BZX Options'') to extend through December 31, 2018, the Penny Pilot Program (''Penny Pilot'') in options classes in certain issues (''Pilot Program'') previously approved by the Commission.[5]

The text of the proposed rule change is available at the Exchange's website at *www.markets.cboe.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(6)(iii).

[5] The rules of BZX Options, including rules applicable to BZX Options' participation in the Penny Pilot, were approved on January 26, 2010. *See* Securities Exchange Act Release No. 61419 (January 26, 2010), 75 FR 5157 (February 1, 2010) (SR–BATS–2009–031). BZX Options commenced operations on February 26, 2010.

the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to extend the Penny Pilot, which was previously approved by the Commission, through December 31, 2018, and to provide revised dates for adding replacement issues to the Pilot Program. The Exchange proposes that any Pilot Program issues that have been delisted may be replaced on the second trading day following July 1, 2018. The replacement issues will be selected based on trading activity for the most recent six month period excluding the month immediately preceding the replacement (*i.e.,* beginning December 1, 2017, and ending May 31, 2018).

The Exchange represents that the Exchange has the necessary system capacity to continue to support operation of the Penny Pilot. The Exchange believes the benefits to public customers and other market participants who will be able to express their true prices to buy and sell options have been demonstrated to outweigh the increase in quote traffic.

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.[6] In particular, the proposal is consistent with Section 6(b)(5) of the Act[7] 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. The Exchange believes that the Pilot Program promotes just and equitable principles of trade by enabling public customers and other market participants to express their true prices to buy and sell options. Accordingly, the Exchange believes that the proposal is consistent with the Act because it will allow the Exchange to extend the Pilot Program prior to its expiration on June 30, 2018. The Exchange notes that this proposal does not propose any new policies or provisions that are unique or unproven, but instead relates to the continuation of an existing program that operates on a pilot basis.

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. In this regard, the Exchange notes that the rule change is being proposed in order to continue the Pilot Program, which is a competitive response to analogous programs offered by other options exchanges. The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[8] and Rule 19b–4(f)(6) thereunder.[9] 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.

A proposed rule change filed under Rule 19b–4(f)(6)[10] normally does not become operative prior to 30 days after the date of the filing.[11] However, pursuant to Rule 19b–4(f)(6)(iii),[12] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because doing so will allow the Pilot Program to continue without interruption in a manner that is consistent with the Commission's prior approval of the extension and expansion of the Pilot Program and will allow the Exchange and the Commission additional time to analyze the impact of the Pilot Program.[13] Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.[14]

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)[15] 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 (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–CboeBZX–2018–049 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

[8] 15 U.S.C. 78s(b)(3)(A)(iii).

[9] 17 CFR 240.19b–4(f)(6).

[10] 17 CFR 240.19b–4(f)(6).

[11] 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 the Exchange's intent to file the proposed rule change along with a brief description and the 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 pre-filing requirement.

[12] 17 CFR 240.19b–4(f)(6)(iii).

[13] *See* Securities Exchange Act Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR–NYSEArca–2009–44).

[14] For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[15] 15 U.S.C. 78s(b)(2)(B).

Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–CboeBZX–2018–049. 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 (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–CboeBZX–2018–049 and should be submitted on or before July 27, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14463 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

[16] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33144]

Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

June 29, 2018.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of June 2018. A copy of each application may be obtained via the Commission's website by searching for the file number, or for an applicant using the Company name box, at *http://www.sec.gov/search/search.htm* or by calling (202) 551-8090. An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on July 24, 2018, and should be accompanied by proof of service on 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 writing to the Commission's Secretary.

ADDRESSES: The Commission: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

FOR FURTHER INFORMATION CONTACT: Shawn Davis, Branch Chief, at (202) 551- 6413 or Chief Counsel's Office at (202) 551–6821; SEC, Division of Investment Management, Chief Counsel's Office, 100 F Street NE, Washington, DC 20549–8010.

AB Government Exchange Reserves [File No. 811–08294]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. The applicant has transferred its assets to AB Government Money Market Portfolio, a series of AB Fixed-Income Shares, Inc., and, on November, 10, 2017, made a final distribution to its shareholders based on net asset value. Expenses of $201,740 incurred in connection with the reorganization were paid by the applicant and the acquiring fund.

Filing Dates: The application was filed on May 25, 2018, and amended on June 13, 2018.

Applicant's Address: 1345 Avenue of the Americas, New York, New York 10105.

Avenue Mutual Funds Trust [File No. 811–22677]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On March 14, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of $216,484.42 incurred in connection with the liquidation were paid by the applicant and the applicant's investment adviser.

Filing Date: The application was filed on May 25, 2018.

Applicant's Address: 399 Park Avenue, 6th Floor, New York, New York 10022.

Context Capital Funds [File No. 811–22897]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On March 28, 2018, applicant made liquidating distributions to its shareholders, based on net asset value. Expenses of $27,652 incurred in connection with the liquidation were paid by the applicant's investment adviser.

Filing Date: The application was filed on June 15, 2018.

Applicant's Address: 401 City Ave, Suite 800, Bala Cynwyd, Pennsylvania 19004.

Freshstart Venture Capital Corp. [File No. 811–05169]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant has elected status as a business development company under the Act and maintains its current portfolio, debts and other liabilities. Applicant will pay any outstanding or other liabilities as they come due in the ordinary course of business.

Filing Date: The application was filed on May 29, 2018.

Applicant's Address: 437 Madison Avenue, 38th Floor, New York, New York 10022.

Legg Mason Global Asset Management Variable Trust [File No. 811–22910]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On November 30, 2016, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of $4,306 incurred in connection with the liquidation were paid by the applicant's investment adviser.

Filing Date: The application was filed on May 23, 2018.

Applicant's Address: 100 International Drive, 7th Floor, Baltimore, Maryland 21202.

Morgan Stanley Select Dimensions Investment Series [File No. 811–07185]

Summary: Applicant seeks an order declaring that it has ceased to be an

investment company. On September 29, 2017, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of $51,000 incurred in connection with the liquidation were paid by the applicant.

Filing Dates: The application was filed on May 30, 2018, and amended on June 14, 2018.

Applicant's Address: c/o Morgan Stanley Investment Management Inc., 522 Fifth Avenue, New York, New York 10036.

Oppenheimer Global Multi-Alternatives Fund [File No. 811–22760]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On March 9, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of $11,608 incurred in connection with the liquidation were paid by the applicant's investment adviser.

Filing Date: The application was filed on June 6, 2018.

Applicant's Address: 6803 S. Tucson Way Centennial, Colorado 80112.

Oppenheimer Global Multi Strategies Fund [File No. 811–21918]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On March 16, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of $14,223 incurred in connection with the liquidation were paid by the applicant's investment adviser.

Filing Date: The application was filed on June 12, 2018.

Applicant's Address: 6803 S. Tucson Way Centennial, Colorado 80112.

Oppenheimer Rochester Maryland Municipal Fund [File No. 811–21878]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On March 23, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of approximately $11,480 incurred in connection with the liquidation were paid by the applicant's investment adviser.

Filing Date: The application was filed on June 12, 2018.

Applicant's Address: 6803 S. Tucson Way Centennial, Colorado 80112.

Oppenheimer Rochester Virginia Municipal Fund [File No. 811–21884]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On March 23, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of approximately $12,230 incurred in connection with the liquidation were paid by the applicant's investment adviser.

Filing Date: The application was filed on June 12, 2018.

Applicant's Address: 6803 S. Tucson Way Centennial, Colorado 80112.

PNMAC Mortgage Opportunity Fund, LLC [File No. 811- 22229]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant is liquidating and will make a final distribution, promptly following its deregistration, on the basis of net assets and pro rata based on share ownership after payment of any liabilities or expenses in connection with the liquidation. Expenses of $10,000 incurred in connection with the liquidation have been paid by the applicant. Applicant also has retained approximately $1.3 million for the purpose of paying liabilities and expenses incurred in connection with the liquidation.

Filing Dates: The application was filed on May 23, 2018, and amended on June 20, 2018 and June 29, 2018.

Applicant's Address: 3043 Townsgate Road, Westlake Village, California 91361.

PNMAC Mortgage Opportunity Fund LP [File No. 811- 22228]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant is liquidating and will make a final distribution, promptly following its deregistration, on the basis of net assets and pro rata based on share ownership after payment of any liabilities or expenses in connection with the liquidation. Expenses of $10,000 incurred in connection with the liquidation have been paid by the applicant. Applicant also has retained approximately $1.2 million for the purpose of paying liabilities and expenses incurred in connection with the liquidation.

Filing Dates: The application was filed on May 23, 2018, and amended on June 20, 2018.

Applicant's Address: 3043 Townsgate Road, Westlake Village, California 91361.

Triloma EIG Energy Income Fund [File No. 811–23040]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On May 15, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of $443,746 incurred in connection with the liquidation were paid by the applicant and the applicant's investment adviser and/or an affiliate thereof. Applicant has retained $121,293 in cash and cash equivalents for the purpose of paying claims and obligations of the fund.

Filing Dates: The application was filed on May 23, 2018, and amended on June 13, 2018.

Applicant's Address: 201 North New York Avenue, Suite 200, Winter Park, Florida 32789.

Triloma EIG Energy Income Fund—Term I [File No. 811–23032]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On May 15, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of $393,746 incurred in connection with the liquidation were paid by the applicant and the applicant's investment adviser and/or an affiliate thereof. Applicant has retained $108,294 in cash and cash equivalents for the purpose of paying claims and obligations of the fund.

Filing Dates: The application was filed on May 23, 2018, and amended on June 13, 2018.

Applicant's Address: 201 North New York Avenue, Suite 200, Winter Park, Florida 32789.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14458 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83572; File No. SR–MSRB–2018–05]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Revise the Content Outline and Selection Specifications for the Series 52 Examination and To Revise the Content Outlines for the Series 50, Series 51 and Series 53 Examinations

June 29, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the

''Act'' or ''Exchange Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 25, 2018 the Municipal Securities Rulemaking Board (the ''MSRB'' or ''Board'') 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 MSRB. 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 MSRB filed with the Commission proposed (i) revisions to the content outline and selection specifications for the Municipal Securities Representative Qualification Examination (''Series 52 exam'') [3] to remove general securities knowledge content as part of modifications to the MSRB's qualification examination program; [4] (ii) revisions to the content outline for the Municipal Fund Securities Limited Principal Qualification Examination (''Series 51 exam'') to reflect changes to laws, rules and regulations covered by the examination [5] in response to amendments to the tax code following the enactment of the Jobs Act; [6] and (iii) revisions to the content outlines for the Municipal Securities Principal Qualification Examination (''Series 53 exam'') and Municipal Advisor Representative Qualification Examination (''Series 50 exam'') [7] to delete or update subject matter topics to reflect current references and nomenclatures and to update current rule citations as part of the MSRB's periodic review of its content outlines (collectively, the ''proposed revisions to the content outlines''). The MSRB is not proposing any textual changes to its rules.

The proposed revisions to the content outlines have been filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act [8] and Rule 19b–4(f)(1) thereunder.[9] The implementation date for the revised Series 52 exam content outline and selection specifications will be October 1, 2018, to coincide with the modifications to the MSRB's qualification examination program and launch of the SIE exam, while the technical amendments to the content outlines for the Series 50 exam, Series 51 exam and Series 53 exam will be announced by the MSRB and implemented no sooner than 30 days after filing with the SEC.

The text of the proposed rule change is available on the MSRB's website at *www.msrb.org/Rules-and-Interpretations/SEC-Filings/2018-Filings.aspx,* at the MSRB's principal office, and at the Commission's Public Reference Room.

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 MSRB 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 MSRB 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 MSRB is charged with setting professional qualification standards for brokers, dealers, and municipal securities dealers (collectively, ''dealers''), and municipal advisors. Specifically, Section 15B(b)(2)(A) of the Act authorizes the MSRB to prescribe ''standards of training, experience, competence, and such other qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.'' [10] A professional qualification examination is intended to determine whether an individual meets the MSRB's required qualification standards. More specifically, the MSRB has developed professional qualification examinations that are designed to establish that persons associated with a dealer who engage in municipal securities activities and persons associated with a municipal advisor who engage in municipal advisory activities have demonstrated minimum levels of competence and knowledge of the municipal market activities they engage in, as well as the regulatory requirements applicable to a particular qualification category.

The content outline for each MSRB examination serves as a guide to the subject matter tested on the examination and prescribes the baseline knowledge required in each functional area that is specific to the role and responsibilities of associated persons. In addition, the MSRB provides sample questions in the content outlines that are similar to the type of questions that may be found on an examination. The MSRB periodically reviews the content outline for each examination to determine whether revisions are necessary or appropriate in light of changes to rules or rule interpretations, or subject matter covered by the examinations.

The MSRB is proposing to standardize certain information that appears across the content outlines for the Series 50 exam, Series 51 exam, Series 52 exam and Series 53 exam as well as to make technical changes to the format of each of the exam content outlines. Specifically, the proposed revisions applicable to each content outline are as follows: (i) Update the introductory

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Series 52 exam selection specifications have been submitted to the Commission under a separate cover with a request for confidential treatment pursuant to SEC Rule 24b–2. The MSRB also is proposing corresponding revisions to the bank of examination questions for the Series 52 exam. The MSRB is submitting this filing for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(1) thereunder and, based on established instructions from the Commission staff, is not filing the Series 52 exam question bank for Commission review. *See* Letter to Diane G. Klinke, General Counsel, MSRB, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000. The question bank is otherwise available for Commission review.

[4] On June 8, 2018, the MSRB filed amendments to MSRB Rule G–3, on professional qualification requirements, to modify the MSRB's qualification examination program by, among other things, accepting the Financial Industry Regulatory Authority's (FINRA) Securities Industry Essentials Examination (''SIE exam'') as a prerequisite to qualification as a municipal securities representative and further tailor the Series 52 exam as a specialized knowledge exam. The SIE exam, a general knowledge exam, will test fundamental securities-related knowledge, including knowledge of basic products, the structure and function of the securities industry, the regulatory agencies and their functions. *See* Exchange Act Release No. 83483 (June 20, 2018) (Notice of Filing and Immediate Effectiveness) (SR–MSRB–2018–04).

[5] MSRB staff reviewed the Series 51 exam bank and removed or updated the impacted questions relating to 529 plans and municipal fund securities to align with the Tax Cuts and Jobs Act of 2017 (''Jobs Act'') effective date of January 1, 2018. Thus, because of the changes to the affected examination items, revisions to the Series 51 exam content outline are required. For example, deleting the term ''college'' from the phrase ''529 college savings plans'' to reflect that the tax code now allows for money saved in a 529 plan to be used for qualified K–12 education expenses.

[6] Public Law 115–97, 131 Stat. 2054 (2017).

[7] In addition to these examinations, the MSRB is in the process of developing another professional qualification examination, the Municipal Advisor Principal Qualification Examination (Series 54 exam). The MSRB anticipates filing a proposed rule change regarding the development of the Series 54 exam, including a proposed content outline, in August 2018.

[8] 15 U.S.C. 78s(b)(3)(A).

[9] 17 CFR 240.19b–4(f)(1).

[10] 15 U.S.C. 78*o*–4(b)(2)(A).

statement to clarify the intended goal of the content outline; (ii) streamline details regarding the purpose of the examination and the review process of the examination question bank; (iii) provide information on the intention of pretesting questions; (iv) retire old sample questions and provide a new set of sample questions for each exam; and (v) replace the current list of reference materials with a list of government and self-regulatory organization websites.

A more detailed summary of changes to the content outline for each examination is outlined below.

Revisions to the Current Series 52 Content Outline

With the recently filed rule change to modify the MSRB's professional qualification examination program,[11] as of October 1, 2018, the new, restructured examination format for the Series 52 exam will require individuals to take and pass the SIE exam [12] and the revised Series 52 exam to be qualified as a municipal securities representative pursuant to Rule G–3.[13] The MSRB's Series 52/53 Subcommittee of the Professional Qualification Advisory Committee has worked to revise the Series 52 exam question bank and content outline to reduce areas of duplication with the content to be tested on the SIE exam. Upon the filing of the proposed revisions to the content outlines, the MSRB will make available on its website, in addition to the current Series 52 exam content outline, the revised Series 52 exam content outline that will apply to the revised Series 52 exam effective October 1, 2018. Individuals who open an exam enrollment window prior to October 1, 2018 will be enrolling to take the current Series 52 exam, whereas individuals who open an exam enrollment window on or after October 1, 2018 will be enrolling to take the revised Series 52 exam as well as the SIE exam.

The number of scored questions on the revised Series 52 exam will be reduced from 115 multiple-choice questions to 75 multiple-choice questions. Additionally, the test time, which is the amount of time individuals would have to complete the examination questions, will be reduced from three and one-half hours to two and one-half hours. As currently is the case, each multiple-choice question would be worth one point and the passing score will remain 70%.

Below is a summary of the proposed revisions to the Series 52 exam content outline, which removes duplicative general knowledge content that will appear on the SIE exam, and updates or deletes reference information appearing on the outline to provide greater clarity on topic areas covered on the exam. As previously referenced, the selection specifications for the Series 52 exam submitted to the Commission under a separate cover describe additional confidential information regarding the Series 52 exam.

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- Subtopics area being removed under each topic header.
- Part 2 on ''U.S. Government, Federal Agency and Other Financial Instruments'' is being removed; the other parts are being renumbered accordingly.[14]
- The following attachments: ''Attachment A: Contents of a Typical Notice of Bond Sale'' and ''Attachment B: Outline of a Typical Official Statement'' are being removed in addition to references to the attachments within the outline.
- ''Reference Material'' is being revised to ''References.''

Introduction

The Examination

- The percentages assigned to each topic on the Series 52 exam are being adjusted due to the deletion of the topic ''U.S. Government, Federal Agency and Other Financial Instruments'' with the (4%) weighting for that topic reallocated to other topic areas; the revised percentages for each topic area will be: Municipal Securities—(60%); Economic Activity, Government Policy and the Behavior of Interest Rates—(14%); and Securities Laws and Regulations—(26%).
- The reference to the number of questions on the Series 52 exam is being revised to update the number from 115 to 75 multiple-choice questions and the time to complete the exam adjusted from ''three and one-half hours'' to ''two and one-half hours.''

Part 1: Municipal Securities

- The parenthetical to the topic header is being revised from 57% to 60%.
- The following subtopics are being revised:
  - 1.2.1.1 on ''method of quotations'' is being revised to add ''bid/ask spread;''
  - 1.3.1.2.4 the acronym ''EMMA'' is being revised to ''Electronic Municipal Market Access website;''
  - 1.3.1.2.5 on ''new issue wires'' is being revised to ''new issue/commitment wires;''
  - 1.3.2.2 on ''information sources'' is being revised to remove the phrase ''alternative trading systems (ATS)'' and the phrase is being added to 1.3.2.3 on the subtopic of ''market participants;''
  - 1.3.2.4.1 on ''kinds of transactions'' is being revised to add ''riskless principal;'' and
  - 1.3.3.1 on ''published indices'' is being revised to add the abbreviation for ''ICE'' to the parenthetical for ''London Interbank Offered Rate.''
- Subtopic headers 1.5.2 on ''relationship of bond prices to change in maturity'' and 1.5.9 on ''day-count basis of computations of dollar price and accrued interest'' are being removed; and the section renumbered accordingly.

Part 2: Economic Activity, Government Policy and the Behavior of Interest Rates

- The parenthetical to the topic header is being revised from 13% to 14%.
- Topic headers and subtopics are being renumbered in their entirety from part 3 to part 2.
- Under the topic header ''monetary policy'' the subtopics on ''objectives of Federal Reserve monetary policy;'' ''operating tools of the Federal Reserve;'' and ''operations of the Federal Reserve'' are being removed.

Part 3: Securities Laws and Regulations

- Topic headers and subtopics are being renumbered in their entirety from part 4 to part 3.
- Topic headers on 4.2–4.2.2 on ''SIPC'' are being removed.
- The following subtopics are being revised:
  - 4.3.4 on ''delivery of investor brochure'' is being revised to ''investor and municipal advisory client education and protection;''
  - 4.3.7 on ''quotations and sales reports'' is being revised to ''quotations and reports of sales or purchases (transaction reporting);''
  - 4.3.8 on ''confirmation, clearance, settlement and other uniform practice

[11] *See supra* note 4.

[12] FINRA filed the content outline for the SIE exam earlier this year. *See* Exchange Act Release No. 82578 (January 24, 2018), 83 FR 4375 (January 30, 2018) (SR–FINRA–2018–002).

[13] An individual does not have to take the SIE exam before taking the revised Series 52 exam, but an individual will not be qualified as a municipal securities representative until passing both the SIE exam and the revised Series 52 exam.

[14] The subject matter ''U.S. Government, Federal Agency and Other Financial Instruments'' is proposed for deletion from the Series 52 exam to avoid duplication of subject matter that will be covered on the SIE exam. *See supra* note 13.

requirements'' is being revised to add the parenthetical ''minimum denominations;'' and 4.3.10 on ''best execution'' is being revised to add the parenthetical ''execution quality.''

• Topic headers 4.3.25 on ''calculations;'' 4.3.29 on ''telemarketing;'' and 4.3.30 on ''anti-money laundering compliance program'' are being removed.

Revisions to Other MSRB Content Outlines

Below is a summary of the proposed revisions to the content outlines for the Series 50 exam, Series 51 exam and Series 53 exam as part of the MSRB's periodic review of the content outlines for its examinations. The proposed revisions to the content outlines are technical in nature to delete or update topics to reflect current references and nomenclatures and to update current rule requirements and citations where identified. The proposed revisions to the content outlines for the Series 50 exam, Series 51 exam and Series 53 exam do not alter the content, specifications or scoring of these examinations.

Municipal Fund Securities Representative Examination—Series 51

Introduction

• Footnote 1 referencing Rule D–12 is being removed.

Part 2: Product Knowledge

• Subtopic header 2.3.2 on ''529 college savings plans'' is being revised to ''529 savings plans.''

• Under the subtopic header 2.3.2.1 on ''federal tax law issues'' the term ''higher'' is being removed as part of the explanatory description.

• Under the subtopic header 2.3.3 on ''education savings alternatives'' the term 'UGMA'' is being removed as part of the explanatory description.

Part 3: General Supervision

• Topic header 3.2 on ''availability of MSRB rules'' is being revised to ''availability of Board rules.''

Part 4: Fair Practice and Conflicts of Interest

• Subtopic header 4.3.1 on ''fair dealing'' is being revised to ''conduct of municipal securities and municipal advisory activities.''

Part 5: Sales Supervision

• Subtopic header 5.5.3 on ''delivery of MSRB investor brochure'' is being revised to ''investor and municipal advisory client education and protection.''

Part 7: Operations

• The following subtopics are being revised:

○ 7.1 on ''confirmation of transactions'' is being revised to ''confirmation, clearance, settlement and other uniform practice requirements with respect to transactions with customers;'' and

○ 7.3 on ''books and records'' is being revised to ''books and records to be made by brokers, dealers, and municipal securities dealers and municipal advisors.''

Municipal Securities Principal Examination—Series 53

Introduction

• Footnote 1 on referenced MSRB rules is being removed and all other footnotes renumbered.

Part 2: General Supervision

• The following subtopics are being revised:

○ 2.2.1.5. on ''classification of principals and representatives and qualification requirements'' is being revised to ''professional qualification requirements;''

○ 2.4.1.1 on ''fair dealing rule'' is being revised to ''conduct of municipal securities and municipal advisory activities;''

○ 2.4.3 on ''gifts and gratuities'' is being revised to ''gifts, gratuities, non-cash compensation and expenses of issuance;'' and

○ 2.4.4 on ''political contributions and prohibition from engaging in municipal securities business'' is being revised to ''political contributions and prohibitions on municipal securities business.''

• Under the subtopic header 2.4.6.4 on ''product advertisements for municipal fund securities'' the term ''college'' is being removed from the parenthetical phrase ''including 529 college savings plans.''

Part 3: Sales Supervision

• The following subtopics are being revised:

○ 3.3.4 on ''sophisticated municipal market professionals (SMMP)'' is being revised to ''transactions with sophisticated municipal market professionals (SMMP);''

○ 3.4.5 on ''prohibition against reciprocal dealings with municipal securities investment companies'' is being revised to ''reciprocal dealings with municipal securities investment companies;'' and

○ 3.6.3 on ''delivery of investor brochure'' is being revised to ''investor and municipal advisory client education and protection.''

Part 4: Origination and Syndication

• The following subtopics are being revised:

○ 4.1 on ''financial advisors'' is being revised to ''activities of financial advisors;''

○ 4.2. on ''new issue syndicate practices'' is being revised to ''primary offering practices;''

○ 4.2.3 on ''disclosures in connection with new issues'' is being revised to ''disclosures in connection with primary offerings;'' and

○ 4.2.3.2 on ''underwriter submissions to EMMA'' is revised to spell out ''EMMA'' as ''Electronic Municipal Market Access.''

Part 5: Trading

• The subtopic header 5.5 on ''recordkeeping responsibilities'' is being revised to ''books and records to be made by brokers, dealers, municipal securities dealers and municipal advisors.''

Municipal Advisor Representative Examination—Series 50

• Section headers revised from ''function'' to ''part;'' references to ''college'' removed from ''529 savings plans.''

Eligibility Requirements

• The sentence, ''In order to register for the Series 50 examination, a candidate must be associated with a municipal advisor firm that is registered with both the Securities and Exchange Commission and the MSRB'' is being removed to reflect changes in processes post-September 12, 2017.

More specifically, the above referenced sentence refers to the eligibility requirement that was put into place during the period in which persons were able to engage in municipal advisory activities on behalf of a municipal advisor prior to being qualified as a municipal advisor representative. Currently, an individual must take and pass the Series 50 exam prior to engaging in municipal advisory activities on behalf of a municipal advisor.[15]

As noted above, the MSRB has designated the proposed revisions to the content outlines for immediate effectiveness. The implementation date for the revised Series 52 exam content outline and selection specifications will be October 1, 2018, to coincide with the modifications to the MSRB's qualification examination program, while the technical amendments to the

[15] *See* FAQs on Municipal Advisor Professional Qualification and Examination Requirements (May 2018).

content outlines for the Series 50 exam, Series 51 exam and Series 53 exam will be announced by the MSRB and implemented no sooner than 30 days after filing with the SEC.

2. Statutory Basis

The MSRB believes that the proposed revisions to the content outlines are consistent with Section 15B(b)(2)(A) of the Act,[16] which authorizes the MSRB to prescribe ''standards of training, experience, competence, and such other qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons'' and Section 15B(b)(2)(C) of the Act,[17] which requires, among other things, that MSRB rules ''be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, . . . and, in general, to protect investors, municipal entities, obligated persons, and the public interest. . .'' Section 15B(b)(2)(A) of the Act[18] provides the MSRB with authority to establish standards of competence. The MSRB's professional qualification examinations are designed to measure knowledge of the business activities and the regulatory requirements, including MSRB rules, rule interpretations and federal law, applicable to a particular qualification category.

The proposed revisions to the Series 52 exam content outline and selection specifications are consistent with Section 15B(b)(2)(A) of the Act[19] because ensuring the Series 52 exam is uniquely tailored to the relevant laws, rules and regulations of the municipal securities market ensures that municipal securities representatives attain a specified level of competence that would be appropriate and in furtherance of the public interest. Additionally, removal of the general securities knowledge content currently on the Series 52 exam would provide the MSRB with greater flexibility to adapt the Series 52 exam to more specifically address municipal securities knowledge and, in doing so, deepening municipal professionals' knowledge base in the interest of investor protection. Also, proposed revisions to the content outlines for MSRB-owned examinations (the Series 50 exam, Series 51 exam and Series 53 exam) to reflect current references and nomenclatures and to update current rule requirements and citations where identified are likewise consistent with the purpose of Section 15B(b)(2)(A) of the Act[20] because providing individuals with a current guide to the subject matter covered on the examinations can aid individuals' preparation for such professional qualification examinations and facilitates standards of competence in furtherance of the public interest.

The proposed revisions to the Series 52 exam content outline together with the MSRB's larger effort to modify its current qualification program are designed to achieve the stated objective of Section 15B(b)(2)(C) of the Act[21] to foster the prevention of fraudulent practices by enhancing the overall professional qualification program and establishing standards for professionals in the municipal securities market. Additionally, ensuring municipal securities professionals are familiar with the rules and regulations that would be applicable to their role and responsibilities in the municipal securities market is in furtherance of and consistent with Section 15B(b)(2)(C) of the Act[22] to facilitate the prevention of fraudulent practices.

B. Self-Regulatory Organization's Statement on Burden on Competition

The MSRB does not believe that the proposed revisions to the content outlines will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed revisions to the Series 52 exam content outline and changes to the selection specifications for the Series 52 exam to reflect a more tailored Series 52 exam would ensure the standard for qualification remains robust to maintain an efficient and effective qualification examination program. Additionally, the proposed revisions to the content outlines for the Series 50 exam, Series 51 exam and Series 53 exam remain in alignment with the functions and associated tasks currently performed by municipal securities representatives, municipal fund securities limited principals, municipal securities principals and municipal advisor representatives as well as serve as a guide to the subject matter tested on the examinations with respect to the relevant laws, rules and regulations. Additionally, the proposed revisions to the content outlines for the Series 50 exam, Series 51 exam and Series 53 exam do not alter the content, specifications or scoring of these examinations.

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[23] and paragraph (f)(1) of Rule 19b–4 thereunder.[24] At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–MSRB–2018–05 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR–MSRB–2018–05. 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 (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the

[16] 15 U.S.C. 78*o*–4(b)(2)(A).

[17] 15 U.S.C. 78*o*–4(b)(2)(C).

[18] 15 U.S.C. 78*o*–4(b)(2)(A).

[19] *Id.*

[20] *Id.*

[21] 15 U.S.C. 78*o*–4(b)(2)(C).

[22] *Id.*

[23] 15 U.S.C. 78s(b)(3)(A).

[24] 17 CFR 240.19b–4(f)(1).

provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–MSRB–2018–05 and should be submitted on or before July 27,2018.

For the Commission, pursuant to delegated authority.[25]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14469 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83560; File No. SR–NYSE–2018–30]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Provide for the Listing of Exchange Traded Products With No Component NMS Stock Listed on the Exchange, Amend Its Rules Regarding Unlisted Trading Privileges, and Make Corresponding Changes

June 29, 2018.

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 June 15, 2018, New York Stock Exchange LLC (''NYSE'' 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 proposes to to [sic] amend its rules to (1) provide for the listing of exchange traded products (''ETPs'') that do not have any component NMS Stock[4] that is listed on the Exchange or that is based on, or represents an interest in, an underlying index or reference asset that includes an NMS Stock listed on the Exchange; (2) delete certain redundant listing rules that would be superseded by these initial and continued listing and trading requirements for the listing of ETPs; and (3) make changes to its unlisted trading privileges (''UTP'') Rule 5.1(a)(2), as well as certain supplementary changes throughout Rules 5P and 8P, to conform to the rules of the Exchange's affiliate, NYSE National, Inc. (''NYSE National''). The proposed rule change is available on the Exchange's website at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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 amend its rules to provide for the listing of Exchange Traded Products (''ETPs'') that do not have any component NMS Stock that is listed on the Exchange or that is based on, or represents an interest in, an underlying index or reference asset that includes an NMS Stock listed on the Exchange; (2) delete certain redundant listing rules that would be superseded by these initial and continued listing and trading requirements for the listing of ETPs; and (3) make changes to its unlisted trading privileges (''UTP'') Rule 5.1(a)(2), as well as certain supplementary changes throughout Rules 5P and 8P, to conform to the rules of the Exchange's affiliate, NYSE National, Inc. (''NYSE National'').

Background

Currently, the Exchange trades ETPs on an UTP basis only pursuant to Rules 5P and 8P.[5] In the NYSE ETP Listing Rules Filing, the Exchange represented that Rules 5P and 8P would contain initial and continued listing and trading requirements for ETPs, but that they would apply only to the trading pursuant to UTP of ETPs on the Exchange.[6] Accordingly, the Exchange included preambles to both Rules 5P and 8P that provide that ''the provisions of this Rule [5P/8P] shall apply to the trading pursuant to UTP of Exchange Traded Products on the Exchange. This Rule [5P/8P] shall not apply to the listing of Exchange Traded Products on the Exchange.'' Rule 5.1(a)(1), which was adopted in the NYSE ETP Listing Rules Filing, further provides that ''the provisions of Rules 5P and 8P that permit the listing of Exchange Traded Products would not be effective until the Exchange files a proposed rule change to amend its rules to comply with Rules 10A–3 and 10C–1 under the Exchange Act and to incorporate qualitative listing criteria, and such proposed rule change is approved by the Commission.'' Because Rules 5P and 8P were designed to support the trading of ETPs on a UTP basis only, the Exchange did not change any of its rules relating to the listing of ETPs.

Proposed Rule Changes To Provide for Listing of Certain ETPs

The Exchange is proposing to list certain ETPs. Specifically, the Exchange proposes to list ETPs that meet the requirements of Rules 5P and 8P, provided such ETPs do not have any component NMS Stock that is listed on the Exchange or that is based on, or represents an interest in, an underlying index or reference asset that includes an

[25] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] NMS Stock is defined in Rule 600 of Regulation NMS, 17 CFR 242.600(b)(47).

[5] *See,* Securities Exchange Act Release No. 80214 (March 10, 2017), 82 FR 14050 (March 16, 2017) (SR–NYSE–2016–44) (Approval Order) (''NYSE ETP Listing Rules Filing''). In connection with the Exchange's implementation of Pillar for Tape B and C securities, NYSE filed several additional rule changes. *See* Securities Exchange Act Release Nos. 76803 (December 30, 2015), 81 FR 536 (January 6, 2016) (SR–NYSE–2015–67) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change); 81225 (July 27, 2017), 82 FR 36033 (August 2, 2017) (SR–NYSE–2017–35) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change); and 82945 (March 26, 2018), 83 FR 13553 (March 29, 2018) (SR–NYSE–2017–36) (Approval Order) (''NYSE Trading Rules Filing'').

[6] *See id.* NYSE ETP Listing Rules Filing.

NMS Stock listed on the Exchange.[7] ETPs listed on the Exchange would be a ''Tape A'' listing and would be traded pursuant to the rules applicable to NYSE-listed securities. To allow the Exchange to list these ETPs, the Exchange proposes the changes described below.

To allow the listing of certain ETPs, the Exchange proposes to delete the preambles to Rules 5P and 8P, which currently state that the rules shall apply to the trading pursuant to UTP of ETPs only, and that the Rules shall not apply to the listing of ETPs on the Exchange. By deleting these preambles, the Exchange would be permitted to list ETPs that meet the initial and continued listing requirements in these Rules. Further, the Exchange proposes to add new preambles to Rules 5P and 8P that would state that the Exchange would not list any ETPs under either Rules 5P or 8P ''that have any component NMS Stock that is listed on the Exchange or that is based on, or represents an interest in, an underlying index or reference asset that includes an NMS Stock listed on the Exchange.''

In addition, because the Exchange proposes to list certain ETPs, it proposes to add text to the preamble to Rules 1P–13P that provides that Rules 5P and 8P, and related definitions in Rule 1P, would be applicable to listing of ETPs on the Exchange.

The Exchange also proposes to amend Rule 5.1(a)(1), which is the Exchange's general rule that allows the Exchange to extend UTP to any security that is an NMS Stock, as follows:

- First, the Exchange proposes to delete the following clause: ''notwithstanding the requirements for listing set forth in the Rules.'' This clause is no longer necessary because the Exchange is proposing to list securities under Rule 5P.[8]
- Second, because ETPs listed on the Exchange would not be traded on the Pillar platform at this time, the Exchange is proposing to delete the reference to ''Pillar trading platform'' and replace it with a reference to the ''Exchange.'' Accordingly, any security listed or traded pursuant to UTP under Rule 5P would be subject to all Exchange trading rules applicable to securities trading on the Exchange.[9]
- Third, the Exchange proposes to delete the sentence in Rule 5.1(a)(1) that states that the Exchange may not list any ETPs.

Finally, the Exchange proposes to add the words ''Unlisted Trading Privileges'' to the title of Rule 5.1, to better describe the provisions in that rule.

Compliance With Rules 10A–3 and 10C–1 Under the Act

Rule 5.1(a)(1) currently includes a clause that states that the provisions of Rules 5P and 8P that permit the listing of Exchange Traded Products would not be effective until the Exchange files a proposed rule change to amend its rules to comply with Rules 10A–3 and 10C–1 under the Act and to incorporate qualitative listing criteria, and such proposed rule change is approved by the Commission. These Commission rules require exchanges to establish rules that require their listed companies' audit and compensations committees meet specified standards.

The Exchange implemented the requirements of Rules 10A–3 and 10C–1 under the Act by adding Section 303A to the NYSE Listed Company Manual (''LCM'').[10] All NYSE-listed companies must comply with Section 303A, including any ETPs listed on the Exchange. Consistent with the requirements of the Sarbanes-Oxley Act of 2002 and Rules 10A–3 and 10C–1 of the Act, Section 303A does not apply to some listed companies.[11] The Commission found that Section 303A of the LCM was consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.[12] Accordingly, the Exchange is proposing to delete the last sentence of Rule 5.1(a)(1).

Deletion of Obsolete Listing Rules for ETPs

The Exchange also proposes to delete certain listing rules that would be superseded by the ETP listing and trading requirements in Rules 5P and 8P.

As discussed above, the Exchange is proposing today to list certain ETPs under Rules 5P and 8P. In connection with this proposed change, the Exchange is also proposing to delete certain ETP listing rules that are not currently used. Because the Exchange only intends to list ETPs under Rules 5P and 8P, it proposes to delete the following rules:

- Rule 414 (Index and Currency Warrants);
- Rule 1100 (Investment Company Units);
- Rules 1200–1202 (Trust Issued Receipts);
- Rules 1300–1301 (Gold Shares);
- Rules 1300A–1301A (Currency Trust Shares); and
- Rules 1300B–1301B (Commodity Trust Shares).
- LCM Section 703.15 (Foreign Currency Warrants and Currency Index Warrants);
- LCM Section 703.16 (Investment Company Units);
- LCM Section 703.17 (Stock Index Warrants Listing Standards);
- LCM Section 703.20 (Trust Issued Receipts);
- LCM Section 703.21 (Equity-Linked Debt Securities); and
- LCM Section 703.22 (Equity Index-Linked Securities, Commodity-Linked Securities and Currency-Linked Securities).

The Exchange is also proposing to make the following cross-reference changes to the rules of the Exchange to correspond to the above deletions:

- First, the Exchange proposes to amend cross-references in Supplementary Material .30 to Rule 36 because the initial and continued listing and trading standards and definitions for (1) Investment Company Units would now be described in Rule 5.2(j)(3), not in Section 703.16 of the LCM and (2) Trust Issued Receipts would now be described in Rule 8.200, not in Rule 1200. Therefore, in Supplementary Material .30 to Rule 36, the Exchange is proposing to change the cross-reference to Section 703.16 of the LCM to Rule 5.2(j)(3), and the cross-reference to Rule 1200 to Rule 8.200.
- Second, the Exchange proposes to amend Rule 1400(2)(c) to reflect the deletion of Section 703.21 of the LCM. Rule 1400(2)(c) states that Debt Securities[13] do not include securities

[7] The Exchange's proposed rules for these products are substantially identical (other than with certain non-substantive and technical amendments) as the rules of NYSE Arca, Inc. (''NYSE Arca'') and the Exchange's other affiliates, for the qualification, listing and trading of such products. *See* NYSE ETP Listing Rules Filing, *supra* note 5.

[8] The rules of other exchanges that list ETPs do not contain such a clause. *See, e.g.,* NYSE Arca Rule 5.1–E(a) and Nasdaq Stock Market LLC Rule 5740.

[9] The Exchange also proposes to delete the reference to Pillar Platform in the title of these rules. As proposed, the title for these rules would be ''Rules 1P–13P.''

[10] NYSE Listed Company Manual, *http://nysemanual.nyse.com/LCM/Sections/.*

[11] *See* Rule 10C–1(b)(5) under the Act allows national securities exchanges to exempt from the requirements of Rule 10C–1 certain categories of issuers, as the national securities exchange determines is appropriate, taking into consideration, among other relevant factors, the potential impact of such requirements on smaller reporting issuers.

[12] *See* Securities Exchange Act Release No. 48745 (November 4, 2003), 68 FR 64154 (November 12, 2003) (SR–NYSE–2002–33).

[13] As used in Rule 1400, the term ''Debt Security'' or ''Debt Securities'' means any unlisted note, bond, debenture or evidence of indebtedness that is:

(1) Statutorily exempt from the registration requirements of Section 12(b) of the Act, or

that, if listed on the Exchange, would have been listed under Section 703.21 of the LCM (Equity-Linked Debt Securities). Since the Exchange is proposing to delete this section from the LCM, it is also proposing to delete all cross-references to it in Rule 1400(2)(c). Further, to account for the deletion of references to Section 703.21 of the LCM, which pertains to equity-linked debt securities, the Exchange proposes to clarify in Rule 1400(2)(c) that Debt Securities do not include equity-linked debt securities listed under Rule 5P.

• Third, for the avoidance of doubt, the Exchange is also proposing to include the following introductory preamble language at the beginning of Section 7 of the LCM, which pertains to Listing Applications and currently includes the relevant ETP listing rules of the manual that the Exchange is proposing to delete:

''See Exchange Rules 5P and 8P for the initial and continued listing and trading requirements for Exchange Traded Products (as defined in Rule 1.1(bbb)).'' [14]

Certain Changes To Conform Rules 5P and 8P to the Rules of NYSE National

To conform the Exchange's rules to that of its affiliate, NYSE National,[15] the Exchange is proposing to delete all of the references in Rules 5P and 8P that would imply that the initial and continued listing standards contained in Rules 5P and 8P may apply to the trading pursuant to UTP of such ETPs. In the National Rule Filing, NYSE National stated that it does not believe that it is necessary for an exchange that trades securities on a UTP basis to have listing rules for ETPs.[16] Accordingly, the Exchange proposes that clauses in Rules 5P and 8P that would make the initial and continued listing standards contained in such rules apply not only to the listing of such ETPs, but also to the trading of such ETPs pursuant to UTP (such as the clause ''whether by listing or pursuant to unlisted trading privileges'' when referencing that such rule would apply to the listing of the relevant ETP or the trading pursuant to UTP of such ETP), be deleted. In conjunction therewith, the Exchange proposes to include the words ''listing and'' before the word ''trading'' in each of the rules from which such clauses are deleted, so as to clarify that the rules would apply to the listing and trading of such relevant ETP on the Exchange once that ETP is listed on the Exchange.

In addition, consistent with rules approved for NYSE National in the NYSE National Rule Filing, the Exchange is proposing to delete Rule 5.1(a)(2)(A), which currently requires the Exchange to file with the Commission a Form 19b–4(e) with respect to each UTP Exchange Traded Product within five business days after commencement of trading.[17] To account for this deleted sub-paragraph, the Exchange is also proposing to re-number each of the sub-paragraphs in Rule 5.1(a)(2).

The Exchange believes that it is unnecessary for an exchange to apply initial and continued listing rules to ETPs it trades pursuant to UTP. To the extent ETP listing rules include initial and continued listing standards, the Exchange would not be in a position to evaluate issuer compliance with such rules. Because the Exchange would not be in a position to enforce any ETP listing rules, the Exchange does not believe it is necessary to have such rules. Similarly, the Exchange does not believe it is necessary for a non-listing venue to file a Form 19b–4(e) if it begins trading an ETP on a UTP basis. Rule 19b–4(e)(1) under the Act refers to the ''listing and trading'' of a ''new derivative securities product.'' [18] The Exchange therefore believes that the requirements of that rule refer to when an exchange lists and trades an ETP, and not when an exchange seeks to trade such product on a UTP basis pursuant to Rule 12f–2 under the Act.[19]

Finally, the Exchange proposes to amend Rule 5.1(a)(2)(D) to conform to the comparable NYSE National rule. Both NYSE National's and the Exchange's rules pertaining to trading halts are in Rule 7.18. Like NYSE National, the Exchange proposes to halt trading in a UTP Exchange Traded Product as provided for in Rule 7.18. Accordingly, the Exchange proposes to delete the rule text in paragraph (D) of Rule 5.1(a)(2) that is duplicative of trading halt authority in Rule 7.18. The Exchange also proposes to add a cross reference stating that the Exchange would halt trading in a UTP ETP as provided for in Rule 7.18.[20]

Listing ETPs on the Exchange & Surveillance

The Exchange represents that listed ETPs would be subject to the existing trading surveillances administered by the Exchange for ETPs trading UTP, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority (''FINRA'') on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. The Exchange represents that these procedures are adequate to properly monitor the Exchange's listing and trading of ETPs in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.[21]

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of relevant parties for relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in ETPs, as well as certain other securities and financial instruments underlying such ETPs, with other markets and other entities that are members of the Intermarket Surveillance Group (''ISG''). The Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in ETPs and financial instruments from such markets and other entities. In addition, the Exchange may obtain information regarding trading in ETPs, as well as certain other securities and financial instruments underlying such ETPs from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement (''CSSA'').

Further, the Exchange's affiliate, NYSE Arca, currently lists ETPs pursuant to rules that are substantially

(2) eligible to be traded absent registration under Section 12(b) of the Act pursuant to the order granted by the Securities and Exchange Commission in Exchange Act Release Number 34–54766 (November 16, 2006) (the ''2006 Order'').

[14] Rule 1.1(bbb) defines the term ''Exchange Traded Product'' to mean a security that meets the definition of ''derivative securities product'' in Rule 19b–4(e) under the Securities Exchange Act of 1934 and a ''UTP Exchange Traded Product to mean an Exchange Traded Product that trades on the Exchange pursuant to unlisted trading privileges.

[15] *See,* Securities Exchange Act Release No. 83289 (May 17, 2018), 83 FR 23968 (May 23, 2018) (SR–NYSENat–2018–02) (the ''NYSE National Rule Filing'').

[16] *Id.*

[17] *Id.*

[18] 17 CFR 240.19b–4(e).

[19] 17 CFR 240.12f–2.

[20] Paragraph (D) of Rule 5.1(a)(2) would become paragraph (C) when paragraph (A) to Rule 5.1(a)(2) is deleted, and all the sub-paragraphs of Rule 5.1(a)(2) are re-numbered accordingly, as described above.

[21] FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

identical to Rules 5P and 8P.[22] NYSE Arca conducts initial and continued listing reviews for ETPs listed on its exchange. The Exchange represents that the initial and continued listing reviews of ETPs listed on the Exchange will be conducted in the same manner as they are on NYSE Arca.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[23] in general, and furthers the objectives of Section 6(b)(5) of the Act,[24] in particular, in that it is 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 by providing for the listing of Exchange Traded Products, subject to consistent and reasonable standards. Accordingly, the proposed rule change would contribute to the protection of investors and the public interest because it may provide a better listing and trading environment for investors and, generally, encourage greater competition between markets.

The Exchange believes that the proposed rule change is consistent with the above principles. By providing for the listing of ETPs, the Exchange believes its proposal would lead to the addition of liquidity to the broader market and to increased competition among the existing group of liquidity providers. The Exchange also believes that, by so doing, the proposed rule change would encourage the additional utilization of, and interaction with, the exchange market, and provide market participants with improved price discovery, increased liquidity, more competitive quotes and greater price improvement for listed ETPs.

The Exchange further believes that listing ETPs would help raise investors' confidence in the fairness of the market, generally, and their transactions in particular. As such, the listing of ETPs would foster cooperation and coordination with persons engaged in facilitating securities transactions, enhance the mechanism of a free and open market, and promote fair and orderly markets in securities on the Exchange.

The proposal is also designed to promote just and equitable principles of trade by way of initial and continued listing standards which, if not maintained, would result in the discontinuation of trading in the affected products. These requirements, together with the applicable Exchange trading rules (which apply to the proposed products), ensure that no investor would have an unfair advantage over another respecting the trading of the subject products. On the contrary, all investors would have the same access to, and use of, information concerning the specific products and trading in the specific products, all to the benefit of public customers and the marketplace as a whole.

Furthermore, the proposal is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system by adopting rules that would lead ultimately to the listing and trading of new products on the Exchange. The proposed changes do nothing more than match Exchange rules with what is currently available on other exchanges for the listing of ETPs. The Exchange believes that by allowing for listing opportunities on the Exchange that are already allowed by rule on another market, the proposal would offer another venue for listing ETPs and thereby promote broader competition among exchanges. The Exchange believes that individuals and entities permitted to list ETPs on the Exchange should enhance competition within the mechanism of a free and open market and a national market system, and customers and other investors in the national market system should benefit from more depth and liquidity in the market for the ETPs.

The proposed change is not designed to address any competitive issue, but rather to allow the Exchange to list ETPs. These rules are identical to the rules of NYSE Arca (other than with respects to certain non-substantive and technical amendments described above), which currently lists ETPs on its exchange pursuant to these rules. These proposed rules support competition by allowing for ETP listings on the Exchange.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Since Rules 5P and 8P are already adopted on the Exchange pursuant to approval from the Commission, the Exchange believes that the proposed rule change to allow for these rules to also apply to the listing of ETPs on the Exchange, would have no impact on competition. To the contrary, limiting Rules 5P and 8P to only apply to the trading pursuant to UTP of ETPs, limits competition in that there are certain products that the Exchange cannot list, while other exchanges, with identical listing rules, can list such products. Thus, approval of the proposed rule change would promote competition because it would allow the Exchange to compete with other national securities exchanges for the listing and trading of ETPs.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov*. Please include File Number SR–NYSE–2018–30 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–2018–30. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use

[22] *See* NYSE ETP Listing Rules Filing, *supra* note 5. Rules 5P and 8P are based on the rules of NYSE Arca.

[23] 15 U.S.C. 78f(b).

[24] 15 U.S.C. 78f(b)(5).

only one method. The Commission will post all comments on the Commission's internet website (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSE–2018–30 and should be submitted on or before July 27, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[25]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14465 Filed 7–5–18; 8:45 am]

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[25] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83559; File No. SR–FINRA–2018–013]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Establish a Second Trade Reporting Facility

June 29, 2018.

I. Introduction

On April 19, 2018, the Financial Industry Regulatory Authority, Inc. (''FINRA'') 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 establish a second Trade Reporting Facility (''TRF'') to be operated in conjunction with Nasdaq, Inc. (''Nasdaq''). The proposed rule change was published for comment in the **Federal Register** on April 26, 2018.[3] The Commission received no comment letters on the proposal. On June 21, 2018, FINRA filed Amendment No. 1.[4] This order approves the proposed rule change, as modified by Amendment No. 1.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

II. Description of the Proposal

Background

FINRA currently has three facilities that allow its members to report over-the-counter (''OTC'') trades in NMS stocks:[5] The FINRA/Nasdaq TRF, the FINRA/NYSE TRF, and the Alternative Display Facility (''ADF'') (collectively, the ''FINRA Facilities''). For each TRF, FINRA is the SRO Member and, as such, it has sole regulatory responsibility for the TRFs, including: Real-time monitoring and T+1 surveillance, development and enforcement of trade reporting rules, and submission of proposed rule changes to the Commission. Nasdaq is the ''Business Member'' of the FINRA/Nasdaq TRF.[6] A Business Member is primarily responsible for the management of the business affairs of its TRF.[7] Among other things, the Business Member establishes pricing, is obligated to pay the cost of regulation and is entitled to the profits and responsible for the losses derived from the operation of its TRF.[8]

In January 2016, FINRA published a Trade Reporting Notice (''Trade Reporting Notice'') that provided guidance on the reporting obligations of member firms regarding OTC equity trades in the event of a systems issue during the trading day that prevents firms from reporting OTC trades in NMS stocks in accordance with FINRA rules.[9] As set forth in the Trade Reporting Notice, a firm that routinely reports its OTC trades in NMS stocks to one FINRA Facility (''primary facility'') must establish and maintain connectivity and report to a second FINRA Facility (''secondary facility'') if the firm intends to continue to support OTC trading as an executing broker while its primary facility is experiencing a widespread systems issue.[10]

Proposal

FINRA proposed to establish a second FINRA/Nasdaq TRF (''FINRA/Nasdaq TRF Chicago''), to provide FINRA members an additional facility to which to report trades in compliance with FINRA rules and the Trade Reporting Notice. The FINRA/Nasdaq TRF Chicago would be governed by the rules applicable to the existing FINRA/Nasdaq Trade Reporting Facility (''FINRA/Nasdaq TRF Carteret'').[11] A primary user of the FINRA/Nasdaq TRF Carteret could report on a back-up basis to the FINRA/Nasdaq TRF Chicago pursuant to the same rules, pricing, features and performance to which the firm is accustomed as a user of the FINRA/Nasdaq TRF Carteret—and vice versa.[12] FINRA/Nasdaq TRF Chicago trade reports would be disseminated with a modifier indicating the source of the transactions that would distinguish them from transactions executed on an exchange or reported to another FINRA Facility, including the FINRA/Nasdaq TRF Carteret.

The proposed rule change would establish the FINRA/Nasdaq TRF Chicago on the same terms as the FINRA/Nasdaq TRF Carteret. The FINRA/Nasdaq TRF Chicago would be built with the same technology, provide

[3] *See* Securities Exchange Act Release No. 83082 (April 20, 2018), 83 FR 18379 (''Notice''). *See also,* Securities Exchange Act Release No. 83398 (June 8, 2018), 83 FR 27807 (June 14, 2018) extending the time for the Commission to act on the filing.

[4] In Amendment No. 1, FINRA states that, if the Commission approves the proposed rule change, FINRA anticipates that the FINRA/Nasdaq TRF Chicago will commence operation in September 2018, but in no event later than December 31, 2018. Amendment No. 1 is available at: *https://www.sec.gov/comments/sr-finra-2018-013/finra2018013-3918682-166985.pdf.* Because Amendment No. 1 does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, Amendment No. 1 is not subject to notice and comment.

[5] *See* Rule 600(b) of Regulation NMS under the Act.

[6] NYSE is the Business Member of the FINRA/NYSE TRF.

[7] *See* Notice at 18381.

[8] *See id.*

[9] *See* Trade Reporting Notice, January 20, 2016 (OTC Equity Trading and Reporting in the Event of Systems Issues).

[10] As discussed in the Trade Reporting Notice, if a firm chooses not to have connectivity to a secondary facility, it should cease executing OTC trades altogether when its primary trade reporting facility is experiencing a widespread systems issue. In that instance, the firm could route orders for execution to an exchange or another FINRA member (*i.e.,* a member with connectivity and the ability to report trades to a FINRA Facility that is operational).

[11] *See* Securities Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006) (order approving SR–NASD–2005–087); and Securities Exchange Act Release No. 54798 (November 21, 2006), 71 FR 69156 (November 29, 2006) (order approving SR–NASD–2006–104).

[12] A FINRA member also has the option to report some trades, on a primary basis, to the FINRA/Nasdaq TRF Chicago, and some trades, on a primary basis, to the FINRA/Nasdaq TRF Carteret.

the same features and performance,[13] offer the same pricing, and be governed by the same substantive rules, policies, and procedures. A single set of application materials and clearing arrangements will provide for access to both TRFs. Moreover, Nasdaq, as the Business Member, has advised FINRA that these two TRFs will evolve in tandem and remain the same going forward (for example, because the same fee and credit schedule under the Rule 7600A Series will apply to both TRFs, any pricing changes would apply to both TRFs).[14] The proposed rule change would allow firms to aggregate the volume of trades that they report to the two TRFs, which will enable firms to continue to qualify for any volume-based pricing that they would otherwise qualify for if they limited their trade reporting to one of those facilities. Finally, FINRA would amend Rules 6300A, 7200A, and 7600A Series, which govern the FINRA/Nasdaq TRF Carteret, to accommodate the establishment of the FINRA/Nasdaq TRF Chicago.[15]

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.[16] In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,[17] 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, and in general, to protect investors and the public interest.

The Commission believes that the proposal to establish the FINRA/Nasdaq TRF Chicago is consistent with the purposes of the Act and with FINRA's responsibility to enforce compliance by its members with its rules and with the Act. FINRA states that geographic dispersion of these TRFs would reduce the risk of a regional outage affecting them both simultaneously. By providing members with an alternative FINRA facility in a different location than the existing FINRA/Nasdaq TRF with which to satisfy their trade reporting obligations, the Commission believes that the proposed rule change should enhance the resiliency and promote the integrity of the OTC market. Accordingly, for the reasons discussed above, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act.

IV. Conclusion

It is therefore ordered pursuant to Section 19(b)(2) of the Act[18] that the proposed rule change (SR–FINRA–2018–013), as modified by Amendment No. 1, be and hereby is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14462 Filed 7–5–18; 8:45 am]

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[13] Users of the two FINRA/Nasdaq TRFs may experience latency differences due to the different locations of the TRFs.

[14] According to Nasdaq, the FINRA/Nasdaq TRF Chicago will include several new components to provide performance improvements and operational efficiencies that Nasdaq intends to incorporate into the FINRA/Nasdaq TRF Carteret shortly after the launch of FINRA/Nasdaq TRF Chicago. Nasdaq will provide participants with notice prior to re-platforming the FINRA/Nasdaq TRF Carteret. After Nasdaq completes this re-platforming, Nasdaq generally intends to perform updates, upgrades, fixes or other modifications to the two FINRA/Nasdaq TRFs in tandem. However, Nasdaq notes that there may be instances in which it will be necessary for Nasdaq to act in sequence. During such instances, there may be disparities between the two TRFs with respect to function or performance. Nasdaq expects that any disparity in function or performance between the two TRFs that arises during sequential changes will be transitory. Nasdaq will provide participants with notice if it anticipates more than a *de minimis* transition period.

[15] *See* Notice at 18381–82.

[16] In approving this proposed rule change, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[17] 15 U.S.C. 78*o*–3(b)(6).

[18] 15 U.S.C. 78s(b)(2).

[19] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83568; File No. SR–C2–2018–015]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Penny Pilot Program

June 29, 2018.

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 June 26, 2018, Cboe C2 Exchange, Inc. (the ''Exchange'' or ''C2'') 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 extend the operation of Penny Pilot Program through December 31, 2017. The text of the proposed rule change is provided below.

(additions are *in italics;* deletions are [bracketed])

* * * * *

Rules of Cboe C2 Exchange, Inc.

* * * * *

CHAPTER 6 Trading on the Exchange

* * * * *

Rule 6.4. Minimum Increments for Bids and Offers

(a) (No change).
(b) (No change).

Interpretations and Policies . . .

.01 (No change).

.02 The Exchange may replace any option class participating in the Penny Pilot Program that has been delisted with the next most actively traded, multiply listed option class, based on national average daily volume in the preceding six calendar months, that is not yet included in the Pilot Program. Any replacement class would be added on the second trading day following [January]*July* 1, 2018. The Penny Pilot will expire on [June 30]*December 31,* 2018.

* * * * *

The text of the proposed rule change is also available on the Exchange's website (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

[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).

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 Penny Pilot Program (the ''Pilot Program'') is scheduled to expire on June 30, 2018. The Exchange proposes to extend the Pilot Program until December 31, 2018. The Exchange believes that extending the Pilot Program will allow for further analysis of the Pilot Program and a determination of how the Pilot Program should be structured in the future.

During this extension of the Pilot Program, the Exchange proposes that it may replace any option class that is currently included in the Pilot Program and that has been delisted with the next most actively traded, multiply listed option class that is not yet participating in the Pilot Program (''replacement class''). Any replacement class would be determined based on national average daily volume in the preceding six months,[5] and would be added on the second trading day following July 1, 2018. The Exchange will announce to its Trading Permit Holders by circular any replacement classes in the Pilot Program. The Exchange notes that it intends to utilize the same parameters to select prospective replacement classes as was originally approved.

The Exchange is specifically authorized to act jointly with the other options exchanges participating in the Pilot Program in identifying any replacement class. The Exchange lastly represents that the Exchange has the necessary system capacity to continue to support operation of the Penny Pilot.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the ''Act'') and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[6] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[7] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[8] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. In particular, the proposed rule change allows for an extension of the Pilot Program for the benefit of market participants. The Exchange notes that this proposal does not propose any new policies or provisions that are unique or unproven, but instead relates to the continuation of an existing program that operates on a pilot basis.

B. Self-Regulatory Organization's Statement on Burden on Competition

C2 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. Specifically, the Exchange believes that, by extending the expiration of the Pilot Program, the proposed rule change will allow for further analysis of the Pilot Program and a determination of how the Program shall be structured in the future. In doing so, the proposed rule change will also serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection. In addition, the Exchange has been authorized to act jointly in extending the Pilot Program and believes the other exchanges will be filing similar extensions.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[9] and Rule 19b–4(f)(6) thereunder.[10] 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.

A proposed rule change filed under Rule 19b–4(f)(6)[11] normally does not become operative prior to 30 days after the date of the filing.[12] However, pursuant to Rule 19b–4(f)(6)(iii),[13] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because doing so will allow the Pilot Program to continue without interruption in a manner that is consistent with the Commission's prior approval of the extension and expansion of the Pilot Program and will allow the Exchange and the Commission additional time to analyze the impact of the Pilot Program.[14] Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.[15]

[5] The month immediately preceding a replacement class's addition to the Pilot Program (*i.e.,* June) would not be used for purposes of the six-month analysis. Thus, a replacement class to be added on the second trading day following July 1, 2018 would be identified based on The Option Clearing Corporation's trading volume data from December 1, 2017 through May 31, 2018.

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

[8] *Id.*

[9] 15 U.S.C. 78s(b)(3)(A)(iii).

[10] 17 CFR 240.19b–4(f)(6).

[11] 17 CFR 240.19b–4(f)(6).

[12] 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 the Exchange's intent to file the proposed rule change along with a brief description and the 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 pre-filing requirement.

[13] 17 CFR 240.19b–4(f)(6)(iii).

[14] *See* Securities Exchange Act Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR–NYSEArca–2009–44).

[15] For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

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 (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–C2–2018–015 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–C2–2018–015. 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 (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–C2–2018–015 and should be submitted on or before July 27, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[17]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14468 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

[16] 15 U.S.C. 78s(b)(2)(B).

[17] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83567; File No. SR–CBOE–2018–047]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Penny Pilot Program

June 29, 2018.

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 June 26, 2018, Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I 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 extend the operation of Penny Pilot Program through December 31, 2018. The text of the proposed rule change is provided below.

(additions are *in italics;* deletions are [bracketed])

* * * * *

Cboe Exchange, Inc.

Rules

* * * * *

Rule 6.42. Minimum Increments for Bids and Offers

The Board of Directors may establish minimum increments for options traded on the Exchange. When the Board of Directors determines to change the minimum increments, the Exchange will designate such change as a stated policy, practice, or interpretation with respect to the administration of Rule 6.42 within the meaning of subparagraph (3)(A) of subsection 19(b) of the Exchange Act and will file a rule change for effectiveness upon filing with the Commission. Until such time as the Board of Directors makes a change to the minimum increments, the following minimum increments shall apply to options traded on the Exchange:

(1) (No change).

(2) (No change).

(3) The decimal increments for bids and offers for all series of the option classes participating in the Penny Pilot Program are: $0.01 for all option series quoted below $3 (including LEAPS), and $0.05 for all option series $3 and above (including LEAPS). For QQQQs, IWM, and SPY, the minimum increment is $0.01 for all option series. The Exchange may replace any option class participating in the Penny Pilot Program that has been delisted with the next most actively-traded, multiply-listed option class, based on national average daily volume in the preceding six calendar months that is not yet included in the Pilot Program. Any replacement class would be added on the second trading day following [January 1, 2018] *July 1, 2018.* The Penny Pilot shall expire on [June 30, 2018] *December 31, 2018.*

(4) (No change).

. . . Interpretations and Policies:

.01–.04 (No change).

* * * * *

The text of the proposed rule change is also available on the Exchange's website (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(iii).

[4] 17 CFR 240.19b–4(f)(6).

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 Penny Pilot Program (the ''Pilot Program'') is scheduled to expire on June 30, 2018. The Exchange proposes to extend the Pilot Program until December 31, 2018. The Exchange believes that extending the Pilot Program will allow for further analysis of the Pilot Program and a determination of how the Pilot Program should be structured in the future.

During this extension of the Pilot Program, the Exchange proposes that it may replace any option class that is currently included in the Pilot Program and that has been delisted with the next most actively traded, multiply listed option class that is not yet participating in the Pilot Program (''replacement class''). Any replacement class would be determined based on national average daily volume in the preceding six months,[5] and would be added on the second trading day following July 1, 2018. The Exchange will employ the same parameters to prospective replacement classes as approved and applicable in determining the existing classes in the Pilot Program, including excluding high-priced underlying securities.[6] The Exchange will announce to its Trading Permit Holders by circular any replacement classes in the Pilot Program.

The Exchange is specifically authorized to act jointly with the other options exchanges participating in the Pilot Program in identifying any replacement class. The Exchange lastly represents that the Exchange has the necessary system capacity to continue to support operation of the Penny Pilot.

[5] The month immediately preceding a replacement class's addition to the Pilot Program (*i.e.,* June) would not be used for purposes of the six-month analysis. Thus, a replacement class to be added on the second trading day following July 1, 2018 would be identified based on The Option Clearing Corporation's trading volume data from December 1, 2017 through May 31, 2018.

[6] *See* Securities Exchange Act Release No. 60864 (October 22, 2009), 74 FR 55876 (October 29, 2009) (SR–CBOE–2009–76).

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.[7] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[8] 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 facilitation 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)[9] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. In particular, the proposed rule change allows for an extension of the Pilot Program for the benefit of market participants. The Exchange notes that this proposal does not propose any new policies or provisions that are unique or unproven, but instead relates to the continuation of an existing program that operates on a pilot basis.

B. Self-Regulatory Organization's Statement on Burden on Competition

CBOE 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. Specifically, the Exchange believes that, by extending the expiration of the Pilot Program, the proposed rule change will allow for further analysis of the Pilot Program and a determination of how the Program shall be structured in the future. In doing so, the proposed rule change will also serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection. In addition, the Exchange has been authorized to act jointly in extending the Pilot Program and believes the other exchanges will be filing similar extensions.

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(5).

[9] *Id.*

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 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.

A proposed rule change filed under Rule 19b–4(f)(6)[12] normally does not become operative prior to 30 days after the date of the filing.[13] 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 so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because doing so will allow the Pilot Program to continue without interruption in a manner that is consistent with the Commission's prior approval of the extension and expansion of the Pilot Program and will allow the Exchange and the Commission additional time to analyze the impact of

[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).

[13] 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 the Exchange's intent to file the proposed rule change along with a brief description and the 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 pre-filing requirement.

[14] 17 CFR 240.19b–4(f)(6)(iii).

the Pilot Program.[15] Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.[16]

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)[17] 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 (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–CBOE–2018–047 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–2018–047 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 (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–CBOE–2018–047 and should be submitted on or before July 27, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14467 Filed 7–5–18; 8:45 am]

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[15] *See* Securities Exchange Act Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR–NYSEArca–2009–44).

[16] For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[17] 15 U.S.C. 78s(b)(2)(B).

[18] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83561; File No. SR–OCC–2018–803]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Advance Notice, as Modified by Amendment No. 1, Concerning Proposed Changes to The Options Clearing Corporation's Stress Testing and Clearing Fund Methodology

June 29, 2018.

Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled Payment, Clearing and Settlement Supervision Act of 2010 (''Clearing Supervision Act'')[1] and Rule 19b–4(n)(1)(i)[2] under the Securities Exchange Act of 1934 (''Exchange Act'' or ''Act''),[3] notice is hereby given that on May 30, 2018, the Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') an advance notice as described in Items I, II and III below, which Items have been prepared by OCC. On June 7, 2018, OCC filed Amendment No. 1 to the advance notice.[4] The Commission is publishing this notice to solicit comments on the advance notice from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

This advance notice is filed in connection with proposed changes to OCC's By-Laws and Rules, the formalization of a substantially new Clearing Fund Methodology Policy (''Policy''), and the adoption of a document describing OCC's new Clearing Fund and stress testing methodology (''Methodology Description''). The proposed changes are primarily designed to enhance OCC's overall resiliency, particularly with respect to the level of OCC's pre-funded financial resources. Specifically, the proposed changes would:

(1) Reorganize, restate, and consolidate the provisions of OCC's By-Laws and Rules relating to the Clearing Fund into a newly revised Chapter X of OCC's Rules;

(2) modify the coverage level of OCC's Clearing Fund sizing requirement to protect OCC against losses stemming from the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure for OCC in extreme but plausible market conditions (*i.e.,* adopt a ''Cover 2 Standard'' for sizing the Clearing Fund);

(3) adopt a new risk tolerance for OCC to cover a 1-in-50 year hypothetical market event at a 99.5% confidence level over a two-year look-back period;

(4) adopt a new Clearing Fund and stress testing methodology, which would be underpinned by a new scenario-based one-factor risk model stress testing approach, as detailed in the newly proposed Policy and Methodology Description;

(5) document governance, monitoring, and review processes related to Clearing Fund and stress testing;

(6) provide for certain anti-procyclical limitations on the reduction in Clearing Fund size from month to month;

(7) increase the minimum Clearing Fund contribution requirement for Clearing Members to $500,000;

(8) modify OCC's allocation weighting methodology for Clearing Fund contributions;

(9) reduce from five to two business days the timeframe within which Clearing Members are required to fund Clearing Fund deficits due to monthly or intra-month resizing or due to Rule amendments;

[1] 12 U.S.C. 5465(e)(1).

[2] 17 CFR 240.19b–4(n)(1)(i).

[3] 15 U.S.C. 78a *et seq.*

[4] In Amendment No. 1, OCC corrected formatting errors in Exhibits 5A and 5B without changing the substance of the advance notice.

(10) provide additional clarity in OCC's Rules regarding certain anti-procyclicality measures in OCC's margin model; and

(11) make a number of other non-substantive clarifying, conforming, and organizational changes to OCC's By-Laws, Rules, Collateral Risk Management Policy, Default Management Policy, and filed procedures, including retiring OCC's existing Clearing Fund Intra-Month Re-sizing Procedure, Financial Resources Monitoring and Call Procedure (''FRMC Procedure''), and Monthly Clearing Fund Sizing Procedure, as these procedures would no longer be relevant to OCC's proposed Clearing Fund and stress testing methodology and would be replaced by the proposed Rules, Policy, and Methodology Description described herein.

The proposed amendments to OCC's By-Laws and Rules can be found in Exhibits 5A and 5B, respectively. Material proposed to be added to OCC's By-Laws and Rules as currently in effect is marked by underlining, and material proposed to be deleted is marked in strikethrough text.[5] As proposed, existing Chapter X would be deleted and replaced with new Chapter X in its entirety, as set forth in Exhibit 5B.

The proposed Policy and Methodology Description have been submitted in Exhibits 5C and 5D, respectively, and have been submitted without marking to facilitate review and readability of the documents as they are being submitted in their entirety as new rule text.[6]

The Clearing Fund Intra-Month Re-sizing Procedure, FRMC Procedure, and Monthly Clearing Fund Sizing Procedure can be found in Exhibits 5E, 5F and 5G, respectively, with the deletion (or retirement) of these procedures indicated by strikethrough text.

The proposed changes to OCC's Collateral Risk Management Policy and Default Management Policy can be found in Exhibits 5H and 5I, respectively. Material proposed to be added to the policies as currently in effect is marked by underlining, and material proposed to be deleted is marked in strikethrough text.

All terms with initial capitalization not defined herein have the same meaning as set forth in OCC's By-Laws and Rules.[7]

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the advance notice and discussed any comments it received on the advance notice. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections A and B below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement on Comments on the Advance Notice Received From Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change and none have been received. OCC will notify the Commission of any written comments received by OCC.

(B) Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act

Description of the Proposed Change

Overview of OCC's Existing Clearing Fund Methodology

OCC currently sizes its Clearing Fund at an amount sufficient to protect OCC against losses under simulated default scenarios that include (1) an idiosyncratic default scenario that includes the default of the single Clearing Member Group whose default would be likely to result in the largest draw against the Clearing Fund at a 99% confidence level and (2) a minor systemic event default scenario involving the near-simultaneous default of two randomly-selected Clearing Member Groups calculated at a 99.9% confidence level (''Cover 1 Standard'').[8] OCC then uses the daily peak of such draw estimates to determine the monthly size of the Clearing Fund, which is established at the greater of (i) a ''base amount'' equal to the peak five-day rolling average of the Clearing Fund Draws[9] observed over the preceding three calendar months, plus a prudential margin of safety equal to $1.8 billion, or (ii) 110% of OCC's committed credit facilities. Upon each monthly determination of the Clearing Fund's size, each Clearing Member is required to contribute an amount equal to the sum of: (i) The $150,000 minimum membership requirement, and (ii) an amount equal to the weighted average of the Clearing Member's proportionate share of open interest, volume, and total risk charges.[10] Any deficits resulting from a difference between a Clearing Member's required Clearing Fund contribution and the amount that such member currently has on deposit are due within five business days of the resizing.[11]

Supplemental to the monthly Clearing Fund sizing process, OCC's Financial Risk Management department (''FRM'') assesses on a daily basis the sufficiency of the Clearing Fund by monitoring Clearing Fund Draw estimates in order to identify exposures that may require collection of additional margin from a Clearing Member Group or an intra-month resizing of the Clearing Fund in accordance with OCC's FRMC Procedure.[12] In instances where an estimate of a particular Clearing Member Group's Clearing Fund Draw (referred to herein as an ''idiosyncratic'' estimate) exceeds 75% of the amount currently in the Clearing Fund (*i.e.,* the current Clearing Fund requirement less any deficits), OCC issues a margin call against the Clearing Member Group(s) generating such draw(s) for an amount equal to the difference between such estimated draw amount and the base amount of the Clearing Fund.[13] The margin call per-Clearing Member may be limited to an amount equal to the lesser of $500 million or 100% of such Clearing Member's net capital, subject to OCC management discretion. All margin

[5] OCC recently proposed changes to Article VIII of its By-Laws in connection with advance notice and proposed rule change filings related to enhanced and new tools for recovery scenarios. *See* Securities Exchange Act Release No. 82351 (December 19, 2017), 82 FR 61107 (December 26, 2017) (SR–OCC–2017–020) and Securities Exchange Act Release No. 82513 (January 17, 2018). 83 FR 3244 (January 23, 2018) (SR–OCC–2017–809). The proposed changes currently pending Commission review in SR–OCC–2017–020 and SR–OCC–2017–809 are indicated in Exhibit 5B with double underlined and double strikethrough text.

[6] *Id.* Proposed changes currently pending Commission review in SR–OCC–2017–020 and SR–OCC–2017–809 are indicated in Exhibit 5C with double underlined and double strikethrough text.

[7] OCC's By-Laws and Rules can be found on OCC's public website: *http://optionsclearing.com/about/publications/bylaws.jsp.*

[8] *See* Rule 1001(a).

[9] The term ''Clearing Fund Draw'' refers to an estimated stress loss exposure in excess of margin requirements.

[10] *See* Rule 1001(b).

[11] *See* Rule 1003.

[12] *See* Securities Exchange Act Release No. 74980 (May 15, 2015), 80 FR 29364 (May 21, 2015) (SR–OCC–2015–009). *See also* Securities Exchange Act Release No. 74981 (May 15, 2015), 80 FR 29367 (May 21, 2015) (SR–OCC–2014–811).

[13] In the case where an estimated draw is associated with multiple Clearing Members within a single Clearing Member Group, the margin call is allocated among the individual Clearing Members in the Clearing Member Group based on each Clearing Member's proportionate share of the ''total risk'' for such Clearing Member Group, as that term is defined in current Rule 1001(b). *See* Rule 1001(b). Accordingly, the term ''total risk'' in this context means the margin requirement with respect to all accounts of the Clearing Member Group exclusive of the net asset value of the positions in such accounts aggregated across all such accounts.

calls issued must be satisfied by each applicable Clearing Member within one hour of having been notified and remain in place until deficits associated with the next monthly Clearing Fund sizing are collected.[14]

In more extreme circumstances, where OCC observes an idiosyncratic Clearing Fund Draw estimate (after factoring in margin calls issued) exceeding 90% of the Clearing Fund, OCC increases the size of the Clearing Fund by a minimum amount equal to the greater of (i) $1 billion, or (ii) 125% of the difference between the projected draw (reduced by margin calls issued) and the Clearing Fund in effect. Each Clearing Member not subject to OCC's minimum $150,000 Clearing Fund requirement (*e.g.,* a Futures-Only Affiliated Clearing Member) receives a proportionate share of the Clearing Fund increase equal to its proportionate share of the variable portion of the Clearing Fund for the current month (*i.e.,* the Clearing Member's proportionate share of the Clearing Fund amount as determined pursuant to current Rule 1001(b)(y)). Any deficits associated with the increase to the Clearing Fund must be satisfied within five business days of the resizing.

OCC has identified a number of limitations to its current methodology, which is unable to incorporate historical stress test scenarios and which can result in disproportionate changes to the Clearing Fund size in response to even transitory changes in volatility. As a result, OCC is proposing to replace its current Clearing Fund sizing methodology with a new methodology that would allow OCC to size and assess the sufficiency of its Clearing Fund with a wider range of historical and hypothetical scenarios.

Proposed Changes to OCC's Clearing Fund and Stress Testing Rules and Methodology

OCC is proposing a number of enhancements intended to strengthen its overall resiliency, particularly with respect to OCC's Pre-Funded Financial Resources,[15] including, but not limited to, the following:

(1) Reorganize, restate, and consolidate the provisions of OCC's By-Laws and Rules relating to the Clearing Fund into a newly revised Chapter X of OCC's Rules;

(2) modify the coverage level of OCC's Clearing Fund sizing requirement to ensure that the size of the Clearing Fund is sufficient to protect OCC against losses stemming from the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure for OCC in extreme but plausible market conditions (*i.e.,* adopt a ''Cover 2 Standard'' for sizing the Clearing Fund);

(3) adopt a new risk tolerance for OCC to cover a 1-in-50 year hypothetical market event at a 99.5% confidence level over a two-year look-back period;

(4) adopt a new Clearing Fund and stress testing methodology, which would be underpinned by a new scenario-based one-factor risk model stress testing approach, as detailed in the newly proposed Policy and Methodology Description;[16]

(5) document governance, monitoring, and review processes related to Clearing Fund and stress testing;

(6) provide for certain anti-procyclical[17] limitations on the reduction in Clearing Fund size from month to month;

(7) increase the minimum Clearing Fund contribution requirement for Clearing Members to $500,000;

(8) modify OCC's allocation weighting methodology for Clearing Fund contributions;

(9) reduce from five to two business days the timeframe within which Clearing Members are required to fund Clearing Fund deficits due to monthly or intra-month resizing or due to Rule amendments;

(10) provide additional clarity in OCC's Rules regarding certain anti-procyclicality measures in OCC's margin model; and

(11) make a number of other non-substantive clarifying, conforming, and organizational changes to OCC's By-Laws, Rules, and filed procedures.

1. Reorganization and Consolidation of Clearing Fund By-Laws and Rules

The primary provisions that address OCC's Clearing Fund are currently located in Article VIII of the By-Laws and Chapter X of the Rules. Because the proposed changes to the Clearing Fund would substantially amend the relevant By-Law and Rule provisions, OCC believes that this is an appropriate opportunity to consolidate the primary provisions that address the Clearing Fund into Chapter X of the Rules. As a result, the content of Article VIII of the By-Laws would be consolidated into Chapter X of the Rules, subject to the proposed amendments described herein.[18] In place of this, Article VIII of the By-Laws would contain a general statement that OCC shall maintain a Clearing Fund, as provided in and subject to the terms of Chapter X of the Rules, and the size of the Clearing Fund shall at all times be subject to minimum sizing requirements and generally be calculated on a monthly basis by OCC; however, the size of the Clearing Fund may be adjusted more frequently than monthly under certain conditions specified in proposed Rule 1001. OCC believes that consolidating all of the Clearing Fund-related provisions of its By-Laws and Rules into one place would provide more clarity around, and enhance the readability of, OCC's Clearing Fund requirements.

OCC notes that, while the content of Article VIII is being moved out of the By-Laws and into the Rules, subject to the proposed changes described herein, OCC is not proposing to change the existing governance requirements with respect to amending the provisions currently contained in Article VIII. Article XI, Section 2 of the By-Laws provides that the Board of Directors may amend the Rules by a majority vote, while Article XI, Section 1 of the By-Laws provides that amendments to the By-Laws require an affirmative vote of two-thirds of the directors then in office, but not less than a majority of the number of directors fixed by the By-Laws. To ensure that the latter, heightened governance standard continues to apply to the Clearing Fund provisions that will be moved from Article VIII of the By-Laws to Chapter X of the Rules, OCC is proposing to amend Article XI, Section 2 of the By-Laws to apply the heightened approval requirements to the provisions of Chapter X of the Rules that would be

[14] *See supra* note 11.

[15] The proposed Policy would define OCC's ''Pre-Funded Financial Resources'' to mean margin of the defaulted Clearing Member and the required Clearing Fund less any deficits, exclusive of OCC's assessment powers.

[16] OCC has separately submitted to the Commission its Comprehensive Stress Testing and Clearing Fund Methodology document and Dynamic VIX Calibration Process paper, which are included in this filing as Exhibits 3A and 3B, and for which OCC has requested confidential treatment. These Exhibits are being provided as supplemental information to the filing and would not constitute part of OCC's rules, which have been provided in Exhibit 5.

[17] A quality that is positively correlated with the overall state of the market is deemed to be ''procyclical.'' For example, procyclicality may be evidenced by increasing margin or Clearing Fund requirements in times of stressed market conditions and low margin or Clearing Fund requirements when markets are calm. Hence, anti-procyclical features in a model are measures intended to prevent risk-base models from fluctuating too drastically in response to changing market conditions.

[18] While Article VIII of the By-Laws would effectively be reserved for future use, a statement would be added to indicate that OCC maintains the Clearing Fund as provided in and subject to the Rules provided in Chapter X.

carried over from the By-Laws. Specifically, OCC would amend Article XI of the By-Laws to stipulate that while the Rules may be amended at any time by the Board of Directors, any amendment of the introduction to newly proposed Chapter X of the Rules, Rule 1002, Rule 1006, Rule 1009 and Rule 1010 (the substance of which is primarily derived from Article VIII of the By-Laws) shall require the affirmative vote of two-thirds of the directors then in office (but not less than a majority of the number of directors fixed by the By-Laws). Moreover, Article XI of the By-Laws would be amended to provide that the first sentence of proposed Rule 1006(e) may not be amended by action of the Board of Directors without the approval of the holders of all of the outstanding Common Stock of the OCC entitled to vote thereon. Proposed Rule 1006(e) is derived from existing Article VIII, Section 5(d) of the By-Laws, which is currently subject to this stockholder consent requirement under Article XI, Section 1 of the By-Laws. A detailed discussion of other organizational changes can be found in Section 10 below.

As noted above, and further described below, OCC also proposes to adopt a new Policy and Methodology Description to supplement its proposed Rules and provide further details around OCC's Clearing Fund and stress testing methodology and the related governance framework.

2. Adoption of a Cover 2 Standard for OCC's Clearing Fund

Under existing Rule 1001(a) and consistent with applicable Exchange Act requirements,[19] OCC currently maintains a Cover 1 Standard with respect to the size of its Clearing Fund. The current methodology uses a sizing approach whereby OCC estimates draws against the Clearing Fund under a simulated idiosyncratic default scenario (representing simulated losses of a single Clearing Member Group) and a minor systemic default scenario (representing all pairings of two Clearing Member Groups, with each pair of distinct Clearing Member Groups being deemed equally likely).

OCC is proposing to amend its Rules and adopt a new Policy and Methodology Description to implement a Cover 2 Standard with respect to sizing the Clearing Fund. As a result, new Rule 1001(a), which replaces existing Rule 1001(a), would provide, in part, that the size of the Clearing Fund shall be established on a monthly basis at an amount determined by OCC to be sufficient to protect it against losses stemming from the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure for OCC under stress test scenarios that represent extreme but plausible market conditions (subject to certain minimum sizing requirements) (such stress tests being ''Sizing Stress Tests'').[20] The proposed Sizing Stress Tests would be supplemented by additional historical or hypothetical stress test scenarios (''Sufficiency Stress Tests'') and, in the event Sufficiency Stress Tests call for a larger Clearing Fund size, the Clearing Fund shall be re-sized based on such Sufficiency Stress Tests (as described in more detail in Section 4.e below).

The adoption of a Cover 2 Standard for the Clearing Fund would continue to satisfy OCC's existing obligations under the Exchange Act[21] and also would be consistent with international standards and best practices for central counterparties (''CCPs'').[22] OCC believes that moving to an industry best practice Cover 2 Standard would increase OCC's resiliency and enable it to better withstand the default of multiple Clearing Members. OCC's proposed approach of adopting a Cover 2 Standard is reiterated in the proposed Policy and Methodology Description, and the stress tests referred to in new Rule 1001(a) are described in more detail in Section 4 below.[23]

3. New Risk Tolerance for OCC's Pre-Funded Financial Resources

OCC proposes to adopt a new risk tolerance with respect to credit risk that its Clearing Fund, along with OCC's other Pre-Funded Financial Resources,[24] should be sufficient to cover a wide range of foreseeable stress scenarios that include, but are not limited to, the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure in extreme but plausible market conditions. In developing a risk tolerance with regard to the sizing of the Clearing Fund, OCC believes that a 1-in-50 year hypothetical market event[25] represents the outer range of extreme but plausible scenarios for OCC's cleared products. Accordingly, OCC proposes to adopt a new risk tolerance with respect to sizing its Pre-Funded Financial Resources that would cover a 1-in-50 year hypothetical market event on a Cover 2 Standard at a 99.5% confidence level over a two-year look-back period. The hypothetical scenarios used to establish the proposed risk tolerance would be based on the statistical fit of the historical returns for the ''risk drivers'' of equity products (or ''risk factors'') for a 1-in-50 year decline and rally in the Standard & Poor's S&P 500 Index (''SPX'').[26] OCC would then set the size of its Clearing Fund on a monthly basis at an amount sufficient to cover this risk tolerance, as described in more detail in Section 4.d below.

4. Adoption of New Clearing Fund and Stress Testing Methodology

OCC proposes to adopt a new methodology for sizing and monitoring its Clearing Fund and overall Pre-Funded Financial Resources, which primarily would be detailed in the proposed Policy and the Methodology Description. OCC believes that its proposed methodology would enable it to measure its credit exposure and to size its Pre-Funded Financial Resources at a level sufficient to cover potential losses under extreme but plausible market conditions.

Under the requirements of the proposed Policy, OCC would base its determination of the Clearing Fund size on the results of stress tests conducted daily using standard predetermined

[19] *See* 17 CFR 240.17Ad–22(b)(3) and (e)(4)(iii).

[20] The calculated size of the Clearing Fund may also be determined more frequently than monthly under certain conditions, as specified within proposed Rule 1001(c).

[21] *See supra* note 18.

[22] *See* Committee on Payment and Settlement Systems and Technical Committee of the International Organization of Securities Commissions, Principles for financial market infrastructures (Apr. 16, 2012), available at *http://www.bis.org/publ/cpss101a.pdf.*

[23] Under the proposed Clearing Fund methodology, OCC would no longer maintain the prudential margin of safety, as currently provided for in existing Rule 1001(a). As described further herein, OCC's proposed risk tolerance would be set at a 1-in-50 year market event; however, OCC would size its Clearing Fund to cover a more conservative 1-in-80 year event, creating a buffer beyond its risk tolerance. As a result, OCC believes the prudential margin of safety would no longer be necessary.

[24] Under the proposed Policy, ''Pre-Funded Financial Resources'' would be defined as the margin of the defaulted Clearing Member and the required Clearing Fund less any deficits. OCC would not include assessment powers as a Pre-Funded Financial Resource.

[25] OCC notes that a 1-in-50 year hypothetical market event corresponds to a 99.9921% confidence interval under OCC's chosen distribution of 2-day logarithmic S&P 500 index returns. The construction of Hypothetical stress test scenarios, including the 1-in-50 year market event used for OCC's risk tolerance, is discussed in Section 4 below.

[26] ''Risk factors'' refer broadly to all of the individual underlying securities (such as Google, IBM and Standard & Poor's Depositary Receipts (''SPDR''), S&P 500 Exchange Traded Funds (''SPY''), etc.) listed on a market. The ''risk drivers'' are a selected set of securities or market indices (*e.g.,* the SPX or the Cboe Volatility Index (''VIX'')) that are used to represent the main sources or drivers for the price changes of the risk factors. The use and application of risk factors and risk drivers in OCC's proposed methodology are discussed further in Section 4 below.

parameters and assumptions. These daily stress tests would consider a range of relevant stress scenarios and possible price changes in liquidation periods, including but not limited to: (1) Relevant peak historic price volatilities; (2) shifts in other market factors including, as appropriate, price determinants and yield curves; and (3) the default of one or multiple Clearing Members. OCC also would conduct reverse stress tests for informational purposes aimed at identifying extreme default scenarios and extreme market conditions for which the OCC's financial resources would be insufficient.

As further described in the proposed Methodology Description, the stress scenarios used in the proposed methodology would consist of two types of scenarios: ''Historical Scenarios'' and ''Hypothetical Scenarios.'' Historical Scenarios would replicate historical events in current market conditions, which include the set of currently existing securities, their prices and volatility levels. These scenarios provide OCC with information regarding pre-defined reference points determined to be relevant benchmarks for assessing OCC's exposure to Clearing Members and the adequacy of its financial resources. Hypothetical Scenarios would represent events in which market conditions change in ways that have not yet been observed. The Hypothetical Scenarios would be derived using statistical methods (*e.g.,* draws from estimated multivariate distributions) or created based on expert judgment (*e.g.,* a 15% decline in market prices and 50% in volatility). These scenarios would give OCC the ability to change the distribution and level of stress in ways necessary to produce an effective forward-looking stress testing methodology. OCC would use these pre-determined stress scenarios in stress tests, conducted on a daily basis, to determine OCC's risk exposure to each Clearing Member Group by simulating the profits and losses of the positions in their respective account portfolios under each such stress scenario.

The proposed Methodology Description would also describe OCC's proposed approach for constructing stress test portfolios. For purposes of the proposed methodology, OCC would construct portfolios based on ''liquidation positions,'' which are designed to more closely reflect how positions would be internalized (or netted) as part of OCC's default management process. The liquidation position set is created through an internalization process where long and short positions in the same contract series are closed out within an account type at the Clearing Member level. This replicates the process OCC would perform in the case of a Clearing Member default when offsetting positions are internalized before liquidating the remainder of the defaulter's portfolio. For simplicity purposes, OCC developed its current set of liquidation positions by internalizing within an account type at the Clearing Member level but does not incorporate potential internalization that can occur across account types. As a result, liquidation positions only reflect a portion of the potential exposure-reducing benefits associated with internalization and may lead to more conservative estimates of exposure.

As described further below, the proposed Policy and Methodology Description would include stress tests designed to: (1) Determine the size of the Clearing Fund (*i.e.,* Sizing Stress Tests run using OCC's inventory of ''Sizing Scenarios''), (2) assess OCC's Clearing Fund size with respect to its risk tolerance and any other scenarios determined by the Risk Committee (*i.e.,* Adequacy Stress Tests run using OCC's inventory of ''Adequacy Scenarios''), (3) measure the exposure of the Clearing Fund to the portfolios of individual Clearing Member Groups and determine whether any such exposure is sufficiently large as to necessitate OCC calling for additional margin resources from that individual Clearing Member Group (or Groups) or from Clearing Members generally through an intra-month resizing of the Clearing Fund (*i.e.,* Sufficiency Stress Tests run using OCC's inventory of ''Sufficiency Scenarios''), and (4) monitor and assess OCC's total financial resources under a variety of market conditions (*i.e.,* Informational Stress Tests run using OCC's inventory of ''Informational Scenarios'').

OCC's proposed stress testing model, the construction of Hypothetical and Historical Scenarios, and the variety of stress tests thereunder are described in more detail below.

a. Proposed Stress Testing Model

(i). Risk Drivers and Stress Scenarios

As detailed in the proposed Methodology Description, the proposed stress testing methodology is a scenario-based risk factor model with the following principal elements. First, a set of risk drivers are selected based on the portfolio exposures of all Clearing Member Groups in the aggregate. Second, each individual underlying security contained in the portfolio of a Clearing Member Group (each a ''risk factor'') is mapped to a risk driver, and the sensitivity or ''beta'' of the security with respect to the corresponding risk driver is estimated (*i.e.,* the sensitivity of the price of the security relative to the price of the risk driver). Third, a set of stress scenarios is generated by assigning a stress shock to each of the risk drivers, with the shocks of an individual underlying security or risk factor determined by the shock of its risk driver and its sensitivity (or beta) to the risk driver. Fourth, for each of the stress scenarios, the risk exposure or shortfall of each portfolio of a Clearing Member is calculated and aggregated at the Clearing Member Group level.

Under the proposed stress testing methodology, each individual underlying security in the Clearing Members' portfolios is represented by a risk factor (such as Google, IBM, Standard & Poor's Depositary Receipts (''SPDR''), S&P 500 Exchange Traded Funds (''SPY''), etc.). The number of risk factors is typically in the thousands. Because the vast amount of OCC's products are equity based, the risk drivers comprise a small set of underlying securities or market indices (*e.g.,* Cboe S&P 500 Index (''SPX''), or the VIX) that are used to represent the main sources or drivers for the price changes of the risk factors. Other relevant risk drivers are included to cover U.S. and Canadian Government Security collateral positions, as well as commodity based exchange-traded funds (''ETFs'') and futures products. The risk drivers are selected based on the characteristics of the risk factors in the Clearing Members' portfolios.

After the risk drivers are selected, each risk factor would be mapped to one risk driver. This mapping allows OCC to simulate movements for a large number of risk factors by the movements of a smaller number of risk drivers. In general, the mapping depends on the type of risk factor. For example, equity price risk factors generally are mapped to SPX and volatility risk factors to VIX. Government bond risk factors generally would be mapped to either U.S. Dollar (''USD'') Treasury yields or Canadian Dollar (''CAD'') government bond yields depending on the currency. The Treasury ETFs generally would be mapped to one of the Treasury bond ETFs. The commodity products generally would be mapped to one of the representative ETFs of the corresponding commodity class. All other risk factors initially would be mapped by default to SPX.

Under the proposed Methodology Description, risk drivers and the corresponding shocks would be reviewed regularly by OCC's Stress

Testing Working Group (''STWG''), a cross-departmental team including senior officers from FRM, Quantitative Risk Management (''QRM''), Model Validation Group (''MVG''), and Enterprise Risk Management. The addition of a new risk driver or change in an existing risk driver would most likely be driven by a change in OCC's product exposure or by other changes in the market. Changes to risk drivers would be reviewed and approved by the STWG. QRM would recalibrate scenario shocks at least annually. In addition, on a quarterly basis (or more frequently if QRM or STWG determines that updates are necessary to capture significant market events in a timely fashion), QRM would recalibrate the risk driver shocks and report those results to the STWG who would review and approve any updates to the risk driver shocks.

To simulate a stressed market scenario, OCC would construct two kinds of scenarios, namely Hypothetical Scenarios (including statistically derived scenarios) and Historical Scenarios. Hypothetical Scenarios constructed using statistical methods would be based on various quantiles of the fitted distribution of the log returns of the main risk driver (*e.g.,* SPX). Historical Scenarios on the other hand would be created using historic price moves for the risk factors on a given date where the scenario is defined. Additional details on the proposed stress testing model by asset class are discussed below.

(i). Equity Risk Drivers and Shocks

Under the proposed methodology, price shocks used for equity instruments in the statistically-derived Hypothetical Scenarios would be based on the quantiles of fitted statistical distributions of the 2-day returns of the risk driver (*e.g.,* a 1-in-80 year event SPX down shock). For example, as noted above, OCC uses the SPX as a risk driver for equity price moves. OCC would construct the majority of its Hypothetical Scenarios by fitting an appropriate statistical distribution to SPX returns. OCC would construct a historical dataset of SPX 2-day log returns dating back to 1957,[27] to characterize its fat-tailed [28] and asymmetric distribution. In order to reduce pro-cyclicality in Clearing Fund sizing and also to represent betas in a stressed market, OCC would shock risk factors using (1) a historical beta and (2) a beta equal to 1. The portfolio level profit and loss would be calculated with both betas separately for each Hypothetical Scenario, and OCC would use the calculation yielding the worst of the two outcomes in the subsequent Clearing Fund sizing.

The proposed Methodology Description would describe in detail OCC's proposed methodology for calculating price shocks for equity instruments, including leveraged products and any underlying baskets.

(ii). Volatility Shock Model

As noted above, under the proposed methodology, OCC would use the VIX as the key risk driver for volatility shocks in its proposed stress testing model. The VIX is a measure of the one-month implied volatility [29] of the SPX, which represents the market's expectation of stock market volatility over the next 30-day period. For risk factors with SPX as their risk driver, implied volatility shocks would be modeled from SPX implied volatility shocks and the price beta of the risk factor.[30] For non-SPX driven risk factors, the implied volatility shock would be based on historical volatility beta regressed directly against the VIX. Accordingly, the proposed Methodology Description would describe in detail OCC's proposed methodology for calibrating VIX shocks, including those risk factors with SPX as the key risk driver, those risk factors with a non-SPX risk driver, and implied volatilities of any underlying baskets.

(iii). Price Shock Models for Other Instruments

OCC's proposed Methodology Description also would describe OCC's proposed approach to modeling price shocks for fixed income instruments and futures products. Specifically, the Methodology Description would discuss OCC's proposed approach for modeling foreign exchange currency shocks and yield curve shocks, which are used to shock U.S. Treasury bonds and Canadian government bonds held as collateral. The Methodology Description would also cover price and volatility shocks for commodity/energy products. The price shock model for commodity/energy products is the same as that for equity class drivers and the volatility shock model used for options on commodities is the same as that for non-SPX driven risk factors.

b. Stress Testing Scenario Construction

OCC proposes to construct Hypothetical and Historical scenarios using two different methodologies: A statistical methodology and a historical/defined shock methodology. Each of these approaches is discussed in further detail below.

(i). Hypothetical Scenarios

Under the proposed methodology, price shocks determined in the statistically-derived Hypothetical Scenarios would be based on the quantiles of fitted statistical distributions of the 2-day log returns of the risk driver. For example, Adequacy Scenarios would be based on the generated statistical down and up shocks for the SPX from a 1-in-50 year market event. On the other hand, Sizing Scenarios would be based on the generated statistical down and up shocks for the SPX from a 1-in-80 year market event. Specifically, OCC would use four Hypothetical Scenarios to guide the sizing of the Clearing Fund: (1) A 1-in-80 year market rally using a historical beta; (2) a 1-in-80 year market rally using a beta equal to 1; (3) a 1-in-80 year market decline using a historical beta; and (4) a 1-in-80 year market decline using a beta equal to 1.

Not all Statistical Scenarios would be generated using fitted distributions, however. For example, the Statistical Scenarios for interest rates are based on the ''Principal Component Analysis'' methods (a commonly used statistical method to analyze the movements of

[27] OCC would extend this dataset from March 1957 to the present if OCC determines that price shocks need to be re-calibrated. As a general matter, OCC has established this look-back period primarily on the basis of the quality of available data. The SPX, in its current form, dates back to 1957, and OCC therefore uses all of the index's data since that date. Furthermore, based on OCC's analysis of various observation windows dating back to the Great Depression, OCC has observed that the price shocks vary with the different periods used in the calibration. OCC's decision to use the entire history of the SPX is based on its desire to minimize the effects associated with a pre-defined observation window, and to avoid the subjective determination of higher or lower periods of volatility or the sudden exclusion of dates that fall outside of a fixed look back period. As noted above, QRM would recalibrate the risk driver shocks on a quarterly basis and report those results to the STWG who would review and approve any updates to the risk driver shocks.

[28] A data set with a ''fat tail'' is one in which extreme price returns have a higher probability of occurrence than would be the case in a normal distribution.

[29] Generally speaking, the implied volatility of an option is a measure of the expected future volatility of the value of the option's annualized standard deviation of the price of the underlying security, index, or future at exercise, which is reflected in the current option premium in the market. Using the Black-Scholes options pricing model, the implied volatility is the standard deviation of the underlying asset price necessary to arrive at the market price of an option of a given strike, time to maturity, underlying asset price and given the current risk-free rate. In effect, the implied volatility is responsible for that portion of the premium that cannot be explained by the then-current intrinsic value (*i.e.,* the difference between the price of the underlying and the exercise price of the option) of the option, discounted to reflect its time value.

[30] For defined Historical Scenarios, the implied volatility shock leverages a beta based on the ratio of the risk factor price shock to the SPX price shock.

yield curves of Treasury bonds), while the Statistical Scenarios for commodity ETFs would be based on the empirical price changes.

The proposed Methodology Description would describe how OCC would calibrate price and volatility shocks for equities, fixed income products, and commodity/energy products in its Hypothetical Scenarios.

(ii). Historical Scenarios

OCC would construct Historical Scenarios using historically accurate price moves for risk factors on a given date, provided the underlying securities were available on the date for which the scenario is defined. Historical Scenarios, which are based on significant market events, would allow OCC to analyze how current portfolios would perform if a historical event were to occur again. Because not all of the securities or risk factors in current portfolios existed on past scenario dates, OCC has developed methodologies to approximate the past price and volatility movements of such risk factors. Under the proposed methodology, a technique known as ''Survival Method Pricing'' would be used to backfill missing historical shocks. In the backfill technique, the observable 2-day returns of all risk factors would be averaged by industry sectors, and these sector averages would then be used to backfill the missing price returns of the securities (for example, Facebook stock would use the technology sector average under a 2008 Historical Scenario).[31]

c. Clearing Fund Sizing and Stress Testing

Under the proposed methodology, OCC would perform daily stress testing using a wide range of scenarios, both Hypothetical and Historical, designed to serve multiple purposes. Specifically, OCC's proposed stress testing inventory would contain scenarios designed to: (1) Determine whether the financial resources collected from all Clearing Members collectively are adequate to cover OCC's risk tolerance; (2) establish the monthly size of the Clearing Fund; (3) measure the exposure of the Clearing Fund to the portfolios of individual Clearing Member Groups, and determine whether any such exposure is sufficiently large as to necessitate OCC calling for additional resources so that OCC continues to maintain sufficient financial resources to guard against potential losses under a wide range of stress scenarios, including extreme but plausible market conditions; and (4) monitor and assess the size of OCC's Pre-Funded Financial Resources against a wide range of stress scenarios that may include extreme but implausible and reverse stress testing scenarios. Each of these categories of stress tests is discussed in further detail below.

(i). Adequacy Stress Tests

Under the proposed Policy and Methodology Description, on a daily basis, OCC would perform a set of Adequacy Stress Tests designed to determine whether the financial resources collected from all Clearing Members collectively are adequate to cover OCC's risk tolerance (and other specified scenarios as may be approved by the Risk Committee) (*i.e.,* Adequacy Scenarios). The performance of these Adequacy Stress Tests would allow OCC to assess the size of its Clearing Fund against its risk tolerance; however, Adequacy Stress Tests would not drive calls for additional financial resources. Adequacy Scenarios would include, at a minimum, scenarios reflecting OCC's proposed risk tolerance, which corresponds to a Clearing Fund size that would cover a 1-in-50 year market event on a Cover 2 Standard. Adequacy Stress Tests should demonstrate that OCC maintains sufficient Pre-Funded Financial resources to cover all Adequacy Scenarios at a 99.5% coverage level over a two-year look back period.

(ii). Sizing Stress Tests

Under the proposed Policy and Methodology Description, FRM would determine the monthly Clearing Fund size based on the results of Sizing Stress Tests conducted daily using standard predetermined parameters and assumptions. Specifically, OCC would use Sizing Stress Tests to project the Clearing Fund size necessary for OCC to maintain sufficient Pre-Funded Financial Resources to cover losses arising from the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure to OCC as a result of a 1-in-80 year hypothetical market event, which OCC believes would provide sufficient coverage of OCC's 1-in-50 year event risk tolerance (and any other Adequacy Scenarios as may be approved by the Risk Committee) and to guard against intra-month scenario volatility and procyclicality.[32]

Under existing Rule 1001(a), OCC's Clearing Fund size determination is based on the peak five-day rolling average of its Clearing Fund sizing calculations observed over the preceding three calendar months plus a prudential margin of safety. As described in the proposed Policy and Methodology Description, OCC would continue to determine the Clearing Fund size for a given month by using a peak five-day rolling average of the Sizing Stress Test results over the prior three months but, as noted above, would no longer require a prudential margin of safety.[33] OCC believes that sizing the Clearing Fund at a more conservative 1-in-80 year market event scenario (over the proposed 1-in-50 year risk tolerance) would help to reduce volatility in its Clearing Fund sizing methodology and ensure that OCC continues to maintain sufficient resources in the event of large peaks and volatile markets, thereby providing a similar anti-procyclical buffer to the current prudential margin of safety.

In addition, under the proposed Policy, the minimum size of the Clearing Fund would continue to be set in accordance with OCC's minimum liquidity resources to equal 110% of OCC's committed liquidity facilities plus OCC's Cash Clearing Fund Requirement. However, if a temporary increase to the Cash Clearing Fund Requirement is made pursuant to OCC's Rules, the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer would be authorized to determine whether such an increase should result in an increase in the minimum size of the Clearing Fund (which is tied to, in part, OCC's Cash Clearing Fund Requirement).

OCC also proposes to introduce some anti-procyclical measures for its monthly sizing process, which are discussed in Section 6 below.

(iii). Sufficiency Stress Tests

On a daily basis, OCC would run a set of Sufficiency Stress Tests to measure the exposure of the Clearing Fund to the portfolios of individual Clearing Member Groups and determine whether any such exposure is sufficiently large as to necessitate OCC calling for additional resources (1) from that

[31] With respect to volatility risk driver shocks, the exact volatility scenarios for a historical event may often be overridden by VIX shocks generated using OCC's dynamic VIX calibration process because: (1) The historical volatility data is not available; and (2) even when the data is available, the sizes of the exact historical moves are too low to generate any realistic losses.

[32] In addition, OCC proposes conforming changes to delete Interpretation and Policy .02 of Rule 1001, which concerns the minimum confidence level used to size the Clearing Fund, as the confidence level used to size the Clearing Fund would now be addressed in the Policy and Methodology Description.

[33] *See supra* note 22.

individual Clearing Member Group (or Groups) in the form of margin or (2) from Clearing Members generally through an intra-month resizing of the Clearing Fund. OCC initially expects to implement a set of historically-based Sufficiency Scenarios that would include, among others, the worst two-day price moves, up and down, during the 2008 financial crisis, which constitute the two most extreme two-day price moves observed in the entire history of SPX with the exception of the 1987 market crash, to be covered on a Cover 2 basis. OCC also would include as a Sufficiency Scenario a historical October 1987 market crash event to be covered on a Cover 1 basis.

Under the proposed Sufficiency Stress Tests, the largest Clearing Fund Draw from each Sufficiency Scenario shall be compared against the Clearing Fund size on a daily basis to assess whether OCC maintains sufficient financial resources to cover the stress scenario. If a Sufficiency Stress Test indicates that a Clearing Fund Draw would breach certain established thresholds, OCC would initiate (depending on the threshold breached) the process of (1) conducting additional monitoring, (2) collecting additional margin from the specific Clearing Member Group (or Groups) causing the breach, or (3) in extreme cases, resizing the Clearing Fund. Such thresholds have been designed to ensure that OCC's Pre-Funded Financial Resources would remain sufficient to cover losses that may be incurred by its largest one or two Clearing Member Groups, depending on the scenario in question. Each proposed threshold is set forth below, and included with each threshold are mitigating actions that OCC would take in the event of a breach of the threshold.

(1). Enhanced Monitoring

Under the proposed Policy, in the event that Sufficiency Stress Tests identify a Clearing Fund Draw for one or two Clearing Member Groups that causes the largest aggregate credit exposure to OCC to exceed 65% of the current Clearing Fund requirement less deficits, but that does not breach a Sufficiency Stress Test Threshold (as defined below), FRM would promptly conduct enhanced monitoring and notify the relevant Clearing Member Group (or Groups) that they are approaching a margin call threshold in accordance with internal OCC procedures.[34]

(2). Sufficiency Stress Test Threshold 1—Intra-Day Margin Calls

OCC proposes to amend Rule 609 to provide that, in addition to its existing authority to require intra-day margin deposits, OCC may require additional margin deposits if a Sufficiency Stress Test identifies a breach that exceeds 75% of the current Clearing Fund requirement less deficits (the ''75% threshold'' or ''Sufficiency Stress Test Threshold 1''). The proposed change is designed to ensure that OCC continues to maintain sufficient Pre-Funded Financial Resources to cover its largest one or two Clearing Member Group exposures under a wide range of stress scenarios, including extreme but plausible scenarios, where one of the proposed Sufficiency Stress Test scenarios identifies a potential breach in OCC's Clearing Fund size. In the event of a breach of the 75% threshold, OCC would initially collateralize this potential stress exposure by collecting margin from the Clearing Member Group(s) driving the breach.

Pursuant to the proposed Policy and Methodology Description, if a Sufficiency Stress Test identifies a Clearing Fund Draw for any one or two Clearing Member Groups that exceeds Sufficiency Stress Test Threshold 1, OCC would be authorized to issue a margin call against the Clearing Member Group(s) and/or Clearing Member(s) causing the breach in accordance with Rule 609. In the case of Cover 1 Sufficiency Scenarios (*e.g.,* the historical Cover 1 1987 scenario), the amount of the margin call for a Clearing Member Group would be equal to the excess of such Clearing Member Group's projected Clearing Fund Draw over the 75% threshold. In the case of Cover 2 Sufficiency Scenarios (*e.g.,* a historical Cover 2 2008 market event scenario) the total amount of the margin call shall be equal to the excess of the Cover 2 Clearing Fund Draw over the 75% threshold.[35] In the event a Clearing Member Group's Clearing Fund Draws exceed the 75% threshold in more than one Sufficiency Scenario, the Clearing Member Group would be subject to the largest margin call resulting from scenarios. Margin calls would be allocated to Clearing Members and related accounts within the Clearing Member Group in accordance with OCC procedures.[36]

All margin calls would be required to be approved by a Vice President (or higher) of FRM and would remain in effect until the collection of additional funds associated with the next monthly resizing of the Clearing Fund, after which the margin call would be (1) released or (2) recalculated based on the current Clearing Fund Draw.[37] If the margin call imposed on an individual Clearing Member exceeds $500 million, OCC's Stress Testing and Liquidity Risk Management group (''STLRM'') would provide written notification to the Executive Chairman and Chief Executive Officer, President and Chief Operating Officer, and Chief Administrative Officer (collectively referred to as the ''Office of the Chief Executive Officer'' or ''OCEO'').[38] If the

[34] OCC notes that it performs a similar enhanced monitoring process under its current FRMC Procedure when Idiosyncratic Clearing Fund Draws exceed 65% of the Clearing Fund currently in effect.

[35] In the event only one Clearing Member Group's Clearing Fund Draw exceeds 50% of Sufficiency Stress Test Threshold 1, that Clearing Member Group would pay the entire call. In the event both Clearing Member Groups' Clearing Fund Draws exceed 50% of Sufficiency Stress Test Threshold 1, both Clearing Member Groups would pay an amount equal to the excess of their respective Clearing Fund Draw over 50% of the Sufficiency Stress Test threshold.

[36] OCC notes that under the current FRMC Procedure, in the event that FRM observes a scenario where the Idiosyncratic Clearing Fund Draw exceeds 75% of the Clearing Fund, an intra-day margin call would be issued against the Clearing Member or Clearing Member Group that caused such a draw, with the amount of the margin call being the difference between the projected draw and the ''base amount.'' *See supra* note 11 and accompanying text.

[37] OCC notes that, under the current FRMC Procedure, for the days prior to the collection of any Clearing Fund payments due that result from the re-sizing of the Clearing Fund on the first business day of the month, both the base Clearing Fund requirement and the Clearing Fund in effect are further reduced by any outstanding deficits. The proposed changes would clarify that upon the collection of funds to satisfy such deficits, any margin calls would be (1) released or (2) recalculated based on the current Clearing Fund Draw.

[38] OCC notes that, under its current FRMC Procedure, margin calls may be subject to a per-Clearing Member cap equal to the lesser of $500 million or 100% of such Clearing Member's net capital; however, OCC's management retains discretion under the FRMC Procedure to call for additional margin beyond those amounts with certain reporting requirements when these caps are exceeded. Under the proposed Policy, these thresholds would no longer be characterized as ''caps'' and there would no longer be a requirement for reporting to OCC's Management Committee and Risk Committee as the $500 million threshold would no longer function as a cap and the 100% of net capital threshold would now require escalation to the OCEO for approval of further margin calls. OCC believes the proposed changes to the reporting and approval process are appropriate given that (1) OCC management (typically an officer of OCEO) currently has discretion to waive any margin call caps, (2) under the proposal, these thresholds would no longer be characterized as caps and therefore there would be an assumption that OCC would call for margin in excess of these thresholds, (3) since the adoption of OCC's current FRMC Procedure, OCC has gained comfort in its Clearing Members' ability to meet and maintain margin calls in excess of these thresholds and (4) OCEO would retain the ability to notify or escalate an issue to the Risk Committee if they determine such actions are necessary.

margin call imposed on an individual Clearing Member would exceed 100% an individual Clearing Member's net capital, the issue would be escalated to the OCEO, and each of the Executive Chairman, Chief Administrative Officer, and Chief Operating Officer would have the authority to determine whether OCC should continue calling for additional margin in excess of this amount. OCC believes that this notification and escalation process would enable OCC to appropriately require those Clearing Members that bring elevated risk exposures to OCC to bear the costs of those risks in the form of margin charges while also allowing OCC to take into consideration a particular Clearing Member's ability to meet the call based on its financial condition, and the amount of collateral it has available to pledge when certain pre-identified thresholds have been exceeded.

(3). Sufficiency Stress Test Threshold 2—Intra-Month Clearing Fund Resizing

Under proposed Rule 1001(c) (and as described in the proposed Policy and Methodology Description), if a Sufficiency Stress Test were to identify a Clearing Fund Draw for any one or two Clearing Member Groups that exceed 90% of the current Clearing Fund size (after subtracting any monies deposited as a result of a margin call in accordance with a breach of Sufficiency Stress Test Threshold 1), OCC would effect an intra-month resizing of the Clearing Fund to ensure that OCC continues to maintain sufficient Pre-Funded Financial Resources to cover its exposures under a wide range of stress scenarios, including extreme but plausible market conditions. The amount of such an increase would be the greater of: (1) $1 Billion or (2) 125% of the difference between the projected draw under the Sufficiency Stress Test (less any monies deposited pursuant to a margin call resulting from a breach of Sufficiency Stress Test Threshold 1) and the current Clearing Fund size. Each Clearing Member's proportionate share of the increase would be based on its proportionate share of the Clearing Fund as determined pursuant to proposed Rule 1003(a), with the exception of those Clearing Members subject to the minimum contribution amount. OCC's Executive Chairman, Chief Administrative Officer or Chief Operating Officer would be responsible for reviewing and approving any intra-month increase to the size of the Clearing Fund based on a breach of Sufficiency Stress Test Threshold 2 prior to implementation, and any such intra-month increase due to a breach of Sufficiency Stress Test Threshold 2 would remain in effect for any sizing calculations performed during the three month period subsequent to the intra-month increase to ensure that OCC continues to maintain sufficient financial resources to cover its credit exposures during that time.

In addition to intra-month resizing based on Sufficiency Stress Testing, OCC proposes to include additional authority in proposed Rule 1001(d) to provide the Risk Committee, or each of the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer, upon notice to the Risk Committee, with the authority to increase the size of the Clearing Fund at any time for the protection of OCC, Clearing Members or the general public. Any determination by the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer to implement a temporary increase in Clearing Fund size would (1) be based upon then-existing facts and circumstances, (2) be in furtherance of the integrity of OCC and the stability of the financial system, and (3) take into consideration the legitimate interests of Clearing Members and market participants. Under the proposed Policy, any temporary increase in Clearing Fund size would be reviewed by the Risk Committee at its next regularly scheduled meeting, or as soon as otherwise practical, and, if such temporary increase is still in effect at the time of that meeting, the Risk Committee would determine whether (1) the increase in Clearing Fund size is no longer required or (2) the Clearing Fund sizing methodology should be modified to ensure that OCC continues to maintain sufficient Pre-Funded Financial Resources to cover its established risk tolerance.[39]

(iv) Informational Stress Tests

Under the proposed Policy and Methodology Description, OCC would run a variety of stress tests for informational purposes (*i.e.,* Informational Stress Tests) to monitor and assess the size of OCC's Pre-Funded Financial Resources against other stress scenarios. The Informational Stress Tests could be comprised of a number of Historical and Hypothetical scenarios, which may include extreme but implausible scenarios and reverse stress test scenarios (*i.e.,* ''Informational Scenarios''). Informational Scenarios would not directly drive the size of the Clearing Fund or calls for additional margin; however, they would be an important risk monitoring tool that OCC would use to evaluate the appropriateness of its Adequacy, Sizing, and Sufficiency Scenarios and perform risk escalations and evaluations.

OCC would continually evaluate its inventory of Informational Scenarios and could add additional Informational Scenarios, as needed, to ensure that it understands the limits of its Pre-Funded Financial Resources. Scenarios may later be reclassified as a different scenario type with the approval of OCC's Risk Committee. For instance, a new scenario would typically be introduced as an Informational Scenario, but later may be elevated to a Sizing or Sufficiency Scenario.

5. Clearing Fund and Stress Testing Governance, Monitoring and Review

The proposed Policy would establish governance, monitoring and review requirements for OCC's Clearing Fund and stress testing methodology. On a daily basis, STLRM would monitor the results of all of the Adequacy and Sufficiency Stress Tests, including whether the Adequacy Stress Test demonstrates that OCC maintains Pre-Funded Financial Resources above OCC's Adequacy Scenarios, in accordance with internal OCC procedures. Under the proposed Policy, STLRM or the Executive Vice President of FRM (''EVP–FRM'') would immediately escalate any material issues identified with respect to the adequacy of OCC's financial resources to the STWG (provided that STWG review is practical under the circumstances) and the Management Committee to determine if it would be appropriate to recommend a change to the Hypothetical Scenarios used to size the Clearing Fund in accordance with applicable OCC procedures.

Under the proposed Policy, on a monthly basis, STLRM would prepare reports that provide details and trend analysis of daily stress tests with respect to the Clearing Fund, including the results of daily Adequacy Stress Tests, Sizing Stress Tests and Sufficiency Stress Tests and review the adequacy of OCC's financial resources in accordance with internal procedures. On a monthly basis, STWG would perform a comprehensive analysis of these stress testing results, as well as information related to the scenarios, models, parameters, and assumptions impacting the sizing of the Clearing Fund. Pursuant to this review, STWG would consider, and may recommend at its

[39] In the event that the Risk Committee would determine to permanently increase or change the methodology used to size the Clearing Fund, OCC would initiate any regulatory approval process required to effect such a change in Clearing Fund size. However, OCC would not decrease the size of its Clearing Fund while the regulatory approvals for such permanent increase are being obtained to ensure that OCC continues to maintain sufficient financial resources during that time.

discretion, modifications to OCC's stress test scenario inventory and models for financial resources (including the creation and/or retirement of stress test scenarios, the reclassification of stress test scenarios, and/or modifications to the stress test scenarios' underlying parameters and assumptions), as well as related Policies and Procedures, to ensure their appropriateness for determining OCC's required level of financial resources in light of current and evolving market conditions, and as pursuant to the related Procedures established for this purpose. The reviews would be conducted more frequently than monthly when the products cleared or markets served display high volatility or become less liquid; the size or concentration of positions held by OCC's participants increases significantly; or as otherwise appropriate. The Policy would require that OCC maintain procedures for determining whether, and in what circumstances, such intra-month reviews shall be conducted, and would indicate the persons responsible for making the determination.

Pursuant to the proposed Policy, STLRM would report the results of stress tests and its monthly analysis to OCC's Management Committee and Risk Committee on at least a monthly basis and would maintain procedures for determining whether, and in what circumstances, the results of stress tests must be reported to the Management Committee or the Risk Committee more frequently than monthly, and would indicate the persons responsible for making the determination. In the performance of monthly review of stress testing results and analysis and considering whether escalation is appropriate, due consideration would be given to the intended purpose of the proposed Policy to: (1) Assess the adequacy of, and adjust as necessary, OCC's total amount of financial resources; (2) support compliance with the minimum financial resources requirements under applicable regulations; and (3) evaluate the adequacy of, and recommend adjustments to OCC's margin methodology, margin parameters, models used to generate margin or guaranty fund requirements, and any other relevant aspects of OCC's credit risk management.

Under the proposed Policy, OCC's Model Validation Group would be required to perform a model validation of OCC's Clearing Fund model on an annual basis, and the Risk Committee would be responsible for reviewing the model validation report. The Risk Committee would also be required to review and approve the Policy on an annual basis.

Under the proposed Policy, stress test inventories would be maintained by STLRM, and the STWG would be required to review and approve or recommend changes to stress test inventories recommended by STLRM staff in accordance with STWG procedures. The STWG would meet at least monthly and approve or recommend approval of changes to the inventory in accordance with the stress test procedures. The approval authority for such changes would be as follows:

- Informational Stress Tests—The STWG may approve the creation or retirement of Informational Stress Tests; and
- Sizing, Sufficiency, and Adequacy Stress Tests—The STWG may recommend approval to the Management Committee (however, if timing considerations make such recommendation to the Management Committee impracticable, then STWG would make its recommendation to the OCEO) and the Risk Committee the creation or retirement of Adequacy, Sizing, or Sufficiency Stress Tests.

Pursuant to the proposed Policy, any request for an exception to the Policy must be made in writing to a member of the OCEO, who would then be responsible for reviewing the exception request and providing a decision in writing to the person requesting the exception. All requests for exceptions and their dispositions would be reported to the Board or Risk Committee no later than its next regularly scheduled meeting, in a format approved by the Chair of the Board or Risk Committee. Finally, the Policy would require that violations of the Policy be reported to the Policy owner and OCC's Chief Compliance Officer.

6. Limitations on Reduction in Monthly Clearing Fund Size

OCC also proposes to adopt rules imposing certain anti-procyclical measures for its monthly Clearing Fund sizing process. Under proposed Rule 1001(a), the size of the Clearing Fund would not be permitted to decrease more than 5% from month-to-month to avoid pro-cyclicality. This limitation, which is also reflected in the proposed Policy and Methodology Description, is designed to promote stability and to prevent the Clearing Fund from decreasing rapidly when a previous peak falls out of the look-back period.

In addition, if the results of a daily Sufficiency Stress Test over the final five business days preceding the monthly Clearing Fund sizing exceed 90% of the projected Clearing Fund size for the upcoming month, the Clearing Fund size must be set such that the peak Sufficiency Stress Test draw is no greater than 90% of the Clearing Fund size. The proposed change is designed to reduce the likelihood that the Clearing Fund would be set at a size such that a Clearing Member Group with stress test exposures that are trending upward at the end of the sizing period would exceed the threshold for an intra-month resize immediately following the decline.

7. Clearing Fund Contribution Allocations

a. Proposed Changes to Initial Contributions

Pursuant to existing Article VIII, Section 2 of the By-Laws, the minimum initial Clearing Fund contribution of each newly admitted Clearing Member is set at an amount equal to at least $150,000, which is also equal to OCC's minimum ''fixed'' contribution amount (discussed in detail below). Under proposed Rule 1002(d), which is based on existing Article VIII, Section 2(a), OCC would increase the initial Clearing Fund contribution amount to $500,000. OCC's existing minimum contribution requirements have been in place since June 5, 2000,[40] and as a result, OCC undertook an analysis to determine the appropriateness of this amount given the passage of time. As part of this analysis, OCC considered a number of factors such as the potential impact on Clearing Members that are at the minimum or otherwise below or just over the newly proposed $500,000 requirement, the impact to those members in dollar and percentage terms as well as compared to their net capital, evolving market conditions, evolution in the size of the Clearing Fund, minimum contribution requirements of other CCPs, and heightened regulatory obligations on OCC given its status as a systemically important financial market utility. For example, OCC notes that the minimum initial (and fixed) contribution requirement has remained static over time while the Clearing Fund has grown from approximately $2

[40] On June 5, 2000, the Commission approved a proposed rule change by OCC to merge the equity and non-equity elements of its Clearing Fund into a combined Clearing Fund with a minimum contribution requirement of $150,000. *See* Securities Exchange Act Release No. 42897 (June 5, 2000), 65 FR 36750 (June 9, 2000) (SR–OCC–99–9). OCC notes that, as a practical matter, the $150,000 minimum contribution amount dates back prior to June 2000 for the majority of its Clearing Members as most members already contributed to both the equity and non-equity elements of the Clearing Fund and were subject to a $75,000 minimum contribution for each element prior to the June 2000 rule change.

billion in 2000 to several multiples of that, both currently and under the proposed changes described herein. Additionally, OCC reviewed the contribution requirements of other CCPs and noted that they were well in excess of OCC's current minimum contribution requirement (and in several cases, would be in excess of the newly proposed minimum amount).[41] OCC also performed an analysis of Clearing Members that had a Clearing Fund contribution requirement larger than the current minimum requirement of $150,000 but less than or equal to the proposed requirement of $500,000.[42] OCC also reviewed the impact of this change and discussed it with potentially impacted Clearing Members firm, the majority of which did not express concerns over the proposed increase. As a result of this analysis, OCC determined $500,000 would be the appropriate initial and minimum Clearing Fund contribution amount required to maintain membership at OCC. Consistent with existing authority, OCC's Risk Committee would also be able to fix a different initial contribution amount with regard to any new Clearing Member at the time its application is approved. In either case, the initial contribution amount would remain in effect for not more than three months after the admission of the relevant Clearing Member. After that time, or at an earlier time as may be determined by the Risk Committee, the Clearing Member's contribution amount would instead be determined using the allocated contribution method in proposed Rule 1003. OCC also proposes to clarify in new Rule 1002(d) that initial contribution requirements would at all times remain subject to the minimum ''fixed amount'' of $500,000 under proposed Rule 1003 and to adjustments by OCC under Rule 1004.

b. Proposed Changes to Contribution Allocation Methodology

Current Rule 1001(b) provides, in part, that each Clearing Member's monthly contribution requirement is based on a sum of $150,000 (which is a fixed amount, equal to the current initial contribution amount) plus such Clearing Member's proportionate share of the amount necessary for OCC to maintain the total Clearing Fund size required under Rule 1001(a) (which is a variable amount). OCC proposes to adopt new Rule 1003(a), which would increase the minimum ''fixed'' contribution amount to $500,000, consistent with the proposed increase in the minimum initial contribution described above. Specifically, proposed Rule 1003(a) would provide that each Clearing Member's contribution to the Clearing Fund shall equal the sum of (x) $500,000 (a higher ''fixed amount,'' equal to the proposed initial contribution amount described above) and (y) such Clearing Member's proportionate share of an amount sufficient to cause the amount of the Clearing Fund (after taking into account each Clearing Member's fixed amount) to be equal to the Clearing Fund size determined pursuant to proposed Rule 1001(a) (the ''variable amount''). The proposed change was determined under the same analysis and justification discussed above regarding the proposed change in the minimum initial contribution amount (*i.e.,* OCC analyzed the potential impact on Clearing Members that are at the minimum fixed contribution amount or otherwise below or just over the newly proposed $500,000 requirement, the impact to those members in dollar and percentage terms as well as compared to their net capital, evolving market conditions, evolution in the size of the Clearing Fund, minimum contribution requirements of other CCPs, and heightened regulatory expectations on OCC given its status as a systemically important financial market utility). Collectively, proposed Rules 1002(d) and Rule 1003(a) would effectively provide for a new minimum Clearing Fund contribution amount of $500,000 per Clearing Member.[43]

OCC also proposes to clarify in proposed Rule 1004, in line with its current operational practice, that OCC may adjust an individual Clearing Member's Clearing Fund contributions due to mergers, consolidations, position transfers, business expansions, membership approval, or other similar events in order to ensure that Clearing Fund allocations are appropriately aligned with the change in risks associated with such events (*e.g.,* the increased risk a Clearing Member may present after taking on positions of another Clearing Member through a merger or position transfer).

8. Allocation Weighting Methodology

Under existing Rule 1001(b), Clearing Fund contributions are allocated among Clearing Members based on a weighted average of each Clearing Member's proportionate share of total risk,[44] open interest, and volume in all accounts (including paired X–M accounts) according to the following weighting allocation methodology: 35% total risk, 50% open interest, and 15% volume. OCC proposes to modify its allocation methodology in new Rule 1003 to more closely align Clearing Members' Clearing Fund contribution requirements with the level of risk they bring to OCC. Specifically, OCC proposes that Clearing Fund contribution requirements would be based on an allocation methodology of 70% total risk, 15% volume and 15% open interest.[45] OCC also proposes to modify the volume component of the weighting allocation methodology to provide that OCC would use cleared volume, as opposed to executed volume, to base the allocation on where the position is ultimately cleared.[46]

In addition, OCC proposes to adopt new Interpretation and Policy .02 of Rule 1003, which would be based without material amendment on the clauses in paragraphs (d) and (e) of current Rule 1001 that address how OTC options are included within the fraction used to compute a Clearing Member's proportionate share of open interest and volume, respectively. The numerator and denominator in each case would continue to include OTC option contracts within the number of open cleared contracts of a Clearing Member, with that number of OTC option contracts being adjusted to

[41] For example, at the time of OCC's analysis, ICE Clear US had a minimum contribution requirement of $2,000,000 and CME had minimum contribution requirements of $500,000 for exchange listed futures and options and $2.5 million for OTC products covered in its Base Guaranty Fund.

[42] Based on this analysis, OCC determined that there are currently eleven Clearing Members either subject to the minimum Clearing Fund contribution requirement of $150,000 or below the proposed $500,000 requirement that would be impacted by the proposal.

[43] OCC notes that the current exception for Futures-Only Affiliated Clearing Members in By-Law Article VIII, Section 2 and Rule 1001(f) would be retained under proposed Rules 1002(d) and 1002(f).

[44] As noted above, ''total risk'' in this context means the margin requirement with respect to all accounts of the Clearing Member Group exclusive of the net asset value of the positions in such accounts aggregated across all such accounts.

[45] Under the proposed Policy, this new allocation approach would be phased in over a three month period following implementation of the proposed changes herein by gradually shifting 35% of the weighting to total risk from open interest by 10% in the first month, 10% in the second month, and 15% in the third month. Accordingly, OCC proposes conforming changes to delete Interpretation and Policy .03 of Rule 1001, which concerns the phase-in of the former allocation methodology, and would no longer be required.

[46] For both volume and open interest, OCC would adjust stock loan shares by a factor of 100 to normalize them with the size of a standard option contract. Interpretation and Policy .04 of existing Rule 1001, which concerns the calculation used to determine cleared contract equivalent units for stock loan and borrow positions, would be relocated to Interpretation and Policy .01 of proposed Rule 1003 without change.

ensure that it is approximately equal to the number of options contracts, other than OTC option contracts, that would cover the same notional value or units of the same underlying interest. OCC believes that placing this aspect of the computation in an Interpretation and Policy would enhance the readability of Rule 1003(b).

OCC's contribution allocation and associated weighting methodology also would be generally described in the proposed Policy and Methodology Description documents.

9. Reduction in Time To Fund Deficits

OCC proposes to adopt new Rule 1005(a), which would address the time within which a Clearing Member would generally be required to satisfy a deficit in its required Clearing Fund contribution to reduce the timeframe during which OCC potentially would be operating with less than its required amount of Pre-Funded Financial Resources. As a general rule, whenever a report made available by OCC as described in proposed Rule 1007 shows a deficit, the applicable Clearing Member(s) would be required to satisfy the deficit in a form approved by OCC no later than one hour after being notified by OCC of such deficit. Examples of deficits that would need to be satisfied by this deadline include those caused by a decrease in the value of a Clearing Member's contribution or by an adjusted contribution pursuant to proposed Rule 1004. The one-hour deadline would be subject to the application of alternative timing requirements specified in Chapter X, such as in the case of deficits arising due to regular monthly sizing or an intra-month resizing (as addressed in proposed Rule 1005(b)), and deficits arising due to amendments of OCC's Rules (as addressed in proposed Rule 1002(e)). Proposed Rule 1004 would also provide OCC with discretion to agree to alternative written terms regarding the satisfaction of a deficit that would otherwise be governed by the requirements described above.

Proposed Rule 1005(b), which is based on existing Rule 1003 with certain modifications, would address deficits arising due to regular monthly sizing of the Clearing Fund under proposed Rule 1001(a), as well as due to intra-month sizing adjustments under proposed Rule 1001(c). The proposed provision would reduce the amount of time within which a Clearing Member must satisfy a deficit shown on a report made available by OCC under Rule 1007 from five business days of the date on which the report is made available to two business days of such date. OCC believes that this change is appropriate because it would expedite adjustment of Clearing Fund contributions to the appropriate size as determined by OCC and allow OCC to respond more quickly in rapidly changing or emergency market conditions.

Proposed Rule 1002(e) would address the circumstance in which a Clearing Member's contribution is increased as a result of an amendment of OCC's Rules. The proposed provision is based on existing By-Law Article VIII, Section 2(b), modified, however, to require that such an increased contribution be satisfied within two business days of the Clearing Member receiving notice of the amendment, rather than within five business days of such notice (as is required under current By-Law Article VII, Section 2(b)). For the reasons noted above, OCC believes that this change is appropriate because it would expedite both the effectiveness of the increased contribution requirement (and, indirectly, the size of the Clearing Fund) and the actual funding of Clearing Member contributions related thereto. Consistent with OCC's current requirement, a Clearing Member would not be obligated to make such an increased contribution, however, if, before the effective date of the relevant amendment, it notifies OCC in writing that it is terminating its status as a Clearing Member and closes out or transfers all of its open long and short positions. In addition, newly proposed Interpretation and Policy .02 of Rule 1002 would clarify that the authority of a Clearing Member to terminate its status as such under Rule 1006(h) regarding assessments by OCC is separate and distinct from the analogous authority under Rule 1002(e) concerning membership terminations in connection with an increase in Clearing Fund contributions due to a change in OCC's Rules.

In addition, and consistent with existing operational practice, new Rule 1005(c) would establish that, upon the failure of a Clearing Member for any reason to timely satisfy a deficit regarding its required Clearing Fund contribution, OCC would be authorized to withdraw an amount equal to such deficit from the Clearing Member's bank account maintained in respect of an OCC firm account. The proposed rule change is designed to ensure that OCC is able to obtain funds owed from its Clearing Members to satisfy a Clearing Fund deficit in a timely fashion so that OCC can continue to meet its overall financial resource requirements as stipulated under its rules and by applicable regulatory requirements. Any such withdrawn amount would thereafter be treated as a cash contribution to the Clearing Fund. The provision would also clarify that, if OCC is unable to withdraw an amount equal to the deficit, the Clearing Member's failure to satisfy such deficit in accordance with OCC's Rules may subject such Clearing Member to disciplinary action or suspension, including under Chapters XI and XII of OCC's Rules.

OCC also proposes to specify in proposed Rules 1005(b) and 1002(e) that Clearing Members shall have until 9:00 a.m. Central Time on the second business day after the issuance of the Clearing Fund Status Report to meet their required Clearing Fund contribution if such contribution increases as a result of monthly Clearing Fund sizing or an intra-month resizing of the Clearing Fund. The proposed change would more closely align with the settlement time for the collection of other deficits (*e.g.,* the required time for making good any deficiency generally under existing Article VIII, Section 6 of the By-Laws or for satisfying any margin deficits under Rule 605). The proposed change would also be reflected in the proposed Policy.

Finally, OCC proposes to relocate the substance of current Rule 1002 (regarding Clearing Fund reports) to proposed Rule 1007, with modifications that allow OCC to provide more real-time transparency to Clearing Members by mandating more frequent reporting, as well as certain modifications to address the intra-month resizing of the Clearing Fund. Current Rule 1002 provides that OCC must make available to each Clearing Member, within ten days after the close of each calendar month, a report that lists the current amount and form of such Clearing Member's contribution, the amount of the contribution required of such Clearing Member for the current calendar month, and any surplus over and above the amount required for the current calendar month. Under proposed Rule 1007, OCC would make available each business day certain reports listing the current amount and form of each Clearing Member's contribution to the Clearing Fund, the current amount of the contribution required of such Clearing Member (including the Clearing Member's required cash contribution to the Clearing Fund, as discussed in more detail in Section 10 below) and any deficit in the Clearing Member's contribution or surplus over and above the required amount, as applicable. OCC would also issue a report whenever the calculated size of the Clearing Fund has changed, whether as the result of regular

monthly sizing of the Clearing Fund or otherwise.

10. Anti-Procyclicality Measures in OCC's Margin Methodology

OCC proposes to amend current Rule 601(c), regarding margin requirements for accounts other than customers' accounts and firm non-lien accounts, to clarify in OCC's Rules that OCC's existing methodology for calculating margin requirements incorporates measures designed to ensure that margin requirements are not lower than those that would be calculated using volatility estimated over a historical look-back period of at least ten years. The proposed change reflects an existing practice in OCC's margin methodology and is intended only to provide more clarity and transparency regarding this anti-procyclicality measure in OCC's Rules.

11. Other Clarifying, Conforming, and Organizational Changes

OCC also proposes a number of other clarifying, conforming, and organizational changes to its By-Laws, Rules, Collateral Risk Management Policy, Default Management Policy, and Clearing Fund-related procedures in connection with the proposed enhancements to its Pre-Funded Financial Resources and the relocation of OCC's Clearing Fund-related By-Laws into Chapter X of the Rules. Specifically, proposed Rules 1006(a)–(c) would address both the purpose of the Clearing Fund and the seven conditions under which the Clearing Fund generally may be used by OCC to make good certain losses that it suffers. The proposed Rule is based on a consolidation of existing Article VIII, Section 1(a) (concerning the maintenance and purpose of the Clearing Fund) and Section 5(a)–(c) (concerning the application of the Clearing Fund) with minor modifications. Accordingly, under proposed Rule 1006, and consistent with existing authority, OCC would maintain, and be permitted to use, the Clearing Fund to make good losses relating to: (1) The failure of a Clearing Member to discharge an obligation on or arising from any confirmed trade accepted by OCC; (2) the failure of any Clearing Member or the Canadian Depository for Securities to perform its obligations under or arising from any exercised or assigned option contract or matured future or any other contract or obligation issued, undertaken, or guaranteed by OCC or in respect of which OCC is otherwise liable;[47] (3) the failure of any Clearing Member in respect of its stock loan or borrow positions to perform its obligations to OCC; (4) any liquidation of a Clearing Member's open positions; (5) any protective transactions effected for OCC's own account under Chapter XI of the Rules regarding the suspension of a Clearing Member; (6) the failure of any Clearing Member to make any required payment or render any required performance; or (7) the failure of any bank or securities or commodities clearing organization to perform obligations to OCC under certain conditions as set forth in proposed Rule 1006(c).[48]

Proposed Rule 1006(g) would address payments to and from Cross-Guaranty Parties[49] in respect of Common Members.[50] This provision is based on current Article VIII, Sections 5(f) and 5(g) of OCC's By-Laws, which would be transferred to Rule 1006(g) without material changes. OCC would, therefore, continue to use a suspended Clearing Member's Clearing Fund contribution, after appropriately applying other funds in the accounts of the Clearing Member, to make a required payment to a Cross-Guaranty Party pursuant to a Limited Cross-Guaranty Agreement in respect of such Clearing Member. Proposed Rule 1006(g) would clarify, however, that OCC would credit funds to the Clearing Fund that it receives in respect of a suspended Clearing Member from a Cross-Guaranty Party pursuant to a Limited Cross-Guaranty Agreement, where OCC must still make a charge on a proportionate basis against other Clearing Members' required contributions to the Clearing Fund even after application of such funds, or where OCC has already made a charge on a proportionate basis against other Clearing Members' required contributions to the Clearing Fund.

Proposed Interpretation and Policy .02–.04 to Rule 1006 would also address certain aspects of payments to and from Cross-Guaranty Parties in respect of Common Members. All of these proposed provisions are based without material amendment on existing Interpretations and Policies to Article VIII, Section 5 of OCC's By-Laws, as described below.

Proposed Interpretation and Policy .02 to Rule 1006 is based without material amendment on existing Interpretation and Policy .03 to Article VIII, Section 5 of OCC's By-Laws. Under the proposed Interpretation and Policy, if OCC has a deficiency after it applies all the available funds of a suspended Common Member but cannot determine whether, when, or in what amount it will be entitled under a Limited Cross-Guaranty Agreement to receive funds from a Cross-Guaranty Party, OCC may make a charge against other Clearing Members' contributions for the deficiency in accordance with Rule 1006(b). If OCC receives funds from a Cross-Guaranty Party after making such a charge, OCC would credit the funds to the Clearing Fund in accordance with Rule 1006(g).

Proposed Interpretation and Policy .03 to Rule 1006 is based without material amendment on existing Interpretation and Policy .04 to Article VIII, Section 5 of OCC's By-Laws. Under the proposed Interpretation and Policy, if OCC has a deficiency after it applies all the available funds of a suspended Common Member and OCC determines that it is likely to receive funds from a Cross-Guaranty Party under a Limited Cross-Guaranty Agreement, OCC may, in anticipation of receipt of such funds, forego making a charge, or make a reduced charge in accordance with proposed Rule 1006(b), against other Clearing Members' Clearing Fund contributions. If OCC does not subsequently receive the funds or receives a smaller amount than anticipated, OCC may make a charge or additional charges against contributions in accordance with proposed Rule 1006(b).

Proposed Interpretation and Policy .04 to Rule 1006 is based without material amendment on existing Interpretation and Policy .05 to Article VIII, Section 5 of OCC's By-Laws. Under the proposed Interpretation and Policy, if, under a Limited Cross-Guaranty

[47] OCC notes that proposed Rule 1006(a) would contain a minor modification to clarify that matured futures contracts are included within the scope of other contracts or obligations issued, undertaken, or guaranteed by OCC or in respect of which OCC is otherwise liable.

[48] Existing Interpretation and Policy .01 and .02 of Article VIII, Section 5 concerning the share of any deficiency to be borne by each Clearing Member as a result of a charge against the Clearing Fund would be consolidated and relocated to new Interpretation and Policy .01 of Rule 1006 with only minor, non-substantive conforming changes and cross-references to new Interpretation and Policy .01 of Rule 1006 would be added to proposed Rules 1006(b) and (c) to provide additional clarity in OCC's rules.

[49] A Cross-Guaranty Party is a party, other than OCC, to a Limited Cross Guaranty Agreement, which is an agreement between OCC and one or more other clearing corporations and/or clearing organizations relating to the cross-guaranty by OCC and the other party or parties of certain obligations of a suspended Common Member to the parties to the agreement. *See* Article I, Section 1.C.(35) of the By-Laws (defining Cross-Guaranty Party) and Section 1.L.(4) (defining Limited Cross-Guaranty Agreement).

[50] A Common Member is ''a Clearing Member that is concurrently a member or participant of a Cross-Guaranty Party.'' *See* Article I, Section 1.C.(27) of the By-Laws.

Agreement, OCC receives funds from a Cross-Guaranty Party in respect of a suspended Common Member but is subsequently required to return such funds for any reason, OCC may make itself whole by making a charge or additional charges, as the case may be, against the contributions of Clearing Members, other than the suspended Common Member.

Existing Article VIII, Section 1(b) of OCC's By-Laws, which concerns the general lien on all cash, Government securities, and other property of the Clearing Member contributed to the Clearing Fund, would be moved without material change to new Rule 1006(i). Additionally, existing Interpretation and Policy .02 of Article VIII, Section 3 of OCC's By-Laws, which concerns the treatment of securities deposited in an account of OCC at an approved custodian, would be relocated to new Rule 1006(j) without change.

OCC also proposes to relocate existing Article VIII, Sections 5(c), and (e) of OCC's By-Laws, which concern notice of any charges against the Clearing Fund, the use of current and retained earnings to address losses, and the use of the Clearing Fund to effect borrowings, to new Rules 1006(d), (e), and (f),[51] respectively, without material amendment.[52] OCC would also relocate existing Article VIII, Section 6 of OCC's By-Laws, which concerns the making good of any charges against the Clearing Fund (*i.e.,* Clearing Fund replenishment and assessments) to new Rule 1006(h) without material changes.[53] The proposed Policy and Methodology Description would also contain a discussion of OCC's Clearing Fund replenishment and assessment powers generally intended to reflect this existing authority in the By-Laws. In addition, the proposed Policy would (1) provide the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer with the authority to approve proportionate charges against the Clearing Fund and (2) require that OCC's Accounting department maintain procedures for the allocation of losses due to a Clearing Member default and to replenish the Clearing Fund in the event a deficiency in the Clearing Fund results from events other than those specified in proposed Rule 1006.

Additionally, OCC proposes to amend the definition of ''Clearing Fund'' in Article I and Article V, Section 3 of the By-Laws to reflect the fact that OCC's Clearing Fund-related provisions would now be contained in Chapter X of the Rules. In addition, OCC proposes to change references to ''Chapter 11'' of the Rules in Article VI, Section 27 of OCC's By-Laws to ''Chapter XI'' To conform the references to OCC's Rules. OCC proposes conforming changes to Rule 1106 to reflect the reorganization of Article VIII of the By-Laws into Chapter X of the Rules. OCC also proposes to amend Rule 609 to change the term ''securities'' to ''contracts'' to clarify that its authority to call for intra-day margin also applies to non-securities products cleared by OCC.

OCC also proposes conforming changes to delete existing Interpretations and Policies .02 and .03 of Rule 1001, which deal with the minimum confidence level used to size the Clearing Fund and the phase-in of the former weighting allocation methodology, respectively. Under the proposed change, the confidence level used to size the Clearing Fund and the phase-in of the proposed weighting allocation methodology would be addressed in the Policy and Methodology Description (as described above). As a result, these Interpretations and Policies would no longer be needed.

In addition, consistent with its effort to aggregate all Clearing Fund-related provisions to Chapter X of the Rules, OCC proposes to relocate Article VIII, Sections 7 (Contribution Refund) and 8 (Recovery of Loss) of the By-Laws to new Rules 1009, and 1010, respectively, without material amendment.

OCC also proposes to relocate certain By-Law provisions related to the form and method of Clearing Fund contributions into Chapter X of the Rules. Specifically, OCC proposes to relocate Article VIII, Section 3(a) and (c); Interpretation and Policy .04 to Article VIII, Section 3; and Article VIII, Section 4 to proposed Rule 1002 concerning Clearing Fund contributions. These By-Law provisions would be relocated to Chapter X of the Rules without material amendment. OCC also would relocate Interpretation and Policy .01 to Rule 1001 concerning minimum Clearing Fund size into new Rule 1001(b). The form and method of OCC's Clearing Fund contributions also would be generally described in the proposed Policy and Methodology Description documents. In addition, and consistent with current OCC practice, the proposed Policy would impose a requirement that the specific securities eligible to be used as Clearing Fund contributions be permitted to be pledged in exchange for cash through one of OCC's committed liquidity facilities so that OCC continues to maintain sufficient eligible securities to fully access such facilities.

As noted above, under proposed Rule 1007, OCC would make available on a daily basis certain reports listing the current amount and form of each Clearing Member's contribution to the Clearing Fund, the current amount of the contribution required of such Clearing Member, and any deficit in the Clearing Member's contribution or surplus over and above the required amount, as applicable. Proposed Rule 1007 would also include reporting on the Clearing Member's required cash contribution to the Clearing Fund.

OCC also proposes to relocate existing Rule 1004 (Withdrawals) to new Rule 1008 and would modify the proposed rule to reflect that Clearing Members may withdraw excess Clearing Fund deposits on the same day that OCC issues a report to the Clearing Member showing a surplus (as opposed to the following business day), which is consistent with current operational practices.

In addition, OCC proposes to update references to Article VIII of the By-Laws in its Collateral Risk Management Policy and Default Management Policy to reflect the relocation of OCC's Clearing Fund-related By-Laws into Chapter X of the Rules.

Finally, OCC currently maintains procedures regarding its processes for (i) the monthly resizing of its Clearing Fund (Monthly Clearing Fund Sizing Procedure), (ii) the addition of financial resources through intra-day margin calls and/or an intra-month increase of the Clearing Fund to ensure that it maintains adequate financial resources in the event of a default of a Clearing Member/Clearing Members Group presenting the largest exposure to OCC (FRMC Procedure), and the execution of any intra-month resizing of the Clearing Fund (Clearing Fund Intra-Month Re-

[51] Under clause (i) of new Rule 1006(f), OCC would also be permitted to take possession of Government securities in anticipation of a potential default by or suspension of a Clearing Member, as is currently the case under existing Interpretation and Policy .06 to Article VIII, Section 5.

[52] OCC notes that it would make a number of non-substantive clarifying changes to the rule text in proposed Rule 1006 so that existing rule text referencing ''computed contributions to the Clearing Fund'' and ''as fixed at the time'' would be rephrased as ''required contributions to the Clearing Fund'' and ''as calculated at the time.'' The proposed change is designed to more accurately reflect that these rules are intended to refer to a Clearing Member's required Clearing Fund contribution amount as calculated under the proposed Rules, Policy and Methodology Description and eliminate any potential confusion with a Clearing Member's ''fixed amount'' as determined under Rule 1003(a).

[53] OCC notes that it would modify the rule text in question to clarify that a Clearing Member's obligation to make good the deficiency in its Clearing Fund contribution, resulting from a proportionate charge or otherwise, would be in relation to its currently ''required'' contribution amount and not the amount of the contribution on deposit as of the time of the charge.

sizing Procedure).[54] OCC proposes to retire its existing Clearing Fund Intra-Month Re-sizing Procedure, FRMC Procedure, and Monthly Clearing Fund Sizing Procedure as these procedures would no longer be relevant to OCC's proposed Clearing Fund and stress test methodology and would be replaced by the proposed Rules, Policy and Methodology Description described herein.

OCC's Monthly Clearing Fund Sizing Procedure provides that the Clearing Fund is resized on the first business day of each month by identifying the peak five-day rolling average of Clearing Fund Draws (using OCC's current Clearing Fund methodology) over the most recent three-month period. This peak five-day rolling average is supplemented with a prudential margin of safety of $1.8 billion. The Monthly Clearing Fund Sizing Procedure further describes the internal procedural and administrative steps taken by OCC staff in the monthly Clearing Fund sizing processes (*e.g.,* the internal reports and processes used to populate relevant data and calculate the monthly Clearing Fund size and the internal reporting and notifications made by OCC staff during the resizing process). Under the proposed Policy and Methodology Description, OCC would continue to determine the Clearing Fund size for a given month by using a peak five-day rolling average of Clearing Fund Draws over the prior three months; however, these calculations would be done using the proposed Sizing Stress Test results and would no longer require a prudential margin of safety.[55] The remaining internal procedural and administrative steps taken by OCC staff in the monthly Clearing Fund sizing processes would no longer be ''rules'' of OCC as defined by the Exchange Act[56] as those aspects of the procedure: (1) Would no longer be relevant to OCC's proposed Clearing Fund and stress testing methodologies and processes, (2) would be reasonably and fairly implied by the proposed Rules, Policy, and Methodology Description, and/or (3) would otherwise not be deemed to be material aspects of OCC's Clearing Fund-related operations.[57]

OCC's FRMC Procedure outlines various responsibilities, deliverables and communications with respect to OCC's financial resource monitoring and resource call processes. While the FRMC Procedure describes material aspects of OCC's current financial resource monitoring and call-related operations, it also describes the non-material procedural and administrative steps taken by OCC staff in carrying out these processes. For example, the FRMC Procedure contains procedural steps for (1) comparing Clearing Fund Draws against the Clearing Fund size and determining whether applicable thresholds are breached, (2) internal notifications and reporting within OCC regarding the imposition of enhanced monitoring or recommendations for margin calls or intra-month resizing of the Clearing Fund,[58] (3) other external communications to Clearing Members[59] regarding margin calls, and (4) determining whether a cash draft is required to satisfy a deficit resulting from a margin call. Under the proposal, the proposed Policy would continue to describe the material aspects of OCC's Clearing Fund operations as they relate to the financial resource monitoring and resource call process under the new Clearing Fund and stress testing methodology, subject to a number of modifications described above.[60] Any remaining procedural details would not be ''rules'' of OCC as OCC believes that those aspects of the procedures: (1) Would no longer be relevant to OCC's proposed Clearing Fund and stress testing methodologies and processes, (2) would be reasonably and fairly implied by the proposed Rules, Policy, and Methodology Description, and/or (3) would otherwise not be deemed to be material aspects of OCC's Clearing Fund-related operations.

OCC's Clearing Fund Intra-Month Re-sizing Procedure outlines the various internal responsibilities, deliverables and communications with respect to an intra-month re-sizing the Clearing Fund as determined under the FRMC Procedure. The procedure describes the procedural and administrative steps taken by OCC staff in the intra-month resizing process, including the procedural steps for (1) calculating increased contribution requirements based on various internal reports and processes, (2) preparing information memoranda announcing an intra-month resizing, (3) internal notifications and reporting within OCC regarding an intra-month resizing, (4) other external communications to Clearing Members[61] and OCC's regulators regarding an intra-month resizing of the Clearing Fund, and (5) determining whether a cash draft is required to satisfy a deficit resulting from an intra-month resizing of the Clearing Fund. Under the proposed changes described herein, these procedural details would not be ''rules'' of OCC as OCC believes that those aspects of the procedure: (1) Would no longer be relevant to OCC's proposed Clearing Fund and stress testing methodologies and processes, (2) would be reasonably and fairly implied by the proposed Rules, Policy, and Methodology Description, and/or (3) would otherwise not be deemed to be material aspects of OCC's Clearing Fund-related operations.

Anticipated Effect on, and Management of, Risk

OCC believes that the proposed changes, and in particular, the new Clearing Fund and stress testing methodology, would both enhance OCC's risk management capabilities as well as promote OCC's ability to more thoroughly size, monitor and test the sufficiency of its Pre-Funded Financial Resources under a wide range of hypothetical and historical stress scenarios. The proposed Clearing Fund and stress testing methodology is designed to improve OCC's ability to calibrate its Pre-Funded Financial

[54] *See supra* note 11.

[55] *See supra* note 22.

[56] Section 19(b)(1) of the Exchange Act requires a self-regulatory organization (''SRO'') such as OCC to file with the Commission any proposed rule or any proposed change in, addition to, or deletion from the rules of such SRO. *See* 15 U.S.C. 78s(b)(1). Section 3(a)(27) of the Exchange Act defines ''rules of a clearing agency'' to mean its (1) constitution, (2) articles of incorporation, (3) bylaws, (4) rules, (5) instruments corresponding to the foregoing and (6) such ''stated policies, practices and interpretations'' (''SPPI'') as the Commission may determine by rule. *See* 15 U.S.C. 78c(a)(27). Exchange Act Rule 19b–4(a)(6) defines the term ''SPPI'' to mean, in addition to certain publicly facing statements, ''any material aspect of the operation of the facilities of the [SRO].'' *See* 17 CFR 240.19b–4(a)(6). Rule 19b–4(c) provides, however, that an SPPI may not be deemed to be a proposed rule change if it is: (i) Reasonably and fairly implied by an existing rule of the SRO or (ii) concerned solely with the administration of the SRO and is not an SPPI with respect to the meaning, administration, or enforcement of an existing rule the SRO.

[57] OCC notes that it would adopt new internal procedures to address the procedural and administrative steps associated with the monthly Clearing Fund sizing, Clearing Fund sufficiency monitoring, and intra-month resizing processes; however, these procedures would not be filed as ''rules'' of OCC under the Exchange Act. These procedures also would conform to the proposed changes described herein.

[58] OCC notes that the weekly reporting process currently described in the FRMC Procedure would no longer be codified in the ''rules'' of OCC; however, the proposed Policy would establish new governance, monitoring and review requirements for OCC's Clearing Fund and stress testing methodology, which are described in detail above.

[59] The proposed Policy would contain a general requirement that Clearing Members be notified of any intra-day margin calls under the policy but the procedural details of such notification would be contained in the Clearing Fund Sufficiency Monitoring Procedure.

[60] *See e.g., supra* notes 33–37 and associated text.

[61] The proposed Policy would contain a general requirement that Clearing Members, OCC's Risk Committee, and OCC's regulators be notified of any intra-month Clearing Fund resizing but the procedural details of such notification would be contained in the Clearing Fund Sizing Procedure.

Resources to withstand a broader range of extreme but plausible circumstances under which its one or two largest Clearing Members may default, thereby reducing the risk that such resources would be insufficient in an actual default.

As noted above, the proposed Clearing Fund and stress testing methodology would enhance OCC's framework for testing the sizing, adequacy, and sufficiency of its Pre-Funded Financial Resources by incorporating a wide range of extreme hypothetical and historical stress scenarios. Under the proposal, OCC would establish a new risk tolerance with respect to sizing OCC's Pre-Funded Financial Resources to cover a 1-in-50 year hypothetical market event at a 99.5% confidence level over a two-year look-back period. As noted above, OCC believes that a 1-in-50 year hypothetical market event represents the outer range of extreme but plausible scenarios for OCC's cleared products. As a result, OCC would size its Clearing Fund based on more conservative 1-in-80 year Hypothetical Scenarios, and would do so under a more conservative Cover 2 Standard, so that OCC sizes its Clearing Fund on a monthly basis at a level designed to cover its potential exposures under extreme but plausible market conditions. Moreover, OCC would utilize Sufficiency Stress Tests to evaluate the sufficiency of its Pre-Funded Financial Resources against potential credit exposures arising from range of scenarios to determine whether OCC should: (1) Implement the enhanced monitoring of Clearing Fund Draws, (2) require additional margin deposits, or (3) re-size the Clearing Fund on an intra-month basis so that OCC continues to maintain sufficient financial resources to cover a wide range of foreseeable stress scenarios that include, but are not limited to, the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure in extreme but plausible market conditions. Moreover, the proposed changes would introduce a number of Informational Stress Tests that would serve as valuable risk management tools for OCC to monitor and assess its Pre-Funded Financial Resources against a wide range of scenarios, including but not limited to extreme but implausible and reverse stress test scenarios.

The proposed changes also would introduce certain anti-procyclical measures into the monthly Clearing Fund sizing process designed to limit the potential decrease of the Clearing Fund's size from month to month and therefore reduce the likelihood that a market shock would require OCC to call for further resources from Clearing Members on an intra-month basis. The measures would prevent the Clearing Fund from decreasing rapidly when a previous peak falls out of the three month look-back period, and also reduce the likelihood that the Clearing Fund would be set at a size such that a Clearing Member Group with stress test exposures that are trending upward at the end of the sizing period would exceed the threshold for an intra-month resize immediately following monthly resizing of the Clearing Fund.

Taken together, OCC believes that the proposed changes to its Clearing Fund and stress testing methodology and Policy are designed to improve OCC's ability to calibrate its Pre-Funded Financial Resources, and when necessary, call for additional financial resources from its Clearing Members, so that it can withstand a wide range of scenarios under which its one or two largest Clearing Members may default, thereby reducing the risk that such resources would be insufficient in an actual default and enhancing OCC's ability to manage risks in its role as a systemically important financial market utility.

OCC also proposes to increase its minimum initial and fixed Clearing Fund contribution amounts from $150,000 to $500,000. While the proposed change would require a small subset of OCC's Clearing Members to contribute a relatively modest increase in their mutualized contribution to OCC's Clearing Fund (at most, a $350,000 increase), OCC does not believe the increased minimum contribution requirements would have a material impact on OCC's risk management activities, the risk presented to affected Clearing Members, or the nature or level of risk presented by OCC. OCC notes that in proposing the new minimum contribution amounts, it analyzed, among other things, the potential impact on Clearing Members that are at the minimum or otherwise below or just over the newly proposed $500,000 requirement, the impact to those members in dollar and percentage terms as well as compared to their net capital, evolving market conditions, evolution in the size of the Clearing Fund, minimum contribution requirements of other CCPs, and heightened regulatory obligations on OCC given its status as a systemically important financial market utility. In particular, OCC notes that its existing initial and minimum fixed contribution requirements have been in place since June 5, 2000, while its Clearing Fund has grown from approximately $2 billion in 2000 to several multiples of that, both currently and under the proposal described herein.[62] OCC also notes that the proposed increase in minimum contribution requirements would not affect the overall size of OCC's Clearing Fund. OCC believes the proposed increase in its minimum contribution amounts is reasonable in light of its analysis and would not result in a material change in risk to OCC or its Clearing Members.

Additionally, OCC proposes to modify its allocation weighting methodology to more closely align Clearing Members' Clearing Fund contribution requirements with the level of risk they present to OCC. Specifically, under the proposed Policy, Clearing Fund contribution requirements would be based on an allocation methodology of 70% of total risk, 15% of volume and 15% of open interest (as opposed to the current weighting of 35% total risk, 50% open interest, and 15% volume). In addition, OCC proposes to modify the volume component of its Clearing Fund contribution allocation weighting methodology to provide that OCC would use cleared volume, as opposed to executed volume, to base the volume component of the allocation on where the position is ultimately cleared as opposed to where it was executed. OCC believes that these changes would better align incentives for each Clearing Member to reduce the risk it introduces to the Clearing Fund by determining each Clearing Member's proportionate share of the Clearing Fund based on the risk it presents to OCC.

OCC also proposes to adopt a new governance, monitoring, and reporting framework in connection with the proposed Clearing and stress testing methodology that would provide for daily, monthly, and annual review and reporting activities designed to ensure that OCC monitors and analyzes its stress testing scenarios, models, and underlying parameters and assumptions on a regular basis and reports the results of these analyses to appropriate decision makers at OCC. OCC does not believe that these changes would materially impact the risk presented to OCC or its participants.

OCC also proposes a number of changes to its Rules to generally reduce the time for Clearing Members to fund Clearing Fund deficits. Specifically, new Rule 1005(a) would require that a Clearing Member satisfy any deficit in its required Clearing Fund contribution resulting from a decrease in the value of a Clearing Member's contribution or by an adjusted contribution pursuant to

[62] *See supra* note 39 and accompanying text.

proposed Rule 1004 by no later than one hour after being notified by OCC of such deficit. In addition, OCC would reduce the amount of time within which a Clearing Member must satisfy a deficit from five business days of the date on which the report is made available to two business days of such date for any deficit arising due to regular monthly sizing of the Clearing Fund, an intra-month resizing of the Clearing Fund, or in circumstance in which a Clearing Member's contribution is increased as a result of an amendment of OCC's Rules. Additionally, and consistent with existing operational practice, the proposed changes would specify that OCC, upon the failure of a Clearing Member for any reason to timely satisfy a deficit regarding its required Clearing Fund contribution, OCC would be authorized to withdraw an amount equal to such deficit from the Clearing Member's bank account maintained in respect of an OCC firm account. OCC also proposes to specify that Clearing Members shall have until 9:00 a.m. Central Time on the second business day after the issuance of the Clearing Fund Status Report to meet their required Clearing Fund contribution if such contribution increases as a result of monthly Clearing Fund sizing or an intra-month resizing of the Clearing Fund to more closely align with the settlement time for the collection of other deficits (*e.g.,* the required time for making good any deficiency generally under existing Article VIII, Section 6 of the By-Laws or for satisfying any margin deficits under Rule 605). The proposed change is designed to ensure that OCC is able to obtain funds owed from its Clearing Members in a timely fashion so that OCC can continue to meet its overall financial resource requirements, thereby reducing the risk presented to OCC.

OCC notes that it also proposes a number of non-material changes, such as relocating provisions of OCC's By-Laws concerning the Clearing Fund to its Rules, making other clarifying and conforming changes to its Rules, Collateral Risk Management Policy and Default Management Policy, and clarifying certain pro-cyclicality measures in its existing margin methodology, which are not expected to have any impact on OCC's risk management practices or the risk presented to OCC or its participants.

Taken together, OCC believes the enhancements discussed in this proposed rule change would provide for a more comprehensive approach to managing OCC's credit risks and would allow OCC to more accurately measure its credit risk exposures, better test the sufficiency of its financial resources, and respond quickly when OCC believes additional financial resources are required.

Consistency With the Payment, Clearing and Settlement Supervision Act

The stated purpose of the Clearing Supervision Act is to mitigate systemic risk in the financial system and promote financial stability by, among other things, promoting uniform risk management standards for systemically important financial market utilities and strengthening the liquidity of systemically important financial market utilities.[63] Section 805(a)(2) of the Clearing Supervision Act[64] authorizes the Commission to prescribe risk management standards for the payment, clearing and settlement activities of designated clearing entities, like OCC, for which the Commission is the supervisory agency. Section 805(b) of the Clearing Supervision Act[65] states that the objectives and principles for risk management standards prescribed under Section 805(a) shall be to:

- Promote robust risk management;
- promote safety and soundness;
- reduce systemic risks; and
- support the stability of the broader financial system.

OCC believes that the proposed changes described herein would enhance its Pre-Funded Financial Resources in a manner consistent with the risk management standards adopted by the Commission in Rule 17Ad–22 under the Act for the reasons set forth below.[66]

Clearing Fund Sizing and Sufficiency Changes

Rule 17Ad–22(b)(3)[67] requires a registered clearing agency that performs CCP services to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain sufficient financial resources to withstand, at a minimum, a default by the participant family to which it has the largest exposure in extreme but plausible market conditions. Rules 17Ad–22(e)(4)(iii) and (iv)[68] further require, in part, that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by maintaining additional financial resources (beyond those collected as margin or otherwise maintained to meet the requirements of Rule 17Ad–22(e)(4)(i)[69]) at the minimum to enable it to cover a wide range of foreseeable stress scenarios that include, but are not limited to, the default of the participant family that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions and do so exclusive of assessments for additional guaranty fund contributions or other resources that are not prefunded.

OCC believes that the proposed changes to its By-Laws, Rules and Clearing Fund and stress testing methodology are reasonably designed to measure and manage OCC's credit exposures to participants by maintaining sufficient Pre-Funded Financial Resources to cover a wide range of foreseeable stress scenarios that include, but are not limited to, the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure in extreme but plausible market conditions. In order to achieve this, OCC proposes to establish a risk tolerance with regard to the sizing of the Clearing Fund equal to a 1-in-50 year hypothetical market event, which OCC believes represents the outer range of extreme but plausible scenarios for OCC's cleared products for purposes of Rule 17Ad–22(e)(4) under the Act.[70] In order to ensure sufficient coverage of this risk tolerance, which OCC believes represents the outer range of extreme but plausible market conditions for the purposes of Rule 17Ad–22(e)(4) under the Act,[71] and to guard against intra-month scenario volatility and procyclicality, OCC proposes to size its Clearing Fund based on a more conservative 1-in-80 year hypothetical market event (*i.e.,* the Sizing Stress Tests) on a Cover 2 Standard. The proposed changes are designed to size the Clearing Fund at a level that would be expected to cover OCC's potential exposures under extreme but plausible market conditions. In addition, OCC's Rules, Policy and Methodology

[63] 12 U.S.C. 5461(b).

[64] 12 U.S.C. 5464(a)(2).

[65] 12 U.S.C. 5464(b).

[66] 17 CFR 240.17Ad–22. *See* Securities Exchange Act Release Nos. 68080 (October 22, 2012), 77 FR 66220 (November 2, 2012) (S7–08–11) (''Clearing Agency Standards''); 78961 (September 28, 2016), 81 FR 70786 (October 13, 2016) (S7–03–14) (''Standards for Covered Clearing Agencies''). The Standards for Covered Clearing Agencies became effective on December 12, 2016. OCC is a ''covered clearing agency'' as defined in Rule 17Ad–22(a)(5) and therefore must comply with the requirements of Rule 17Ad–22(e).

[67] 17 CFR 240.17Ad–22(b)(3).

[68] 17 CFR 240.17Ad–22(e)(4)(iii) and (iv).

[69] 17 CFR 240.17Ad–22(e)(4)(i).

[70] 17 CFR 240.17Ad–22(e)(4).

[71] *Id.*

Description would provide for the collection of additional resources on an intra-month basis if certain Sufficiency Scenario thresholds are breached, as discussed in more detail above. These stress tests are designed, in total, to result in the collection of sufficient Pre-Funded Financial Resources (which by definition in the Policy would exclude OCC's replenishment and assessment powers), and when necessary call for additional financial resources, to cover a wide range of stress scenarios, including extreme but plausible market conditions.

Additionally, the proposed changes to avoid pro-cyclicality in the Clearing Fund (*e.g.,* preventing the Clearing Fund from decreasing more than 5% from month-to-month and using a three-month look back period in sizing the Clearing Fund) are designed to promote stability and to prevent the Clearing Fund from decreasing rapidly when a previous peak falls out of the look-back period. OCC believes that this conservative approach to anti-procyclicality would help to ensure that OCC continues to maintain adequate Pre-Funded Financial Resources during periods where volatility decreases significantly, market conditions change rapidly, or Clearing Member business activity causes a significant decrease in stress test results.

OCC further believes that the proposed changes to its Rules to generally reduce the timeframe in which Clearing Members must meet deficits in their Clearing Fund contributions are appropriate because it would expedite the adjustment of Clearing Fund contributions to the appropriate size as determined by OCC's new Clearing Fund and stress test methodology, thereby allowing the Clearing Fund to respond more quickly in rapidly changing or emergency market conditions. Moreover, consistent with existing operational practice, new Rule 1005(c) would establish that, upon the failure of a Clearing Member for any reason to timely satisfy a deficit regarding its required Clearing Fund contribution, OCC would be authorized to withdraw an amount equal to such deficit from the Clearing Member's bank account maintained in respect of an OCC firm account. The proposed rule change is designed to ensure that OCC is able to obtain funds owed from its Clearing Members in a timely fashion so that OCC can continue to meet its overall financial resource requirements. OCC believes the proposed changes would help to ensure that OCC maintains sufficient resources to meet its financial resource requirements under Rule 17Ad–22.[72]

For these reasons, OCC believes the proposed changes are reasonably designed so that OCC can measure and manage its credit exposure to its participants through the maintenance of additional financial resources at a minimum to enable it to cover a wide range of foreseeable stress scenarios that include, but are not limited to, the default of the participant family that would potentially cause the largest aggregate credit exposure for OCC in extreme but plausible market conditions, and do so exclusive of assessments for additional Clearing Fund contributions or other resources that are not prefunded, in a manner consistent with Rule 17Ad–22(b)(3) and Rules 17Ad–22(e)(4)(iii) and (iv).[73]

Proposed Stress Testing and Clearing Fund Methodology

Rule 17Ad–22(e)(4)(vi)(A)[74] requires, in part, that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by testing the sufficiency of its total financial resources available to meet the minimum financial resource requirements under Rule 17Ad–22(e)(4)(iii)[75] by conducting stress testing of its total financial resources once each day using standard predetermined parameters and assumptions.

OCC proposes to adopt a new stress testing methodology, as described in the proposed Policy and Methodology Description, to enable OCC to conduct a variety of Sizing Stress Tests, Adequacy Stress Tests, Sufficiency Stress Tests and Informational Stress Tests, each of which play different but complementary roles in promoting OCC's ability to more robustly identify, measure, monitor and manage its credit risks to its participants. These stress tests would be run on a daily basis using standard predetermined parameters and assumptions and would allow OCC to test the sufficiency of its Pre-Funded Financial Resources under a wide range of Historical Scenarios, which take into account stresses on a number of factors such as price and volatility, as well as testing the adequacy of OCC's Pre-Funded Financial Resources with respect to its proposed risk tolerance. In turn, these stress tests would enable OCC to more effectively design margin and Clearing Fund requirements that are calibrated to cover Clearing Member defaults under such scenarios. The proposed Clearing Fund and stress testing methodology would also use Sufficiency Stress Tests to determine whether OCC should call for additional collateral to ensure that it consistently maintains sufficient financial resources. OCC believes that the proposed changes are therefore designed to allow OCC to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, by testing the sufficiency of its Pre-Funded Financial Resources available to meet its minimum financial resource requirements under Rule 17Ad–22[76] in a manner consistent with Rule 17Ad–22(e)(4)(vi).[77]

Clearing Fund and Stress Testing Governance, Monitoring, and Review

Rule 17Ad–22(e)(4)(vi) and (vii)[78] require, in part, that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by (i) conducting a comprehensive analysis on at least a monthly basis of the existing stress testing scenarios, models, and underlying parameters and assumptions, and considering modifications to ensure they are appropriate for determining the covered clearing agency's required level of default protection in light of current and evolving market conditions; (ii) conducting a comprehensive analysis of stress testing scenarios, models, and underlying parameters and assumptions more frequently than monthly when the products cleared or markets served display high volatility or become less liquid, or when the size or concentration of positions held by the covered clearing agency's participants increases significantly; (iii) reporting the results of such analyses to appropriate decision makers at the covered clearing agency, including but not limited to, its risk management committee or board of directors, and using these results to evaluate the adequacy of and adjust its margin methodology, model parameters,

[72] *Id.*

[73] 17 CFR 240.17Ad–22(b)(3) and (e)(4)(iii) and (iv).

[74] 17 CFR 240.17Ad–22(e)(4)(vi)(A).

[75] 17 CFR 240.17Ad–22(e)(4)(iii).

[76] 17 CFR 240.17Ad–22.

[77] 17 CFR 240.17Ad–22(e)(4)(vi).

[78] 17 CFR 240.17Ad–22(e)(4)(vi)(B)–(D) and (vii).

models used to generate clearing or guaranty fund requirements, and any other relevant aspects of its credit risk management framework, in supporting compliance with the minimum financial resources requirements; and (iv) performing a model validation for its credit risk models not less than annually or more frequently as may be contemplated by the covered clearing agency's risk management framework.

The proposed Policy would set forth requirements for the daily and monthly monitoring, review, and reporting of stress test results. Specifically, under the Policy, STLRM would monitor the results of all of the Adequacy and Sufficiency Stress Tests on a daily basis and immediately escalate any material issues identified with respect to the adequacy of OCC's financial resources to the STWG and the Management Committee to determine if it would be appropriate to recommend a change to the stress test scenarios used to size the Clearing Fund. In addition, the Policy would require that STWG perform a comprehensive monthly analysis of OCC's stress testing results, as well as information related to the scenarios, models, parameters, and assumptions impacting the sizing of the Clearing Fund and evaluate their appropriateness for determining OCC's required level of financial resources in light of current and evolving market conditions. Moreover, the Policy would require that such review be conducted more frequently than monthly when the products cleared or markets served display high volatility or become less liquid; the size or concentration of positions held by OCC's participants increases significantly; or as otherwise appropriate.

Pursuant to the proposed Policy, STLRM would report the results of stress tests and its comprehensive monthly analysis to OCC's Management Committee and Risk Committee on at least a monthly basis and would maintain procedures for determining whether, and in what circumstances, the results of such stress tests should be reported to the Management Committee or the Risk Committee more frequently than monthly, and would indicate the persons responsible for making that determination. In the performance of the monthly review of stress testing results and analysis and considering whether escalation is appropriate, the Policy would require that due consideration be given to the intended purpose of the Policy to: (a) Assess the adequacy of, and adjust as necessary, OCC's total amount of financial resources; (b) support compliance with the minimum financial resources requirements under applicable regulations; and (c) evaluate the adequacy of, and recommend adjustments to OCC's margin methodology, margin parameters, models used to generate margin or guaranty fund requirements, and any other relevant aspects of OCC's credit risk management.

In addition, the proposed Policy would require that OCC's Model Validation Group perform a model validation of OCC's Clearing Fund model on an annual basis and that the Risk Committee would be responsible for reviewing the model validation report.

Based on the foregoing, OCC believes that the proposed Policy is reasonably designed to ensure that OCC: (i) Conducts a comprehensive analysis on at least a monthly basis of the existing stress testing scenarios, models, and underlying parameters and assumptions, and considers modifications to ensure they are appropriate for determining OCC's required level of default protection in light of current and evolving market conditions; (ii) conducts a comprehensive analysis of stress testing scenarios, models, and underlying parameters and assumptions more frequently than monthly when the products cleared or markets served display high volatility or become less liquid, or when the size or concentration of positions held by OCC's participants increases significantly; (iii) reports the results of such analyses to appropriate decision makers, including but not limited to, OCC's Management Committee and the Risk Committee of the Board, and uses these results to evaluate the adequacy of and adjust its margin methodology, model parameters, models used to generate Clearing Fund requirements, and any other relevant aspects of its credit risk management framework, in supporting compliance with the minimum financial resources requirements; and (iv) performs a model validation for its credit risk models not less than annually or more frequently as may be contemplated by OCC's risk management framework in accordance with Rules 17Ad–22(e)(4)(vi) and (vii).[79]

Proposed Changes to Minimum Contribution Amount and Allocation Methodology

Rule 17Ad–22(e)(4)[80] generally requires that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. With respect to the use of Clearing Funds and the requirements of Rule 17Ad–22(e)(4),[81] the Commission has noted that, to the extent that a clearing agency uses guaranty or clearing fund contributions to mutualize risk across participants, the clearing agency generally should value margin and guaranty fund contributions so that the contributions are commensurate to the risks posed by the participants' activity, and the clearing agency also generally should consider the appropriate balance of individualized and pooled elements within its default waterfall, with a careful consideration of whether the balance of those elements mitigates risk and to what extent an imbalance among those elements might encourage moral hazard, in that one participant may take more risks because the other participants bear the costs of those risks.[82]

OCC believes that the proposed changes to its initial and minimum Clearing Fund contribution amounts strike an appropriate balance between individualized and mutualized resources for new Clearing Members and those Clearing Members with minimal open interest. As noted above, OCC's existing initial and minimum fixed contribution requirements have been in place since June 5, 2000, while its Clearing Fund has grown from approximately $2 billion in 2000 to several multiples of that, both currently and under the proposal described herein.[83] As a result, OCC undertook an analysis to determine the appropriateness of this amount. As discussed in detail above, OCC considered a number of factors such as the potential impact on Clearing Members that are at the minimum or otherwise below or just over the newly proposed $500,000 requirement, the impact to those members in dollar and percentage terms as well as compared to their net capital, evolving market conditions, evolution in the size of the Clearing Fund, minimum contribution requirements of other CCPs, and heightened regulatory obligations on OCC given its status as a systemically important financial market utility. OCC believes that the proposed increase is appropriate given the increase in OCC's overall Clearing Fund size and is in line with or lower than the minimum

[79] *Id.*

[80] 17 CFR 240.17Ad–22(e)(4).

[81] *Id.*

[82] *See supra* note 65, Standards for Covered Clearing Agencies at 70813.

[83] *See supra* note 39 and accompanying text.

requirements of other CCPs. OCC therefore believes that the proposed increase is reasonably designed to ensure OCC is able to manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes in a manner that considers an appropriate balance of individualized and pooled elements within its default waterfall.

Additionally, OCC proposes to modify its allocation weighting methodology to more closely align Clearing Members' Clearing Fund contribution requirements with the level of risk they bring to OCC. Specifically, the proposed Clearing Fund contribution requirements would be based on an allocation methodology of 70% of total risk, 15% of volume and 15% of open interest (as opposed to the current weighting of 35% total risk, 50% open interest, and 15% volume). OCC believes that this change would better align incentives for each Clearing Member to reduce the risk it introduces to the Clearing Fund by determining each Clearing Member's proportionate share of the Clearing Fund based on the risk it presents to OCC.

OCC also proposes to modify the volume component of its Clearing Fund contribution allocation weighting methodology to provide that OCC would use cleared volume, as opposed to executed volume, to base the volume component of the allocation on where the position is ultimately cleared as opposed to where it was executed. OCC believes that the proposed change is designed to more appropriately allocate contribution requirements commensurate to the risks posed by its Clearing Members.

For these reasons, OCC believes that the proposed changes are designed to manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes in a manner consistent with Rule 17Ad–22(e)(4).[84]

Other Clarifying, Conforming and Organizational Changes

Rule 17Ad–22(e)(1)[85] requires a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions. OCC believes that the proposed clarifying, conforming, and organizational changes to its By-Laws and Rules are designed to provide Clearing Members with enhanced transparency and clarity regarding their obligations associated with the Clearing Fund. As discussed above, the primary provisions that address OCC's Clearing Fund are currently split between Article VIII of the By-Laws and Chapter X of the Rules. Consolidating all of these provisions to Chapter X of the Rules would provide Clearing Members with a single location in which to find and understand the primary obligations that are associated with the Clearing Fund. In addition, OCC would make a number of non-substantive changes to its rules designed to provide additional clarity and transparency, including for example: (1) Consolidating existing Interpretation and Policy .01 and .02 of Article VIII, Section 5 concerning the share of any deficiency to be borne by each Clearing Member as a result of a charge against the Clearing Fund into new Interpretation and Policy .01 of Rule 1006 with conforming changes and cross-references to new Interpretation and Policy .01 of Rule 1006 being added to proposed Rules 1006(b) and (c) to provide additional clarity in OCC's rules; (2) making minor modifications to proposed Rule 1006(a) to clarify that matured futures contracts are included within the scope of other contracts or obligations issued, undertaken, or guaranteed by OCC or in respect of which OCC is otherwise liable; (3) clarifying in the proposed Policy that the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer would have the authority to approve proportionate charges against the Clearing Fund; (4) clarifying in the proposed Policy that OCC's Accounting department is responsible for maintaining procedures for the allocation of losses due to a Clearing Member default and to replenish the Clearing Fund in the event a deficiency in the Clearing Fund results from events other than those specified in proposed Rule 1006; (5) revising Rule 609 to change the term ''securities'' to ''contracts'' to clarify that OCC's authority to call for intra-day margin also applies to non-securities products cleared by OCC; (6) codifying in the proposed Policy the existing OCC practice that the specific securities eligible to be used as Clearing Fund contributions be permitted to be pledged in exchange for cash through one of OCC's committed liquidity facilities so that OCC continues to maintain sufficient eligible securities to fully access such facilities; (7) clarifying in proposed Rule 1002 that the circumstances and terms for a Clearing Member terminating its clearing membership due to an increase in Clearing Fund contribution resulting from an amendment of the Rules is separate from the circumstances and terms for a Clearing Member terminating its status as a result of a proportionate charge against the Clearing Fund; (8) clarifying in the introduction to Chapter X of the Rules that the size of the Clearing Fund shall at all times be subject to minimum sizing requirements and generally be calculated on a monthly basis by OCC; however, the calculated size of the Clearing Fund may be determined more frequently than monthly under certain conditions specified in proposed Rule 1001; and (9) rephrasing current rule text referencing ''computed contributions to the Clearing Fund'' and ''as fixed at the time'' to be ''required contributions to the Clearing Fund'' and ''as calculated at the time'' to more accurately reflect that these rules are intended to refer to a Clearing Member's required Clearing Fund Contribution amount as calculated under the proposed Rules, Policy and Methodology Description and eliminate any potential confusion with a Clearing Member's ''fixed amount'' as determined under Rule 1003(a). OCC believes that this additional clarity, transparency and enhanced readability regarding the primary provisions pertaining to the Clearing Fund help to provide for a well-founded, clear, transparent and enforceable legal basis for the rights and obligations of Clearing Members and OCC regarding the Clearing Fund consistent with Rule 17Ad–22(e)(1).[86]

In addition, Section 19(b)(1) of the Exchange Act and Rule 19b–4 thereunder set forth the requirements for SRO proposed rule changes, including the regulatory filing requirements for SPPIs.[87] OCC proposes to retire its existing Clearing Fund Intra-Month Re-sizing Procedure, FRMC Procedure, and Monthly Clearing Fund Sizing Procedure, which were previously filed as ''rules'' with the Commission,[88] as these procedures would no longer be relevant to OCC's proposed Clearing Fund and stress testing methodology and processes. Under the proposal, the material aspects of OCC's Clearing Fund-related operations would be contained in the proposed Rules, Policy and Methodology Description described herein. Any applicable procedural details would not be ''rules'' of OCC as those aspects of the procedures: (1) Would no longer be relevant to OCC's

[84] 17 CFR 240.17Ad–22(e)(4).

[85] 17 CFR 240.17Ad–22(e)(1).

[86] *Id.*

[87] *See supra* note 55.

[88] *See supra* note 11.

proposed Clearing Fund and stress testing methodologies and processes, (2) would be reasonably and fairly implied by the proposed Rules, Policy, and Methodology Description, and/or (3) would otherwise not be deemed to be material aspects of OCC's Clearing Fund-related operations. Accordingly, OCC believes the proposed changes would be consistent with the requirements of Rule 17Ad–22(e)(1).[89]

III. Date of Effectiveness of the Advance Notice and Timing for Commission Action

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date the proposed change was filed with the Commission or (ii) the date any additional information requested by the Commission is received. OCC shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date the advance notice is filed, or the date further information requested by the Commission is received, if the Commission notifies the clearing agency in writing that it does not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

OCC shall post notice on its website of proposed changes that are implemented.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the advance notice is consistent with the Clearing Supervision Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–OCC–2018–803 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR–OCC–2018–803. 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 (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the advance notice that are filed with the Commission, and all written communications relating to the advance notice between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at *https://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_18_803.pdf.*

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR–OCC–2018–803 and should be submitted on or before July 23, 2018.

By the Commission.

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14459 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

[89] *Id.*

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83558; File No. SR–IEX–2018–06]

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Establish a New Optional Listing Category on the Exchange, "LTSE Listings on IEX"

June 29, 2018.

I. Introduction

On March 15, 2018, Investors Exchange LLC (the ''Exchange'' or ''IEX'') filed with the Securities and Exchange Commission (''SEC'' or ''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 establish a new optional listing category on the Exchange, referred to as the ''LTSE Listings on IEX'' or ''LTSE Listings.'' The proposed rule change was published for comment in the **Federal Register** on April 2, 2018.[3] The Commission received 23 comment letters on the proposed rule change.[4] On

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 82948 (March 27, 2018), 83 FR 14074 (''Notice'').

[4] *See* letters to Brent J. Fields, Secretary, Commission, from Tony Davis, CEO, Inherent Group, dated April 19, 2018 (''Inherent Group Letter''); Morgan Housel, Partner, The Collaborative Fund, dated April 20, 2018 (''Collaborative Fund Letter''); Chris Brummer, Professor of Law, Faculty Director, Institute of International Economic Law, Georgetown University Law Center, dated April 22, 2018 (''Brummer Letter''); Dick Costolo, dated April 23, 2018 (''Costolo Letter''); James Anderson, Partner and Head of Global Equities, Baillie Gifford & Co, dated April 23, 2018 (''Baillie Gifford Letter''); Marcie Frost, Chief Executive Officer, California Public Employees' Retirement System Investment Office, dated April 23, 2018 (''CalPERS Letter''); Evan Williams, Co-Founder and James Joaquin, Co-Founder & Managing Director, Obvious Ventures, dated April 23, 2018 (''Obvious Ventures Letter''); Douglas K. Chia, Executive Director, Governance Center, The Conference Board, Inc., dated April 23, 2018 (''Conference Board Letter''); Steve Case, Chairman and CEO, Revolution, dated April 23, 2018 (''Revolution Letter''); Marc Andreessen, Cofounder and General Partner, Andreessen Horowitz, dated April 23, 2018 (''Andreessen Horowitz Letter''); John Buhl, dated April 23, 2018 (''Buhl Letter''); Sam Altman, President, Y Combinator, dated April 23, 2018 (''Y Combinator Letter''); Andrew Mason, CEO, Descript, dated April 23, 2018 (''Descript Letter''); Judith Samuelson, Vice President, Founder & Director, The Business & Society Program, and Alastair Fitzpayne, Executive Director, The Future of Work Initiative, The Aspen Institute, dated April 23, 2018 (''Aspen Institute Letter''); Brian Singerman, Partner, Founders Fund, dated April 23, 2018 (''Founders Fund Letter''); David Brown and David Cohen, Founders and Co-CEOs, Techstars, dated April 23, 2018 (''Techstars Letter''); Tony Hsieh, Founder,

April 26, 2018, the Commission received a response letter from the Exchange.[5] On June 27, 2018, the Exchange submitted Amendment No. 1 to the proposed rule change.[6] The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Background of the Proposed Rule Change

The Exchange proposes to adopt rules to create a new optional listing category on the Exchange for common equity securities, referred to as the ''LTSE Listings on IEX'' or ''LTSE Listings.'' According to the Exchange, the new optional listing category would provide a differentiated choice for issuers and investors that prefer listing standards that are expressly designed to promote long-term value creation.[7] Specifically, the Exchange believes that LTSE Listings would promote the interests of companies that seek to focus on long-term value creation, as well as to respond to the transparency and governance concerns of long-term focused investors.[8]

The Exchange believes that the proposed LTSE Listings Rules could encourage greater participation in the public markets by companies and potentially increase the number of companies willing to undertake an initial public offering (''IPO'').[9] According to the Exchange, the total number of listed companies in the United States and the number of IPOs have declined in the past few decades, and the Exchange states that many academics, market participants, and other commenters believe that these declines are the result of short-term pressures placed on public companies.[10]

III. Description of the Proposed Rule Change, as Modified by Amendment No. 1

The proposed rules for LTSE Listings would be located in new Chapter 14A of the Exchange's rules (''LTSE Listings Rules'' or ''Rules''). Companies choosing to list on the Exchange (''LTSE Listings Issuers'') could elect to be subject to the LTSE Listings Rules, and such companies also would be subject to the listing and applicable requirements set forth in current Chapter 14 of the IEX Rulebook (''IEX Rules'') for IEX listed companies, except as those rules may be modified by the LTSE Listings Rules.[11]

The LTSE Listings Rules would include the following features: (i) Rules relating to the board of directors and committee requirements; (ii) rules requiring supplemental long-term disclosures; (iii) rules requiring long-term alignment of executive compensation; (iv) rules requiring a long-term shareholder voting structure; and (v) certain other rules that the Exchange believes would encourage LTSE Listings Issuers to focus on long-term value creation.[12] In addition, the Exchange is proposing rules that would clarify the application of certain existing Exchange rules to LTSE Listings Issuers.[13] The Exchange would limit the availability of LTSE Listings to companies seeking to list on LTSE Listings concurrently with their IPO (whether listing on LTSE Listings only or dually listing on LTSE Listings and another national securities exchange)[14] and would not permit issuers already listed on another national securities exchange to transfer to LTSE Listings.[15] LTSE Listings Issuers may list only common equity securities on LTSE Listings.[16]

A. The Exchange's Arrangement With LTSE Holdings, Inc.

The Exchange notes that the LTSE Listings Rules initially were developed by LTSE Holdings, Inc. (together, with its affiliates, ''LTSE''), and that the Exchange has entered into an arrangement with LTSE to authorize the Exchange to make the LTSE Listings Rules available to interested companies as a listing category of the Exchange.[17] The Exchange states that, although the LTSE Listings Rules were developed by LTSE, the Exchange would retain full self-regulatory responsibility for determining initial and continuing compliance with the Exchange's listing standards, including for those companies that elect to be subject to the LTSE Listings Rules.[18]

The Exchange further states that it would retain, as its agents, a small number of staff that also are employed by LTSE (''LTSE Listings Agents'') solely to provide IEX with expertise in interpreting the LTSE Listings Rules and assistance in conducting the LTSE Listings business, and that the Exchange would not receive regulatory services from LTSE itself.[19] Specifically, the

Downtown Project, dated April 23, 2018 (''Downtown Project Letter''); Aaron Bertinetti, SVP, Research & Engagement, Glass, Lewis & Co., LLC, dated April 23, 2018 (''Glass, Lewis Letter''); Jeff Weiner, CEO, LinkedIn, dated April 23, 2018 (''LinkedIn Letter''); Chris Concannon, President and COO, Cboe Global Markets, Inc. (''Cboe Letter'); Reid Hoffman, Partner, Greylock Partners, dated April 23, 2018 (''Greylock Partners Letter''); Aneesh Chopra, President, CareJourney, dated April 23, 2018 (''CareJourney Letter''); and Alexis Ohanian, General Partner/Cofounder, and Garry Tan, Managing Partner/Cofounder, Initialized Capital, dated April 23, 2018 (''Initialized Capital Letter''). All comments received by the Commission on the proposed rule change are available at: *https://www.sec.gov/comments/sr-iex-2018-06/iex201806.htm.*

[5] *See* letter to Brent J. Fields, Secretary, Commission, from Claudia Crowley, Chief Regulatory Officer, Investors Exchange LLC, dated April 26, 2018 (''IEX Response Letter''). The Exchange's response letter is available at: *https://www.sec.gov/comments/sr-iex-2018-06/iex201806-3520149-162294.pdf.*

[6] In Amendment No. 1, the Exchange proposes to amend: (1) Proposed Rule 14A.001(a) to clarify that an LTSE Listings Issuer must qualify for listing under Chapter 14 of the IEX Rules and the LTSE Listings Rules, except as otherwise provided in the LTSE Listings Rules; (2) proposed Rule 14A.200(c)(2) to specify that when a company lists on LTSE Listings, in addition to the requirement that the company must not have any security listed for trading on the Exchange or any other national securities exchange, the company also must be listing in connection with its initial public offering; (3) proposed Rule 14A.210 to indicate that when the LTSE Listings Issuer is dually-listed on the Exchange and on another national securities exchange that is the Primary Listing Market and that requires a minimum number of market makers, IEX Rules 14.310 and 14.320 requiring a minimum number of market makers for IEX listed companies would not apply; and (4) proposed Rule 14A.413 by adding paragraph (c) to require an LTSE Listings Issuer to post prominently on its website a plain English explanatory statement regarding shareholders' rights under the long-term voting provisions included in its governance documents, including how the shareholder's voting power may increase over time and the administrative steps the shareholder must take to allow the shares' voting power to increase over time. To promote the transparency of its proposed amendment, when IEX filed Amendment No. 1 with the Commission, it also submitted Amendment No. 1 as a comment letter to the file, which the Commission posted on its website and placed in the public comment file for SR–IEX–2018–06 (available at *https://www.sec.gov/comments/sr-iex-2018-06/iex201806.htm*).

[7] *See* Notice, *supra* note 3, at 14074.

[8] *See id.* at 14077.

[9] *See id.* at 14076–77.

[10] *See id.* at 14075–76.

[11] *See* Notice, *supra* note 3, at 14074–75; *see also* proposed Rules 14A.001(a) and 14A.200, and Amendment No. 1, *supra* note 6.

[12] *See* Notice, *supra* note 3, at 14077.

[13] *Id.*

[14] *See* Amendment No. 1, *supra* note 6.

[15] *See* Notice, *supra* note 3, at 14075; *see also* proposed Rule 14A.200(c)(2). In connection with an initial public offering on the Exchange, the proposed LTSE Listings Rules would permit the dual-listing of companies seeking to list concurrently on LTSE Listings and another national securities exchange. *See infra* Section III.F.2. and proposed Rule 14A.210.

[16] *See* proposed Rule 14A.001(b).

[17] *See* Notice, *supra* note 3, at 14074. The Exchange states that it understands that LTSE anticipates separately registering a subsidiary as a national securities exchange in the future. *See id.*

[18] *See id.* at 14077.

[19] *See id.* The Exchange represents that the LTSE Listing Agents' involvement would not extend to other matters within the Exchange's jurisdiction and that IEX would retain full self-regulatory responsibility for determining initial and continuing compliance with the Exchange's listing standards, including for those companies that elect to be subject to the LTSE Listings Rules. *See id.*

Exchange notes that the LTSE Listings Agents would provide certain advisory, marketing, public communications, and sales services to IEX in connection with LTSE Listings.[20] The Exchange, however, represents that the LTSE Listings Agents would be subject to the Exchange's oversight and regulatory authority as the responsible self-regulatory organization.[21] The Exchange states that it has an arrangement with the LTSE Listings Agents that includes restrictions designed to protect the Exchange's responsibilities as a self-regulatory organization and the confidentiality of its books and records.[22] Separately, the Exchange states that it would permit LTSE to use and redistribute written marketing, public communications, and sales materials concerning the LTSE Listings business, subject to the Exchange's consent.[23]

B. Board of Directors and Committee Requirements

As more fully described below, the LTSE Listings Rules would create new requirements for the boards of directors and board committees of LTSE Listings Issuers, which are intended to align the boards with the objectives of the LTSE Listings Rules. The LTSE Listings Rules would require each LTSE Listings Issuer to establish board committees dedicated to overseeing the issuer's strategies for creating and sustaining long-term growth and for selecting or recommending qualified director nominees. The LTSE Listings Rules also would impose additional obligations on audit committees and compensation committees with the aim of increasing oversight and transparency.[24]

1. Long-Term Strategy and Product Committee

Proposed Rule 14A.405(c)(1) would require that each LTSE Listings Issuer's board of directors maintain a committee specifically dedicated to overseeing the LTSE Listings Issuer's strategic plans for long-term growth, the Long Term Strategy and Product Committee (''LTSP Committee''). The LTSP Committee must include a minimum of three members of the board, a majority of whom must be independent directors.[25] The LTSP Committee cannot assume any roles or responsibilities that are required to be undertaken by the LTSE Listings Issuer's board committees comprised solely of independent directors.[26]

Pursuant to proposed Rule 14A.405(c)(3)(A), each LTSE Listings Issuer must certify that it has adopted a formal written LTSP Committee charter and that the LTSP Committee would review and reassess the adequacy of the formal written charter on an annual basis. The charter must specify, among other things, the scope of the LTSP Committee's responsibilities, and how it would carry out those responsibilities, including structure, processes, and membership requirements, and that the LTSP Committee must report regularly to the board of directors.[27]

2. Nominating/Corporate Governance Committee

Pursuant to proposed Rule 14A.405(d)(1), the director nominees of an LTSE Listings Issuer must be either selected, or recommended for the board's selection, by a nominating/corporate governance committee that is comprised solely of independent directors. Director nominees of an LTSE Listings Issuer may not be selected, or recommended for the board's selection, by the independent directors constituting a majority of the board's independent directors, as provided in IEX Rule 14.405(e)(1)(A), subject to an exception for exceptional and limited circumstances.[28] Independent Director oversight of director nominations would not apply in cases where the right to nominate a director legally belongs to a third party.[29]

Proposed Rule 14A.405(d)(6)(A) would require that each LTSE Listings Issuer adopt a formal written nominating/corporate governance committee charter and to review and reassess the adequacy of the formal written charter on an annual basis. Among other things, the charter would need to specify the scope of the nominating/corporate governance committee's responsibilities, and how the committee would carry out those responsibilities, including structure, processes, and membership requirements. The charter also would be required to specify that the nominating/corporate governance committee must report regularly to the board of directors.[30]

3. Audit Committee and Compensation Committees

Proposed Rule 14A.405 imposes requirements on the audit committee and compensation committee in addition to the requirements imposed

[20] *See id.* at 14077 n.34. The Exchange states that, for example, LTSE Listings Agents would evaluate issuers seeking to list on the Exchange under the LTSE Listings Rules and would assist in monitoring LTSE Listings Issuers for compliance with the LTSE Listings Rules. *See id.*

[21] *See id.* at 14077. The Exchange notes that, at all times, LTSE Listings Agents would be subject to the satisfaction and the oversight of the Exchange's Chief Regulatory Officer, with all actions proposed by LTSE Listings Agents subject to the Exchange's regulatory authority. *See id.* at 14077 n.34. The Exchange represents that, notwithstanding the services provided by the LTSE Listings Agents to the Exchange, all actions taken by the Exchange ultimately would be based on the Exchange's determination that the action is appropriate and consistent with the Act, the Commission's rules thereunder, and the Exchange's rules. *See id.*

[22] *See id.* at 14077 n.34. According to the Exchange, each LTSE Listings Agent would be considered to be an agent of the Exchange in connection with the performance of services under the Exchange's arrangement with LTSE, pursuant to Article XI, Section 4 of the Exchange's Amended and Restated Operating Agreement. Among other things, the Exchange represents that, pursuant to the Exchange's arrangement with LTSE, the Exchange would not share confidential regulatory information with LTSE (other than with LTSE regulatory personnel that are LTSE Listings Agents and that do not have direct involvement in LTSE's commercial operations). In addition, the Exchange represents that LTSE has agreed that each LTSE Listings Agent would be required to consent in writing to the application to such agent of the following provisions, which are consistent with Article VII of the Bylaws of IEX Group, Inc.: non-interference with, and due regard for, the Exchange's self-regulatory function; confidentiality of the Exchange's books and records pertaining to its self-regulatory function; maintenance of books and records related to services under the Exchange's arrangement with LTSE and services provided to the Exchange by LTSE Listings Agents at a location within the United States; compliance with the federal securities laws and the rules and regulations promulgated thereunder and cooperation with the SEC in respect of the SEC's oversight responsibilities regarding the Exchange and the self-regulatory functions and responsibilities of the Exchange; and consent to jurisdiction of the United States federal courts, the SEC, and the Exchange for purposes of any suit, action, or proceeding arising out of or relating to services provided to the Exchange and the Exchange's arrangement with LTSE. *See id.*

[23] *See id.*

[24] *See id.*

[25] *See* proposed Rule 14A.405(c)(4).

[26] *See* proposed Rule 14A.405(c)(1).

[27] *See* proposed Rule 14A.405(c)(3)(B)(i)–(v). Proposed Rule 14A.405(c)(3)(C) would require that the LTSP Committee's charter be made available on or through the LTSE Listings Issuer's website.

[28] If the nominating/corporate governance committee is comprised of at least three members, one director, who is not an ''Independent Director'' as defined in IEX Rule 14.405(a)(2) and is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the nominating/corporate governance committee if the board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the LTSE Listings Issuer and its shareholders. *See* proposed Rule 14A.405(d)(2). An LTSE Listings Issuer that relies on this exception must disclose the nature of the relationship and the reasons for the determination, as well as provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S–K regarding its reliance on this exception. *See id.* In addition, a member appointed under this exception may not serve longer than two years. *See id.*

[29] *See* proposed Rule 14A.405(d)(3).

[30] This charter must be made available on or through the LTSE Listings Issuer's website. *See* proposed Rule 14A.405(d)(6)(B).

by current IEX Rules 14.405(c) and 14.405(d), respectively. Under proposed Rules 14A.405(a)(1) and 14A.405(b)(2)(A)(i), an LTSE Listings Issuer's audit committee and compensation committee charters must specify that the committees must report regularly to the board of directors. In addition, the compensation committee charter must specify that the compensation committee must adopt executive compensation guidelines in accordance with proposed Rule 14A.405(b)(3) (Executive Compensation Guidelines).[31] An LTSE Listings Issuer would be required to make both the audit committee charter and compensation committee charter available on or through its website.[32]

4. Committee Delegations and Third-Party Nominations

The proposed rules would allow the responsibilities of certain committees to be delegated to other committees. Specifically, the proposed rules would permit the board of directors to allocate the responsibilities of the LTSP Committee, the nominating/corporate governance committee, and compensation committee to committees of their own denomination, provided that, in each case the committee with the allocated committee responsibilities must satisfy the same compositional requirements of the original committee and must be subject to a formal written charter that satisfies the same committee charter requirements of the original committee.[33] Furthermore, if any function of the LTSP Committee, the nominating/corporate governance committee, or compensation committee has been delegated to another committee, the charter of the committee receiving such delegation must also be made available on or through the LTSE Listings Issuer's website.[34]

Under the proposal, the charters of each committee of LTSE Listings Issuers also would be permitted to address the authority of the committee to delegate its responsibilities to subcommittees of the committee, provided that any such subcommittee must meet the applicable committee composition requirements with respect to independence.[35] However, this LTSE Listings Rule would not apply in cases where the right to nominate a director legally belongs to a third party, because the right to nominate directors in such a case does not reside with the LTSE Listings Issuer.[36]

5. Corporate Governance Guidelines

Proposed Rule 14A.409 would require each LTSE Listings Issuer to adopt and disclose certain corporate governance guidelines that address director qualification standards, director responsibilities, director access to management, director compensation, director orientation and continuing education, management succession, and annual performance evaluations of the board.[37] Among other things, these corporate governance guidelines must specify that no less than 40% of director compensation must be paid in stock-based compensation tied to long-term periods.[38] In addition, LTSE Listings Issuers must adopt director stock ownership guidelines, which must include minimum ownership requirements that can be met over the length of board service.[39]

C. Long-Term Strategy and Other Disclosure Requirements

The Exchange notes that, in addition to and separate from all disclosures required under applicable securities laws, the Commission's rules, and the Exchange's other rules, proposed Rule 14A.207 would require LTSE Listings Issuers to provide certain supplemental disclosures (''LTSP Disclosures'').[40] The LTSP Disclosures would be made publicly available pursuant to a supplement to the LTSE Listings Issuer's Annual Report (''Annual Report Supplement'') that must be distributed to shareholders along with, and in the same manner as, the LTSE Listings Issuer's Annual Report.[41] In addition, LTSE Listings Issuers must make the Annual Report Supplement available on or through the LTSE Listings Issuer's website.[42] The LTSP Disclosures also must be reviewed and approved by the LTSP Committee on at least an annual basis.[43]

1. Long-Term Growth Strategy

Proposed Rule 14A.207(c)(1) would require each LTSE Listings Issuer to disclose its ''Long-Term Growth Strategy.'' Long-Term Growth Strategy is defined as ''the strategy, as determined by management and the board of directors and approved by the LTSP Committee, that is focused on achieving long-term growth.'' [44] The Exchange states that this proposed requirement is designed to increase transparency for shareholders on the strategic goals of the company's managers and provide for greater alignment and accountability between a company's long-term vision and investor expectations. An LTSE Listings Issuer must include how it defines ''long-term'' for purposes of its Long-Term Growth Strategy, including a discussion of how it made this determination.[45]

Proposed Rule 14A.207(c) outlines other required aspects of the Long-Term Growth Strategy disclosure. This disclosure must include a discussion of the LTSE Listings Issuer's ''Leading Indicators,'' [46] as well as key milestones

[31] *See* proposed Rule 14A.405(b)(2)(A)(ii). Proposed Rule 14A.405(b)(4) clarifies that ''Smaller Reporting Companies,'' as defined in Rule 12b–2 under the Act, 17 CFR 240.12b–2, are not exempt from these additional compensation committee requirements.

[32] *See* proposed Rules 14A.405(a)(2) and 14A.405(b)(2)(B).

[33] *See* proposed Rules 14A.405(c)(2), 14A.405(d)(5), and 14A.405(b)(2)(B).

[34] *See* proposed Rules 14A.405(c)(3)(C), 14A.405(d)(6)(B), and 14A.405(b)(2)(B).

[35] See Supplementary Material .01 to proposed Rule 14A.405, which would apply to LTSE Listings Issuers in lieu of existing Supplementary Material .08 to IEX Rule 14.405 (Independent Director Oversight of Director Nominations).

[36] *See* proposed Rule 14A.405, Supplementary Material .01.

[37] An LTSE Listings Issuer would be required to make its corporate governance guidelines available on or through its website. *See* proposed Rule 14A.409(b).

[38] *See* proposed Rule 14A.409(a)(4). An LTSE Listings Issuer would be required to disclose in its corporate governance guidelines what it considers to be ''long-term'' for this purpose. *See id.*

[39] *See id.*

[40] *See* Notice, *supra* note 3, at 14080. Proposed Rule 14A.207(a) specifies that nothing in the rule shall affect the obligation of an LTSE Listings Issuer to comply with applicable securities laws. In addition, proposed Rule 14A.207(b) states that all disclosures must comply with applicable securities laws, including rules and regulations pertaining to the use and reconciliation of non-GAAP financial measures and any securities law obligations regarding updating or correcting prior public statements or disclosures.

[41] *See* proposed Rule 14A.207(b). Proposed Rule 14A.002(a)(1) states that ''Annual Report'' means ''consistent with IEX Rule 14.207(d), the annual report made available to Shareholders containing audited financial statements of the LTSE Listings Issuer and its subsidiaries (which, for example, may be on Form 10–K, 20–F, 40–F or N–CSR) within a reasonable period of time following the filing of the annual report with the Commission.''

[42] *See id.* In addition, ''[e]ach LTSE Listings Issuer must include a statement in its Annual Report that the LTSP Disclosures are available in the Annual Report Supplement and provide the website address,'' as well as ''notify IEX Regulation once its Annual Report Supplement has been made publicly available on its website.'' *Id.*

[43] *Id.* The LTSP Committee must determine whether to recommend to the board of directors that the LTSP Disclosures be included in the Annual Report Supplement, and any board and committee approvals should be reflected in board resolutions as appropriate. *See id.*

[44] *See* proposed Rule 14A.002(a)(11).

[45] *See* proposed Rule 14A.207(c)(1)(A).

[46] Proposed Rule 14A.002(a)(10) defines ''Leading Indicators'' as ''quantitative metrics (financial or non-financial) that an LTSE Listings Issuer's management uses to help forecast revenue, profit or other common after-the-event measures of long-term success. These current and predictive metrics [would be] used by management to focus on day-to-day results as they work towards achieving the LTSE Listings Issuer's Long-Term Growth Strategy,

Continued

that the LTSE Listings Issuer aims to achieve with respect to the Leading Indicators.[47] The LTSE Listings Issuer also must report on the progress that the LTSE Listings Issuer has made in achieving these key milestones.[48] In addition, the Long-Term Growth Strategy must include details relating to different businesses of the LTSE Listings Issuer if the information is material to the overall strategy.[49] Lastly, LTSE Listings Issuers must include a discussion of any changes to the LTSE Listings Issuer's Long-Term Growth Strategy, Leading Indicators, and/or key milestones since the publication of the LTSE Listings Issuer's previous Long-Term Growth Strategy.[50]

Proposed Rule 14A.207(c)(3) would provide an exception from the requirement to disclose aspects of an LTSE Listings Issuer's Long-Term Growth Strategy. Specifically, if the LTSE Listings Issuer's LTSP Committee makes a determination that disclosure of any aspect of the LTSE Listings Issuer's Long-Term Growth Strategy would be ''reasonably likely to result in material harm'' to the LTSE Listing Issuer's competitive position, the LTSE Listings Issuer could exclude such information from its LTSP Disclosures. A process for making this determination would be required to be disclosed in the issuer's LTSP Committee Charter pursuant to proposed Rule 14A.405(c)(3)(B)(iv) and any such determination must be documented by the LTSP Committee and be made in accordance with its fiduciary duties.[51] In addition, the LTSE Listings Issuer must disclose in its LTSP Disclosures that it is withholding certain aspects of its Long-Term Growth Strategy as a result of competitive concerns.[52] Upon the time that any withheld information is no longer competitively sensitive, the LTSE Listings Issuer would be required to disclose that information in its LTSP Disclosures, even though this information may no longer be relevant to its current Long-Term Growth Strategy.[53]

2. Other Supplemental Disclosure Requirements

In addition to the Long-Term Growth Strategy disclosure, proposed Rule 14A.207 would require issuers to make disclosures relating to buybacks, human capital investment, and research and development, as described below:

Buybacks: Each LTSE Issuer must disclose its EPS Net of Buybacks, defined as the quotient calculated by dividing (i) net income (as reported in the LTSE Listings Issuer's financial statements in its most recent Annual Report) by (ii) the sum of outstanding shares and shares that were subject to a Buyback during the prior fiscal year.[54]

Human Capital Investment: Each LTSE Listings Issuer must disclose the extent to which the LTSE Listings Issuer's selling, general, and administrative expenses (as reported in the LTSE Listings Issuer's most recent Annual Report) consisted of ''Human Capital Investment.'' [55]

Research and Development: Each LTSE Listings Issuer must disclose the amount of research and development spending that is short-term focused and the amount of such spending that is long-term focused.[56]

3. Timing for Supplemental Disclosures

Proposed Rule 14A.207(g) describes when these supplemental disclosures must be made. An LTSE Listings Issuer must disclose its Long-Term Growth Strategy on its website no later than at the time of its initial listing, and it must remain on the LTSE Listings Issuer's website until the LTSE Listings Issuer is required to make the disclosure annually in its Annual Report Supplement.[57] After initial listing, an LTSE Listings Issuer must make the disclosures relating to buybacks, human capital investment, and research and development publicly available on its website by the earlier of when the LTSE Listings Issuer files its Form 10–K or distributes its Annual Report Supplement.[58] Thereafter, the LTSE Listings Issuer must make this disclosure annually in its Annual Report Supplement, as set forth in proposed Rule 14A.207(b).[59]

D. Executive Compensation Requirements

Proposed Rule 14A.405(b)(3) requires an LTSE Listings Issuer's compensation committee to adopt a set of executive compensation guidelines applicable to Executive Officers,[60] which the Exchange states are designed to link executive compensation to the long-term value of the LTSE Listings Issuer. These guidelines must include general principles for determining the form and amount of Executive Officer compensation, and for reviewing those principles, as appropriate. Specifically, the compensation committee must ensure that the time periods and performance metrics used to determine Incentive-Based Compensation [61] for Executive Officers are consistent with the LTSE Listings Issuer's Long-Term Growth Strategy, and may consult with the LTSP Committee in assessing whether such time periods and performance metrics are consistent with the LTSE Listings Issuer's Long-Term Growth Strategy.[62]

Proposed Rule 14A.405(b)(3)(B) imposes additional requirements related to the compensation of Executive Officers. An LTSE Listings Issuer may not provide Executive Officers with any Incentive-Based Compensation that is tied to a financial or performance metric that is measured over a time period of less than one year or grant any time-based equity compensation that has any portion that vests in less than a year from the grant date (or from the hire date, in the case of new hire grants).[63] In addition, equity compensation awarded to Executive Officers must be subject to a period of vesting over at least five years.[64]

and provide useful information for timely decision-making in the shorter term.''

[47] *See* proposed Rule 14A.207(c)(1)(B).

[48] *See id.*

[49] *See* proposed Rule 14A.207(c)(2).

[50] *See* proposed Rule 14A.207(c)(1)(C).

[51] *See* Notice, *supra* note 3, at 14081.

[52] *See* proposed Rule 14A.207(c)(3).

[53] *Id.*

[54] *See* proposed Rules 14A.002(a)(6) and 14A.207(d). Pursuant to proposed Rule 14A.002(a)(3), ''Buybacks'' means issuer repurchases that are required to be disclosed pursuant to Item 703 of Regulation S–K.

[55] *See* proposed Rules 14A.002(a)(7) and 14A.207(e). Proposed Rule 14A.207(e) defines ''Human Capital Investment'' as the aggregate amount an LTSE Listings Issuer spends on formal training of workers in new skills to improve job performance, including, among other things, amounts spent on fees or expenses related to personnel hired or retained to train employees, training materials, tuition assistance, and continuing education or similar programs. Each LTSE Listings Issuer must also disclose the amount spent on Human Capital Investment per full-time equivalent employee. *Id.*

[56] *See* proposed Rule 14A.207(f). Each LTSE Listings Issuer must also disclose how it defines ''short-term'' and ''long-term'' for these purposes and how it determined such definitions. *Id.*

[57] *See* proposed Rule 14A.207(g)(1). The initial disclosure must be made in compliance with the rules and regulations relating to the dissemination of free writing prospectuses, if applicable. *Id.*

[58] *See* proposed Rule 14A.207(g)(2).

[59] *See id.*

[60] IEX Rule 14.405(a)(1) defines ''Executive Officer'' as persons meeting the definition of ''officer'' in Rule 16a–1(f) under the Act, 17 CFR 240.16a–1(f).

[61] Proposed Rule 14A.002(a)(8) defines ''Incentive-Based Compensation'' as any variable compensation, fees, or benefits that serve as an incentive or reward for performance.

[62] *See* proposed Rule 14A.405(b)(3)(A)(i). In addition, the LTSE Listings Issuer must disclose in its proxy statement, or Annual Report Supplement if no proxy statement is filed, whether or not the compensation committee has determined that such time periods and performance metrics are consistent with the LTSE Listings Issuer's Long-Term Growth Strategy. *See id.*

[63] *See* proposed Rule 14A.405(b)(3)(B)(i).

[64] *See* proposed Rule 14A.405(b)(3)(B)(ii). The vesting scheduling must reflect the long-term focus of the equity grant and could allow for accelerated vesting only upon the death of the Executive Officer or the occurrence of a disability that renders the

The proposed LTSE Listings Rules provide for two exceptions to the executive compensation requirements discussed above. First, the compensation committee may provide alternative time periods for incentive and equity compensation if there is a ''business necessity,'' and the LTSE Listings Issuer discloses and explains such business necessity.[65] Second, any executive compensation that is subject to an existing written agreement entered into at least one year prior to the initial listing of an LTSE Listings Issuer on the Exchange need not comply with the requirements, but usage of this exemption must be disclosed in the Annual Report Supplement.[66]

E. Long-Term Shareholder Voting Structure

According to the Exchange, it is consistent with the focus of the LTSE Listings category to provide a differentiated choice for issuers and investors that prefer listing standards that are explicitly designed to promote long-term value creation.[67] Thus, the Exchange proposes Rule 14A.413(b) to require that LTSE Listings Issuers maintain certain voting rights provisions in their corporate organizational documents that would provide shareholders with the ability, according to the shareholder's option, to accrue additional voting power over time.[68] LTSE Listings Issuers would be required to comply with the obligations set forth in IEX Rule 14.413 and in proposed Rule14A.413, both of which relate to voting rights. Under proposed Rule 14A.413, LTSE Listings Issuers would be required to include certain voting rights provisions in their corporate organizational documents that provide shareholders the ability to accrue additional voting power over time.[69] Under proposed Rule 14A.413(b)(2), all securities listed on LTSE Listings, including securities issued by Foreign Private Issuers,[70] must be eligible for a Direct Registration Program (''DRP'') operated by a clearing agency registered under Section 17A of the Act.[71]

Voting power would accrue only to shareholders who are beneficial owners; register such shares in their name as ''record holders'' on the books of the LTSE Listings Issuer (including through the use of a DRP); and continue to hold such shares as record holders over a period of time.[72] Shares held in ''street name,'' that is, shares registered on the books of an issuer's transfer agent in the name of a nominee selected by the Depository Trust Company, would not accrue additional voting power over time.[73]

As of the date of the company's initial listing on LTSE Listings, each holder of equity securities listed on LTSE Listings must be entitled to an equal number of votes per share (the ''Initial Voting Power'') on a per class basis.[74] For each full calendar month following the date of the LTSE Listings Issuer's listing on the Exchange during which a shareholder maintains continuous record ownership of shares, the voting power of such shares for so long as they are held of record by such shareholder would be required to increase by at least one twelfth (1/12th) over the shares' Initial Voting Power on the last business day of the month, up to an amount that is ten times their Initial Voting Power.[75] If, at any time, a shareholder transfers shares out of record ownership, then on the date of such transfer, such shares would revert to entitling the shareholder to the Initial Voting Power of such shares.[76]

In addition, although the requirements of proposed Rule 14A.413(b) could be viewed as similar to time-phased voting plans, the Exchange believes that proposed Rule 14A.413(b) is consistent with IEX Rule 14.413, which is the Exchange's Voting Rights Policy.[77] IEX Rule 14.413 bars a company already listed on the Exchange from undertaking any of the prohibited corporate actions specified therein, including the adoption of time-phased voting plans.[78] The Exchange notes that, because LTSE Listings Issuers would be required as a pre-condition to listing on LTSE Listings to have in place a voting rights structure as of the date of its initial listing that complies with proposed Rule 14A.413(b), no new corporate action that disparately reduces voting rights would be permitted to be taken subsequent to the LTSE Listings Issuer's listing on the Exchange.[79]

The proposed LTSE Listings Rules also contain various provisions relating to the determination of record ownership for purposes of accreting voting power:

Accreting Voting and the Exchange's Voting Rights Policy: The proposed rules describe how to determine what is considered ''super-voting'' stock for purposes of IEX Rule 14.413, which provides that voting rights of existing shareholders of publicly traded common stock registered under Section 12 of the Act cannot be disparately reduced or restricted through any corporate action or issuance.[80] Proposed Rule 14A.413, Supplementary Material .01(f) would prohibit an issuer from disparately reducing or restricting the voting rights of existing shareholders by issuing a

Executive Officer permanently unable to remain employed at the LTSE Listings Issuer in any capacity. *Id.* The compensation committee must determine appropriate Vesting Periods and amounts, as well as holding periods, for equity compensation awarded to Executive Officers that apply following an Executive Officer's retirement or resignation. *See* proposed Rule 14A.405(b)(3)(B)(iv).

[65] *See* proposed Rule 14A.405(b)(3)(B)(iii). However, the amount of equity awards granted in the aggregate that vests before the first anniversary of the grant date, or that does not meet the minimum five-year vesting schedule, cannot exceed 5% of the total number of shares authorized for grant in any fiscal year. *See id.*

[66] *See* proposed Rule 14A.405(b)(3)(C). Proposed Rule 14A.405(b)(4) clarifies that ''Smaller Reporting Companies,'' as defined in Rule 12b–2 under the Act, 17 CFR 240.12b–2, are not exempt from the executive compensation guidelines described in proposed Rule 14A.405(b)(3).

[67] *See* Notice, *supra* note 3, at 14083.

[68] *Id.*

[69] *See* proposed Rule 14A.413(b).

[70] Pursuant to IEX Rule 14.002(a)(15), the term ''Foreign Private Issuer'' as used in the Exchange's rules has the same meaning as in Rule 3b–4 under the Act, 17 CFR 240.3b–4.

[71] 15 U.S.C. 78q–1. *See also* proposed Rules 14A.200(c)(1) and 14A.208.

[72] *See* proposed Rule 14A.413(b)(2). For these purposes, record owners of shares listed on LTSE Listings include those shareholders holding a physical paper certificate of such shares and shareholders holding shares through a DRP. *See* proposed Rule 14A.413(b)(3).

[73] *See* Notice, *supra* note 3, at 14084.

[74] *See* proposed Rule 14A.413(b)(1).

[75] *See* proposed Rule 14A.413(b)(3). Pursuant to proposed Rule 14A.413, Supplementary Material .01(b), an LTSE Listings Issuer would be permitted to provide that the voting rights of shareholders holding in record name increase at a rate greater than one twelfth (1/12th) per month, provided that the voting power of such shares may not increase to a level that exceeds ten times their Initial Voting Power.

[76] Proposed Rule 14A.413(b)(4). Proposed Rule 14A.413(b)(5) requires that, prior to listing securities on LTSE Listings, a prospective LTSE Listings Issuer must obtain from its transfer agent a certification confirming that the transfer agent has software or other systems or processes available to the LTSE Listings Issuer that would enable the transfer agent and LTSE Listings Issuer to determine, as of a particular record date, the LTSE Listings Issuer's shareholder's voting rights calculated in accordance with proposed Rule 14A.413(b) (Long-Term Voting).

[77] *See* IEX Rule 14.413.

[78] *See id.* Proposed Rule 14A.413, Supplementary Material .01(a) states that, so long as not inconsistent with IEX Rule 14.413, an LTSE Listings Issuer could (i) maintain multiple classes of securities, including shares that have voting power per share in excess of the Initial Voting Power of the securities listed on the Exchange, and/or (ii) establish or maintain classes of shares not listed on the Exchange that do not comply with proposed Rule 14A.413(b).

[79] *See* Notice, *supra* note 3, at 14085–86.

[80] *See* IEX Rule 14.413. IEX Rule 14.413 notes that examples of such corporate action or issuance include, but are not limited to, the adoption of time-phased voting plans, the adopting of capped voting rights, the issuance of super-voting stock, or the issuance of stock with voting rights less than the per share voting rights of the existing common stock through an exchange offer. *Id.*

new class of super-voting stock.[81] For purposes of LTSE Listings, a class of securities shall be considered super-voting stock if (i) the Initial Voting Power of such class of securities exceeds the Initial Voting Power of any of the LTSE Listings Issuer's existing classes of common stock listed on LTSE Listings or (ii) the rate at which the voting power of such class may increase over time is greater than the corresponding rate for any of the LTSE Listings Issuer's existing classes of common stock listed on LTSE Listings.[82]

Potential Evasion of Loss of Long-Term Voting Power: An LTSE Listings Issuer may provide in its governance documents that if its board of directors adopts a resolution reasonably determining that, notwithstanding technical compliance with the provisions of the LTSE Listings Issuer's governance documents relating to the increasing voting power of long-term shareholders and continuity of record ownership, there has in fact been a change in beneficial ownership with respect to shares held of record that would evade the purposes of this LTSE Listings Rule 14A.413(b), such shares may be treated as being entitled only to their Initial Voting Power.[83]

Technical Changes in Ownership: An LTSE Listings Issuer may adopt a process by which a shareholder may demonstrate that, notwithstanding a technical change in record ownership, a change in beneficial ownership has not occurred.[84]

Shareholders Holding Through Custodians: In the case of a shareholder that holds its shares in an LTSE Listings Issuer through a custodian consistent with applicable regulatory requirements, an LTSE Listings Issuer may recognize such shareholder as a holder of record solely for purposes of proposed Rule 14A.413(b), so long as the custodian becomes the shareholder of record in a manner that indicates the name of the ultimate beneficial owner.[85]

F. Proposed Rules Concerning the Application of Certain Existing Exchange Rules

Certain of the proposed LTSE Listings Rules clarify the application of existing Exchange listings rules to LTSE Listings Issuers, as described further below.

1. General Procedures for Initial and Continued Listing on LTSE Listings

A company seeking the initial listing of one or more classes of securities on LTSE Listings must comply with the requirements and procedures set forth in the IEX Rule Series 14.200, as well as the supplemental requirements set forth in proposed Rule 14A.200.[86] The Exchange must first determine that a company is eligible for listing under the LTSE Listings Rules and meets the Exchange's other listing criteria before it would provide a clearance letter, as defined in IEX Rule 14.201.[87] After receiving a clearance letter pursuant to IEX Rule 14.201, a company choosing to list as an LTSE Listings Issuer must file an original listing application.[88] To apply for listing on LTSE Listings, a company must execute a Listing Agreement and a Listing Application on the forms designated by the Exchange for an LTSE Listings Issuer, which would provide the information required by Section 12(b) of the Act.[89] At the time of listing, the company may not already have any security listed for trading on the Exchange or any other national securities exchange and the company must be listing on LTSE Listings in connection with its initial public offering.[90]

2. Dually-Listed Securities

The Exchange proposes to permit LTSE Listings Issuers to list a class of securities that, in connection with its IPO, has been approved for listing on another national securities exchange.[91] The Exchange would make an independent determination of whether any such companies satisfy all applicable listing requirements and shall require companies to enter into a dual-listing agreement with the Exchange.[92] In the event that an issuer chooses to dually list on both LTSE Listings and another national securities exchange in connection with its IPO, the Exchange would expect such other national securities exchange to be the LTSE Listings Issuer's ''Primary Listing Market.'' [93] The Exchange states that when an LTSE Listings Issuer is dually-listed on another national securities exchange, the initial trading of such issuer's securities on the Exchange would not occur until after the completion of the opening auction for such securities on the first day of listing on the ''Primary Listing Market.'' [94] The Exchange further states that it would monitor the dually-listed LTSE Listings Issuer for compliance with all applicable IEX Rules on an ongoing basis, as it would for any other LTSE Listings Issuer.[95] Proposed Supplementary Material .01 to Rule 14A.210 would clarify the application of certain IEX Rules, such as rules governing trading halts, for dually-listed LTSE Listings Issuers.

Proposed Rule 14A.435 would require LTSE Listings Issuers to certify, at or before the time of listing, that all applicable listing criteria have been satisfied, as set forth in IEX Rule 14.202(b).[96] In addition, the Chief Executive Officer of each LTSE Listings

[81] *See* proposed Rule 14A.413, Supplementary Material .01(f).

[82] *See id.*

[83] *See* proposed Rule 14A.413, Supplementary Material .01(c). Any LTSE Listings Issuer that provides in its governance documents that the board of directors may make such a determination must also adopt in its governance documents a process for any shareholders directly affected by such determination to challenge such determination. This process must provide the affected shareholders with an opportunity to present additional information demonstrating that a change of beneficial ownership has not occurred. *See id.*

[84] *See* proposed Rule 14A.413, Supplementary Material .01(d). The proposed rule further states that an example of this could be where a shareholder changes its legal name, or where ownership of shares by an individual is re-titled to reflect joint ownership with a spouse. *See id.*

[85] *See* proposed Rule 14A.413, Supplementary Material .01(e). The proposed rule further states that an example could be if Investment Fund ABC maintains custody of its assets through Bank XYZ, Investment Fund ABC may be recognized as the record holder of the shares of an LTSE-Listed company solely for purposes of this rule if Bank XYZ registers the shares on the books of the LTSE-Listed Issuer as being owned by ''Bank XYZ, as custodian for Investment Fund ABC.'' *See id.*

[86] *See* proposed Rule 14A.200 and Amendment No. 1, *supra* note 6.

[87] *See* proposed Rule 14A.200(a).

[88] *See* proposed Rule 14A.200(b).

[89] 15 U.S.C.78*l*(b). *See* also proposed Rule 14A.200(b).

[90] *See* proposed Rule 14A.200(c)(2) and Amendment No. 1, *supra* note 6.

[91] *See* proposed Rule 14A.210(a).

[92] *See* proposed Rule 14A.210, Supplementary Material .01.

[93] *See* Notice, *supra* note 3, at 14087.

[94] *See id.* at 14087 n.74. ''Primary Listing Market'' is defined in proposed Rule 14A.002(a)(14) as having the same meaning as that term is defined in the Nasdaq Unlisted Trading Privileges national market system plan and consistent with the use of the term ''listing market'' in the Consolidated Quotation Service and Consolidated Tape Association national market system plans.

[95] *See id.* at 14087 n.73. In addition, proposed Rule 14A.210(b) imposes notification requirements on a dually-listed LTSE Listings Issuer if its securities have fallen below the continued listing requirements of LTSE Listings or the other market. Proposed Rule 14A.210(c) also provides that, for an LTSE Listings Issuer with a dually-listed security, if IEX is not the Primary Listing Market and the Primary Listing Market requires a minimum number of market makers, the minimum market maker requirements of IEX Rules 14.310 and 14.320 that require a company listed on the Exchange to maintain a particular minimum number of registered and active Market Makers would not be applicable to the LTSE Listings Issuer's dually-listed security. *See* Amendment No. 1, *supra* note 6.

[96] Proposed Rule 14A.401(b) provides that LTSE Listings Issuers may request from IEX a written interpretation of the LTSE Listings Rules, and a response to such request generally would be provided within one week following receipt by IEX Regulation of all information necessary to respond to the request.

Issuer must annually certify to the Exchange that: (i) The LTSE Listings Issuer is in compliance with the proposed Rule Series 14A.400, qualifying the certification to the extent necessary, and (ii) the LTSE Listings Issuer has designated an employee responsible for ensuring that the voting power of the LTSE Listings Issuer's securities is determined in accordance with proposed Rule 14A.413(b) (Long-Term Voting).[97]

LTSE Listings Issuers would not be required to pay the fees described in IEX Rule Series 14.600.[98] The Exchange represents that it intends to file a separate proposed rule change that would address listing fees applicable to LTSE Listings Issuers.[99]

3. Shareholder Approval Calculation

Proposed Rule 14A.412 describes the circumstances in which an Exchange-listed company is required to obtain shareholder approval prior to the issuance of securities in connection with certain transactions. Under IEX Rule 14.412, an Exchange-listed company is required to obtain shareholder approval in connection with: (1) The acquisition of the stock or assets of another company; (2) a change of control; (3) equity-based compensation of officers, directors, employees, or consultants; and (4) private placements.[100] Among the potential triggers that would require shareholder approval, shareholder approval is required if the common stock being issued ''has or will have upon issuance voting power equal to or in excess of 20% of the voting power outstanding before the issuance.'' [101] In light of the potential increased future voting power of new shares to be issued, the Exchange believes that it is appropriate in calculating the shareholder approval threshold to require that LTSE Listings Issuers assign a greater level of voting power to the newly issued shares than the Initial Voting Power of those shares, on the presumption that the ultimate voting power of those shares would increase over time.[102] Proposed Rule 14A.412 would implement a special calculation to determine whether or not the issuance of new shares by an LTSE Listings Issuer would surpass the 20% threshold.

Under current IEX Rule 14.412, determining whether an issuance equals or exceeds this shareholder approval threshold is generally calculated by multiplying the number of shares to be issued by the voting power of such shares and dividing this number by the voting power of the shares outstanding before the issuance.[103] However, because the shares of LTSE Listings Issuers would have accruing voting power, the Exchange is proposing Rule 14A.412 to provide a different means of calculating the numerator and denominator that would be applied to LTSE Listings Issuers.[104]

Pursuant to proposed Rule 14A.412(a)(1), for LTSE Listings Issuers that have been listed on LTSE Listings for at least five years, the numerator of the shareholder approval calculation would be the number of shares to be issued multiplied by the product of the Initial Voting Power of such shares and the Long-Term Voting Factor.[105] For LTSE Listings Issuers that have been listed on LTSE Listings for fewer than five years, the numerator would be the greater of (i) the number of shares to be issued multiplied by the product of the Initial Voting Power of such shares and the Long-Term Voting Factor and (ii) the number of shares to be issued multiplied by twice the Initial Voting Power of such shares.[106]

Instead of applying the existing rule for determining the denominator of the calculation—the voting power of shares outstanding at issuance as described in IEX Rule 14.412(e)(2)—proposed Rule 14A.412(b) states that the following provision shall apply, ''[v]oting power outstanding refers to the aggregate number of votes which may be cast by holders of those shares outstanding which entitle the holders thereof to vote generally on all matters submitted to the company's shareholders for a vote, as of the Shareholder Approval Calculation Date.'' [107] All other provisions of IEX Rule 14.412 would continue to apply.[108]

The Exchange believes that the provisions of proposed Rule 14A.412 for calculating when shareholder approval would be required in connection with certain transactions would be a reasonable and balanced approach, while taking into account the potential increased future voting power of new shares to be issued.[109]

4. Change of Control Transactions and Reverse Mergers

The proposed LTSE Listings Rules set forth procedures for change of control transactions, which would operate in conjunction with existing IEX Rule 14.102(a). Proposed Rule 14A.102(a)(1) would require an LTSE Listings Issuer to apply for initial listing in connection with a transaction whereby the LTSE Listings Issuer combines with, or into, an entity that is not listed on LTSE Listings, resulting in a change of control of the LTSE Listings Issuer and potentially allowing the non-LTSE Listings entity to obtain a listing on LTSE Listings.[110] Proposed Rule 14A.102(a)(2) describes the impact of a change of control transaction on the proposed long-term voting provisions of LTSE Listings and voting power of such shares.[111] Proposed Rule 14A.102(b) states that an entity formed by a Reverse Merger [112] would not be eligible to

[97] *See* proposed Rule 14A.435(b). In addition, an LTSE Listings Issuer must provide the Exchange with prompt notification after an Executive Officer of the LTSE Listings Issuer becomes aware of any noncompliance by the LTSE Listings Issuer with the requirements of the proposed Rule Series 14A.400. *See* proposed Rule 14A.410.

[98] *See* proposed Rule 14A.200(c)(3).

[99] *See* Notice, *supra* note 3, at 14092.

[100] *See id.* at 14090.

[101] *See id.; see also* IEX Rule 14.412(a)(1)(A).

[102] *See* Notice, *supra* note 3, at 14090.

[103] *See id.* This general formula is subject to certain exceptions. *See* IEX Rule 14.412.

[104] *See* Notice, *supra* note 3, at 14090–91.

[105] *See id.* at 14091. Proposed Rule 14A.412(c)(1) defines ''Long-Term Voting Factor'' as the quotient calculated by dividing (i) the voting power outstanding as of the Shareholder Approval Calculation Date by (ii) the number of shares outstanding as of the Shareholder Approval Calculation Date multiplied by the Initial Voting Power of those outstanding shares.

[106] *See* proposed Rule 14A.412(a)(2).

[107] Proposed 14A.412(c)(2) defines ''Shareholder Approval Calculation Date'' as the date on which an LTSE Listings Issuer enters into a binding agreement to conduct a transaction that may require shareholder approval under IEX Rule 14.412 (Shareholder Approval).

[108] *See* Notice, *supra* note 3, at 14092.

[109] *See id.*

[110] ''The Exchange shall consider the factors enumerated in IEX Rule 14.102(a) for determining whether a change of control has occurred.'' *See* proposed Rule 14A.102(a)(1). Any combined entity applying for initial listing must agree to comply with all applicable requirements of Chapter 14A, including requirements relating to long-term voting set forth in proposed Rule 14A.413, to apply to list as permitted by proposed Rule 14A.102. *See id.*

[111] If an initial listing following a change of control meets applicable listing requirements and the LTSE Listings Issuer is the surviving entity following the business combination, any shares of the LTSE Listings Issuer that have accrued additional voting power pursuant to proposed Rule 14A.413(b) prior to the business combination would retain such additional voting power following the business combination. *See* proposed Rule 14A.102(a)(2). Conversely, if the non-LTSE Listings Issuer is the surviving entity or a new entity is formed following the business combination, all shares of the class or classes of securities to be listed on LTSE Listings would have voting power equal to their Initial Voting Power at the time of such listing. *See id.*

[112] A ''Reverse Merger'' is generally defined as ''any transaction whereby an operating company becomes an Exchange Act reporting company by combining, either directly or indirectly, with a shell company which is an Exchange Act reporting

Continued

apply for initial listing on LTSE Listings.

5. Exemptions From Certain Corporate Governance Requirements

Proposed Rule 14A.407 modifies the exemptions from certain governance requirements for LTSE Listings Issuers.

Applicability of Exemptions to Corporate Governance Requirements: Proposed Rule 14A.407(a) would provide that an LTSE Listings Issuer may not rely on the exemptions set forth in IEX Rule 14.407(a) with respect to the requirements of Chapter 14A.[113] Proposed Rule 14A.407(a) clarifies that a Foreign Private Issuer who meets the requirements of Chapter 14A, including the requirement to distribute an Annual Report Supplement, may list on LTSE Listings.

Phase-in of Compliance With LTSP Committee Composition Requirements: In addition to the phase-in schedules provided in existing IEX Rule 14.407(b),[114] an LTSE Listings Issuer that is listing in connection with its IPO or that is emerging from bankruptcy would be permitted to phase-in its compliance with the LTSP Committee composition requirements.[115]

Controlled Companies: Proposed Rule 14A.407(c)(1) states that an LTSE Listings Issuer that is a Controlled Company [116] would be exempt from the additional compensation committee requirements of proposed Rule 14A.405(b) and the nominating/corporate governance committee requirements of proposed Rule 14A.405(d).[117]

G. Other Requirements for LTSE Listings Issuers

Earnings Guidance: Proposed Rule 14A.420 prohibits LTSE Listings Issuers from providing Earnings Guidance more frequently than annually, unless such disclosure would be required by IEX Rule 14.207(b)(1) (Disclosure of Material Information), other applicable law or to make the previously issued Earnings Guidance not misleading.[118]

Long-Term Stakeholder Policies: Proposed Rule 14A.425 requires LTSE Listings Issuers to develop and publish: (i) A policy regarding the LTSE Listings Issuer's impact on the environment and community; and (ii) a policy explaining the LTSE Listings Issuer's approach to diversity throughout the LTSE Listings Issuer.[119] The LTSE Listings Issuer must review the policies required by proposed Rule 14A.425 at least annually and make such policies available on or through its website.

Website Requirements: Several of the proposed LTSE Listings rules require LTSE Listings Issuers to make certain disclosures or documents publicly available on the LTSE Listings Issuer's website, and proposed Rule 14A.430 would explicitly require LTSE Listings Issuers to have and maintain a public available website.[120] In addition, proposed Rule 14A.413 would require each LTSE Listings Issuer to prepare and maintain an explanatory statement that must be written in plain English and posted prominently on the LTSE Listings Issuer's website and that must explain how a shareholder's voting power in the LTSE Listings Issuer's securities may increase over time, and explain the particular conditions that must be satisfied and the administrative steps that the shareholder must take to hold shares in a manner that would allow such voting power to increase over time.[121]

H. Failure To Meet LTSE Listings Standards

Pursuant to IEX Rule 14.500(a), a failure to meet the listing standards set forth in the LTSE Listings Rules would be treated as a failure to meet the listing standards set forth in Chapter 14 of the IEX Rules, for purposes of the IEX Rule Series 14.500. As a result, the procedures for the independent review, suspension, and delisting of companies that fail to satisfy one or more standards for continued listing would apply to any LTSE Listings Issuer that fails to comply with listing standards in the LTSE Listings Rules as well as in Chapter 14 of the IEX Rules.

Proposed Rule 14A.500(b) would provide that a failure to satisfy one or more of the LTSE Listings Rules would be treated as a deficiency for which a company may submit a plan to regain compliance in accordance with IEX Rule 14.501(d)(2). Absent an extension, such a plan must be provided within 45 calendar days of IEX Staff's notification of deficiency in accordance with IEX Rule 14.501(d)(2)(C) (Timeline for Submission of Compliance Plans).

Proposed Rule 14A.500 would permit an issuer to remain listed on the Exchange as a standard IEX listed company should the LTSE Listings Issuer become subject to delisting for failure to satisfy one or more LTSE Listings Rules, but remains in compliance with all other applicable listing rules of the Exchange.

IV. Summary of Comments and IEX's Response Letter

As noted above, the Commission received twenty-three comment letters regarding the proposed rule change [122] and one response letter from the Exchange.[123] All commenters expressed their support for the proposed rule change, although two commenters indicated that they generally preferred single class voting structures.[124] Several commenters suggested that IEX's proposed rule change may encourage additional companies to pursue an initial public offering with an increased focus on long-term objectives.[125] Many

company, whether through a reverse merger, exchange offer, or otherwise.'' *See* IEX Rule 14.002(a)(27).

[113] *See* Notice, *supra* note 3, at 14089. IEX Rule 14.407(a) provides exemptions to certain of the Exchange's corporate governance requirements for asset-backed issuers and other passive issuers, cooperatives, Foreign Private Issuers, limited partnerships and management investment companies.

[114] IEX Rule 14.407(b) allows a company listed on the Exchange to phase-in its compliance with certain Exchange rules over a period of time in certain situations, for example, for a company emerging from bankruptcy. *See id.*

[115] *See* proposed Rule 14A.407(b). Specifically, that LTSE Listings Issuer would be permitted to phase in its compliance with the committee composition requirements set forth in proposed Rule 14A.405(c)(4) as follows: (1) At least one member of the LTSP Committee must be an Independent Director at the time of listing, and (2) a majority of the members of the LTSP Committee must be Independent Directors within 90 days of listing. *See id.*

[116] The term ''Controlled Company'' is defined in IEX Rule 14.407(c)(1) as an Exchange-listed company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company.

[117] However, Controlled Companies would not be exempt from the executive compensation requirements of proposed Rule 14A.405(b)(3). *See* proposed Rule 14A.407(c)(1). If a Controlled Company does not have a compensation committee, the Independent Directors on the LTSP Committee, or the Independent Directors of the board, would be responsible for compliance with the executive compensation requirements. *See* proposed Rule 14A.407(c)(2).

[118] Pursuant to proposed Rule 14A.002(a)(5), ''Earnings Guidance'' means any public disclosure made to Shareholders containing a projection of the LTSE Listings Issuer's revenues, income (including income loss), or earnings (including earnings loss) per share. Any Earnings Guidance, including updates and supplementary disclosure related to Earnings Guidance, must also comply with the disclosure and notification requirements of IEX Rule 14.207(b)(1). *See* proposed Rule 14A.420(b).

[119] *See* Notice, *supra* note 3, at 14086.

[120] For documents available on or through an LTSE Listings Issuer's website, such website must be accessible from the United States, must clearly indicate in the English language the location of such documents on the website and such documents must be available in a printable version in the English language. *See* proposed Rule 14A.430.

[121] *See* Amendment No. 1, *supra* note 6.

[122] *See supra* note 4.

[123] *See supra* note 5.

[124] *See* Inherent Group Letter and Glass, Lewis Letter.

[125] *See* Collaborative Fund Letter at 1; Costolo Letter; Case Letter; Conference Board Letter at 2; Andreessen Horowitz Letter; Obvious Ventures Letter; Founders Fund Letter; Descript Letter; LinkedIn Letter; Y Combinator Letter at 1–2; Techstars Letter at 1; Downtown Project Letter; CareJourney Letter; Brummer Letter at 3. *See also*

commenters expressed a related view that the current market structure disproportionately encourages short-term outlooks.[126] One commenter suggested that the proposal would encourage additional new listings by increasing competition and providing an alternative model in the exchange market for listings.[127] Another commenter commended IEX more broadly for its proposal's innovation in areas such as increasing transparency in reporting and disclosure of long-term strategy, aligning board incentives with the interests of long-term shareholders, aligning executive compensation with long-term performance, and recognizing environmental, social, and governance priorities.[128] Yet another commenter remarked that founders today feel the need to grow large in the private markets in order to sustain and protect their cultures, thinking, and values when they enter the public markets.[129]

Five commenters specifically supported providing longer-tenured investors in a company with greater input in corporate governance.[130] In addition to the proposed long-term voting system, two of these commenters also highlighted the benefits of the additional disclosure requirements that are focused on long-term growth.[131] Three commenters stated that the proposed listing standards would increase transparency to investors, such as with respect to long-term goals, metrics, and performance, and would help align executive compensation with these long-term measures.[132] One of these commenters suggested that IEX's proposal to require a board committee focused on long-term growth strategies and the disclosure of such strategies could better encourage long-term relationships between issuers and their shareholders through the increased transparency that the proposal would promote.[133] This commenter also highlighted the proposal's required disclosure of human capital expenses and short-term vs. long-term research and development spending as features that could provide valuable insight into how issuers are effectively investing in their long-term growth and thereby mitigate concerns about short-term fluctuations in earnings.[134] This commenter further noted that the proposed executive compensation requirements would better tie management's incentives to the listed company's disclosed long-term growth strategy.[135]

One commenter, while generally supporting IEX's proposal, expressed concern about the proposed increasing voting rights that are based on the length of time that the shares are held.[136] This commenter noted that dual-class voting structures ''are generally not in the best interests of common shareholders; this includes any equity structures providing unequal voting rights, regardless of the number of share classes issued.'' [137] This commenter acknowledged, however, that the long-term shareholder voting feature of the IEX proposal may be preferable to some investors compared to other existing unequal voting structures.[138] Another commenter, while not expressing a concern specific to IEX's proposal, noted that it ''generally prefer[s] single-class share structures,'' but ''support[s] mechanisms that reward long-term shareholders with a greater say in corporate governance issues than short-term shareholders.'' [139] This commenter cautioned that any such mechanisms ''must maintain management accountability, preserve adequate liquidity in the public markets, and balance the interests of small and large—and short-term and long-term—shareholders.'' [140]

In its response to the commenters, IEX stated that its proposed long-term voting provisions differ from existing dual-class and uneven voting structures because its proposed voting structure treats all common shareholders equally in their ability to gain additional voting power based on the length of time that their shares are held.[141] According to the Exchange, this proposed structure is designed to more directly align voting rights with long-term engagement with the issuer.[142] The Exchange further noted that the proposed voting structure should not be mandated for any issuer but is an important alternative that would be available to issuers that elect to list on the proposed new IEX listings tier.[143]

V. Discussion and Commission Findings

After careful review and consideration of the comments received, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[144] In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act.[145] Section 6(b)(5) of the Act[146] requires, among other things, that the rules of a national securities 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; and not be designed to permit unfair discrimination between customers, issuers, brokers or dealers.

As noted above, the Commission received 23 comment letters on the proposed rule change, as well as a response letter from the Exchange. The commenters generally expressed support for the Exchange's proposal, although two commenters indicated that they preferred single-class voting structures, but acknowledged that they otherwise supported the aim of the Exchange's proposal to favor long-term shareholder value.[147]

The Exchange proposes to adopt listing rules for a new tier of listings on its market, LTSE Listings. The Exchange states that it believes that companies

Greylock Partners Letter (expressing support for ''a new option that aims to build an ecosystem that enables opportunity and connects long-term visionaries from all sides of the economy''). Two commenters supporting the proposal discussed the benefits of a new exchange designed to promote long-term objectives. *See* Collaborative Fund Letter at 1; Baillie Gifford Letter at 1–2. The Commission notes that IEX's proposed rule change would simply provide an additional listings tier on IEX, and that IEX is not proposing an application for registration as a separate national securities exchange.

[126] *See, e.g.,* Inherent Group Letter at 1; Buhl Letter; Conference Board Letter at 1–2; Andreessen Horowitz Letter; Obvious Ventures Letter; Greylock Partners Letter; Aspen Institute Letter; Descript Letter; LinkedIn Letter; Techstars Letter at 1; Downtown Project Letter; CareJourney Letter; Revolution Letter.

[127] *See* Cboe Letter at 1.

[128] *See* Glass, Lewis Letter at 1–2.

[129] *See* Initialized Capital Letter.

[130] *See* Revolution Letter; Inherent Group Letter at 1; CareJourney Letter; Brummer Letter at 4–5; CalPERS Letter at 2.

[131] *See* CalPERS Letter at 2; Brummer Letter at 3–4.

[132] *See* Inherent Group Letter at 1; Andreessen Horowitz Letter; Brummer Letter at 3–4.

[133] *See* Brummer Letter at 4.

[134] *See id.*

[135] *See id.*

[136] *See* Glass, Lewis Letter at 2.

[137] *See id.*

[138] *See id.*

[139] *See* Inherent Group Letter at 1.

[140] *See id.*

[141] *See* IEX Response Letter at 1.

[142] *See id.* at 1–2.

[143] *See id.* at 2.

[144] 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).

[145] 15 U.S.C. 78f(b)(1) and 15 U.S.C. 78f(b)(5).

[146] 15 U.S.C. 78f(b)(5).

[147] *See* Section IV., *supra.*

should be able to maintain a public listing on an exchange that provides a differentiated choice for issuers and investors that prefer listing standards that the Exchange explicitly has designed with the aim of promoting long-term value creation. Although companies today could list on the Exchange and voluntarily choose to focus on long-term value creation, the Exchange believes that providing a listing category with listing rules that the Exchange has designed to address some of the concerns regarding ''short-termism'' could encourage greater participation in the public markets by long-term focused companies and investors

In support of its proposal, the Exchange notes that many academics, commentators, market participants, and others have expressed concerns regarding ''short termism'' and the potential impact on issuers when some investors' focus on short-term results. The Exchange points to data indicating that the average number of IPOs per year from 2001 through 2016 was approximately one-third of the average number of IPOs between 1998 and 2000, and that the number of listed companies fell by nearly 50% from 1996 through 2016.

An analysis of IPO data,[148] prepared by the Commission's Division of Economic Research and Analysis, similarly points to a decline in the number of IPOs and public companies compared to the nineties. For example, the number of IPOs declined by approximately 77% from 1997 to 2017, while the average number of IPOs per year declined by approximately 73% from 1990–1998 to 2001–2017.[149] The number of listed companies decreased by approximately 45% from 1997 to 2017 and the average number of listed companies decreased by approximately 34% from 1990–1998 to 2001–2017.[150]

Academic studies have similarly demonstrated a decline in the number of U.S. IPOs and listed companies in recent years and have cited various potential reasons for this decline, including a high cost of going public and being a reporting company,[151] the advantages of being acquired by a larger firm,[152] and the expanding role of private markets.[153] Other studies generally note the cyclical nature of offering activity.[154]

Other observers have offered various reasons for the IPO decline, including high costs of an IPO and of being a public company[155] and the attractiveness of private placements and of being acquired.[156]

Issuers that list on the LTSE Listings tier would be subject to the listing standards in proposed Chapter 14A of IEX's rules, as well as Chapter 14 of IEX's rules relating to its standard listing tier. Significant features of proposed Chapter 14A, which are discussed in more detail below, pertain to: (1) The opportunity for shareholders to receive accreting voting rights; (2) an alternative calculation for determining shareholder approval requirements; (3) additional corporate governance and other requirements for LTSE Listings Issuers; and (4) provisions pertaining to dually-listed securities.

A. Mandatory Accreting Voting Rights

A key feature of the Exchange's proposal is the requirement that companies electing to list their common equity securities on the Exchange's LTSE Listings tier must comply with the voting rights requirements set forth in proposed Rule 14A.413 with respect to those listed securities. In the Exchange's view, the proposed voting rights structure is designed to more directly align shareholders' voting rights with long-term issuer engagement.[157] Specifically, proposed Rule 14A.413(b) would require an LTSE Listings Issuer to establish an Initial Voting Power[158] associated with its listed securities, and that Initial Voting Power would be required to increase at a rate of at least 1/12th per month for each eligible shareholder[159] that owns the issuer's shares continuously as of the date that the shareholder appears as the record owner on the LTSE Listings Issuer's books or through DRP. Under Rule 14A.413(b), the voting power of the shares would be required to accrete up to an amount that is ten times their Initial Voting Power. However, if at any time, the shareholder ceases to hold the LTSE Listing Issuer's shares in record form or transfers those shares out of record ownership (whether for purposes of sale or otherwise), then on the date of such transfer the increased voting power of the shares would revert to their Initial Voting Power. The Exchange states that the voting rights provisions are designed to align with the long-term focus of the LTSE Listings category by providing long-term investors in an LTSE Listings Issuer with a greater role in corporate

[148] *See* Ritter, J., Initial Public Offerings: Updated Statistics, January 2018, *https://site.warrington.ufl.edu/ritter/files/2018/01/IPOs2017Statistics_January17_2018.pdf* (retrieved Jun. 20, 2018). The sample excludes IPOs with offers prices below $5, ADRs, units, closed-end funds, REITs, natural resource limited partnerships, small best efforts offers, banks and thrifts, and stocks not listed on Amex, NYSE, and NASDAQ.

[149] *Id.* Peak technology bubble years (1999 and 2000) are excluded. If 2008 and 2009 are excluded, the decrease in the average number of IPOs per year from 1990–1998 to 2001–2017 is estimated to be approximately 70%.

The decline is smaller but still considerable when an earlier time period is used for comparison. The average number of IPOs per year decreased by approximately 47% from 1980–1989 to 2001–2017 (approximately 42%, excluding 2008–2009).

[150] The estimate is based on Staff calculations based on World Bank's World Development Indicators data on the number of domestic listed companies in the US (retrieved April 23, 2018). The average number of listed companies is estimated to have decreased by approximately 23% from 1980–1989 to 2001–2017.

[151] *See, e.g.,* Engel, E., Hayes, R., Wang, X., 2007, The Sarbanes–Oxley Act and Firms' Going-Private Decisions, Journal of Accounting and Economics 44(1–2), 116–145; Kamar, E., Karaca-Mandic, P., Talley, E., 2009, Going-Private Decisions and the Sarbanes-Oxley Act of 2002: A Cross-Country Analysis, Journal of Law, Economics, & Organization 25(1), 107–133; Bova, F., Minutti-Meza, M., Richardson, G., Vyas, D., 2014, The Impact of SOX on the Exit Strategies of Private Firms, Contemporary Accounting Research 31(3), 818–850.

[152] *See, e.g.,* Gao, X., Ritter, J., Zhu, Z., 2013, Where have all the IPOs gone? Journal of Financial and Quantitative Analysis 48(6), 1663–1692.

[153] *See, e.g.,* Ewens, M., Farre-Mensa, J., 2018, The deregulation of the private equity markets and the decline in IPOs, Working paper, *https://ssrn.com/abstract_id=3017610* (retrieved Jun. 20, 2018); Doidge, C., Kahle, K., Karolyi, A., Stulz, R., 2018, Eclipse of the Public Corporation or Eclipse of the Public Markets? Journal of Applied Corporate Finance 30(1), 8–16.

[154] *See, e.g.,* Lowry, M., 2003, Why does IPO volume fluctuate so much? Journal of Financial Economics 67(1), 3–40; Alti, A., 2005, IPO Market Timing, Review of Financial Studies 18(3), 1105–1138; Yung, C., Colak, G., Wang, W., 2008, Cycles in the IPO market, Journal of Financial Economics 89(1), 192–208.

[155] *See, e.g.,* IPO taskforce, Rebuilding the IPO On-Ramp: Putting Emerging Companies and the Job Market Back on the Road to Growth, October 20, 2011, *https://www.sec.gov/info/smallbus/acsec/rebuilding_the_ipo_on-ramp.pdf* (retrieved Jun. 27, 2018); Committee on Capital Markets Regulation, U.S. Public Markets are Stagnating, April 2017, *http://www.capmktsreg.org/wp-content/uploads/2017/06/US-Public-Equity-Markets-are-Stagnating.pdf* (retrieved Jun. 27, 2018). Besides ongoing costs of periodic reporting, observers have pointed to other considerations, such as the costs of the IPO, disclosure requirements, audits, litigation, investor relations, shareholder activism, *etc.*

[156] *See, e.g.,* Eule, A., Are Unicorns Killing the 2016 IPO Market? June 4, 2016, Barron's, *http://www.barrons.com/articles/are-unicorns-killing-the-2016-ipo-market-1465018470* (retrieved Jun. 27, 2018); Zanki, T., 4 Reasons Cos. Are Staying Private Longer, March 14, 2017, Law360, New York, *https://www.law360.com/articles/901768?scroll=1* (retrieved Jun. 27, 2018); Hutchinson, J., Why Are More Companies Staying Private? February 15, 2017, *https://www.sec.gov/info/smallbus/acsec/hutchinson-goodwin-presentation-acsec-021517.pdf* (retrieved Jun. 27, 2018). *See also* Notice, *supra* note 3, at 14075 n.10.

[157] *See supra* notes 67–68 and accompanying text.

[158] *See supra* note 74 and accompanying text.

[159] Only shareholders of an LTSE Listings Issuer who register such shares in their name as record holders on the books of the LTSE Listings Issuer, including through the use of a DRP, would be eligible for these accreting voting rights. *See supra* note 72 and accompanying text.

governance than short-term shareholders.[160]

Although the commenters generally supported the Exchange's proposal, two commenters expressed a concern about the proposed voting rights structure.[161] Specifically, one commenter noted a concern that dual-class voting structures generally are not in the best interests of shareholders, and that skewing the alignment of ownership and voting rights presents agency risks.[162] The other commenter stated that mechanisms that reward long-term shareholders with a greater say in corporate governance nonetheless should balance the interests of small and large, and short-term and long-term, shareholders.[163] The Exchange responded by noting that its proposal differs from existing dual-class and uneven voting structures because its proposed voting structure would treat the LTSE Listings Issuer's common shareholders equally in their ability to gain additional voting power based on their ownership tenure.[164] The Exchange further noted that its proposed voting structure would provide an alternative available to issuers that elect to list on the proposed LTSE Listings tier.[165] In its proposal, the Exchange also stated that because LTSE Listings Issuers would be required, as a pre-condition to listing on LTSE Listings, to already have in place a voting rights structure as of the date of its initial listing that complies with LTSE Listings Rule 14A.413(b), no new corporate action that disparately reduces voting rights would be taken subsequent to listing on the Exchange.[166]

Section 6(b)(5) of the Exchange Act requires that an exchange's rules be designed to promote just and equitable principles of trade and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers and, in general, to protect investors and the public interest. The proposed voting rights structure rule would require an LTSE Listings Issuer to differentiate in the allocation of voting rights based on the manner in which its shareholders hold their shares (whether in DRP or record name or whether in street name) and for the length of time that they hold their shares. The proposed voting rights rule is intended to allow shareholders of an LTSE Listings Issuer to increase the voting power of their shares as long as they continue to hold such shares as record holders on the books of the LTSE Listings Issuer, including through DRP. The proposal does not make any other distinction in voting rights among the LTSE Listings Issuer's shareholders, and any shareholders that continuously hold their shares in record form would be eligible to increase their voting power up to the maximum allowable voting power consistent with proposed Rule 14A.413(b). LTSE Listings Issuers also would be required to comply with IEX's existing voting rights policy, which provides that the voting rights of existing shareholders of listed stock cannot be disparately reduced or restricted through any corporate action or issuance, including, but not limited to, the adoption of time-phased voting plans, the adoption of capped voting rights plans, the issuance of super-voting stock, or the issuance of stock with voting rights less than the per share voting rights of the existing common stock through an exchange offer.[167] To address the restrictions in this voting rights policy, the proposal prohibits an LTSE Listings Issuer from issuing additional classes of common stock that exceeds the Initial Voting Power of any of the LTSE Listings Issuer's existing classes of common stock listed on LTSE Listings. In addition, the proposal prohibits issuances where the rate at which the voting power of such class may increase over time at a rate greater than the corresponding rate for any of the LTSE Listings Issuer's existing classes of common stock listed on LTSE Listings.[168]

The Commission also notes that, pursuant to proposed Rule 14A.200(c)(2), at the time that a company initially lists on the LTSE Listings tier, that company may not have any securities listed for trading on IEX or any other national securities exchange, and that a company would be permitted to list on LTSE Listings only in connection with its initial public offering.[169] The proposal also would require an LTSE Listings Issuer to prepare and maintain an explanatory statement, written in plain-English, and posted prominently on its website, which provides information regarding the rights of shareholders under the issuer's long-term voting provisions, including, at a minimum, explanations of how a shareholder's voting power may increase over time, the particular conditions that must be satisfied in order for such additional voting power to increase, and the administrative steps that a shareholder must take to hold shares in a manner that will allow their voting power to increase over time.[170] In light of the foregoing, the Commission finds that the Exchange's voting rights proposal is consistent with Section 6(b)(5) of the Act.

B. Alternative Calculation for Requiring Shareholder Approval

The Exchange proposes a modified shareholder approval calculation formula for LTSE Listings Issuers to be used for determining when shareholder approval is required for additional issuances of securities. While the calculation for shareholder approval ordinarily would be based on the legal maximum potential voting power of the shares to be issued (which in the case of the proposed rules would multiply the Initial Voting Power by ten), the Exchange asserts that this approach would not be appropriate because it believes that it would be extremely unlikely that all shares of a new issuance would be held in record name by the same shareholder uninterrupted for a period of 10 years.[171] The Exchange also states that it would be even more unlikely for all shares of a new issuance to accrue votes up to the maximum amount while the shares outstanding remain static and do not accrue any additional voting rights. The Exchange therefore argues that requiring issuers to make these particular assumptions would result in LTSE Listings Issuers having to obtain shareholder approval for transactions that would not be materially dilutive to existing shareholders. The Exchange further contends that imposing the burden of obtaining shareholder approval (including the monetary costs, as well as the time involved and uncertainty of outcome) would not be justified for transactions that, in the Exchange's view, are unlikely to be materially dilutive to the voting power of existing shareholders.[172]

The Exchange notes that, because shareholders may or may not elect to hold their shares in record ownership,

[160] *See* Notice, *supra* note 3, at 14083. The Exchange believes that long-term investors in a public company are more likely than short-term shareholders to exercise their voting rights in a manner that prioritizes long-term growth over short-term results. *See id.*

[161] *See* Inherent Group Letter and Glass, Lewis Letter at 2.

[162] *See* Glass, Lewis Letter at 2.

[163] *See* Inherent Group Letter.

[164] *See* IEX Response Letter at 1.

[165] *See id.* at 2.

[166] *See supra* note 79 and accompanying text.

[167] *See* IEX Rule 14.413.

[168] *See supra* note 81 and accompanying text; proposed Rule 14A.413, Supplementary Material .01(f).

[169] *See* Amendment No. 1, *supra* note 6.

[170] *See id.*

[171] *See* Notice, *supra* note 3, at 14090. Under the proposal, transferring shares out of record form or transferring ownership to another person would revert the voting rights associated with the shares to their Initial Voting Power.

[172] *See id.* at 14090–91.

and may hold them in such manner for varying lengths of time, it is not possible to determine with precision how many shares issued in any transaction would accumulate additional voting power or the extent of voting power that those shares eventually would attain.[173] The Exchange proposes two alternative means for calculating the maximum potential voting power of the new shares: (i) for issuers that have been listed on LTSE Listings for at least five years, this value would be the number of shares to be issued multiplied by both the Initial Voting Power and Long-Term Voting Factor,[174] and (ii) for issuers that have been listed on LTSE Listings for fewer than five years, this value would be the greater of (x) the number of shares to be issued multiplied by both the Initial Voting Power and Long-Term Voting Factor or (y) the number of shares to be issued multiplied by the Initial Voting Power, multiplied by two.

The Exchange states that the Long-Term Voting Factor is intended to estimate the extent of the increase in voting power that the new shares to be issued are likely to obtain based on the percentage of increased voting power that existing issued shares have already obtained. The Exchange also believes that, for companies that have been listed for a shorter period of time, a minimum multiple of two is appropriate because the actual Long-Term Voting Factor that these companies would have experienced is likely to be lower than that of longer-listed companies and may not be representative of the longer-term growth in voting power that the new shares may ultimately attain.[175]

The Commission notes that the rationale for the Exchange's proposed modification to the shareholder approval calculation is based on the unique features of the proposed voting rights structure. The traditional shareholder approval calculation assumes that the maximum voting rights of any newly issued shares definitely would be reached. However, because of the way the Exchange's proposal would work (*i.e.,* with the voting rights reverting to their Initial Voting Power upon any trade, and accreting voting rights available only for record holders), it is difficult to predict what the maximum voting rights of the newly-issued shares would be. While the proposed formula for modifying the calculation of the maximum potential voting power of the newly-issued shares may appear reasonable, it is difficult to assess whether it is in fact appropriate because there is no available data on the behavior of securities subject to the proposed voting structure. The Commission notes that the Exchange has represented that, if approved, it would periodically assess whether a five year cut-off for applying a minimum Long-Term Voting Factor and the minimum Long-Term Voting Factor of two continue to be appropriate, or whether either element should be modified based on the Exchange's experience with LTSE Listings Issuers. For example, the Exchange would consider when the rate of growth of the voting power of an LTSE Listings Issuer's shares typically becomes relatively stable and at what level.[176] The Commission believes that that these representations by the Exchange are important for ensuring that the calculation for shareholder approval is appropriately established for LTSE Listings Issuers and that the requirement for shareholder approval for required transactions remains robust. In addition, the Commission notes that LTSE Listings Issuers would have to comply with all the other provisions of the shareholder approval rules that require a shareholder vote. For example, an issuance that results in a change of control would need to have shareholder approval irrespective of whether the issuance exceeded the 20% provision as calculated under the LTSE Listings rules.

For the foregoing reasons, the Commission finds that the Exchange's proposal with regard to the proposed shareholder approval calculation is consistent with the Act, particularly Section 6(b)(5) thereunder. The Commission notes, however, that in the case of an LTSE Listings Issuer whose securities are dually-listed under proposed Rule 14A.210, such issuers would be required to comply with the stricter listing standard for calculating the requirement for shareholder approval, which could be the rule of the other listing exchange.

C. Additional Corporate Governance and Other Requirements

The Exchange's proposal contains a number of additional corporate governance requirements for LTSE Listings issuers, which would be in addition to or in lieu of the corporate governance requirements contained in Chapter 14 of IEX's rules. The proposed new requirements for boards of directors and board committees are designed to align the board with the objectives of the LTSE Listings rules.[177] The proposal would require the boards of an LTSE Listings issuer to establish an LTSP Committee, which would be dedicated to overseeing the issuer's strategies for creating and sustaining long-term growth, and a nominating/corporate governance committee. The proposal also would require committees, including the audit and compensation committees, to report to the board and to make their charters available on the issuer's website, and would retain the composition and transparency requirements of those committees, if their functions were transferred to another committee. LTSE Listings Issuers would be required to provide more transparency about their operations, and in particular their long-term goals, strategies, and performance, in the form of additional disclosures, *i.e.,* the LTSP Disclosures, in an Annual Report Supplement. The proposal also would require LTSE Listings Issuers to adopt corporate governance guidelines and executive compensation guidelines, which would impose certain requirements and restrictions on executive compensation that the Exchange believes are measures intended to capture the long-term performance of the issuer.

These additional corporate governance requirements were supported by the commenters. Commenters particularly supported the proposed increased transparency for investors and the proposed requirements that the Exchange has designed with the intent of aligning executive compensation with long-term measures of the issuer's performance. The Commission finds that the proposed additional corporate governance requirements are consistent with the Act, particularly Section 6(b)(5) thereunder.

D. Dual Listings

The Exchange proposes to allow an LTSE Listings Issuer to list a class of securities that, in connection with its IPO, has been approved for listing on another national securities exchange. The Exchange would make an independent determination of whether such issuer satisfies all the applicable listing requirements of the Exchange and would require such issuer to enter into a dual-listing agreement with the Exchange. The Exchange would expect the other national securities exchange to be the LTSE Listings Issuer's primary listing market. The proposed rules would require prompt notification by the LTSE Listings Issuer if it falls below

[173] *See id.* at 14090.

[174] See *supra* note 105 and accompanying text, for a description of the Long-Term Voting Factor.

[175] *See* Notice, *supra* note 3, at 14091.

[176] *See id.* at 14091 n.87.

[177] *See id.* at 14077.

the listing standards of the other exchange (and vice versa), and also would honor the trade halt authority of Primary Listing Market, as designated under the CQ and CTA Plans or the UTP Plan.

The Commission finds that the proposal to allow dual-listings of securities listed on LTSE Listings, which would allow such dual-listings to occur in connection with the initial public offering of those securities, is consistent with the Exchange Act. The Commission notes that dually-listed securities of LTSE Listings issuers would need to satisfy the listing standards of both exchanges in order to maintain both listings, and could not rely on satisfying one exchange's listing standards to maintain its listing on the other exchange. The Commission also notes that in instances where one exchange has a higher or more stringent requirement than the other exchange, the issuer would be required to comply with the higher or more stringent requirement. For example, as noted above, if an LTSE Listings Issuer's security is also listed on another exchange and that other exchange has a more stringent requirement for applying its shareholder approval calculation requirement, the more stringent requirement of the other exchange would be applied to the LTSE Listings issuer. Similarly, if the other exchange has a lower requirement or no requirement with respect to a corporate governance requirement imposed by the Exchange for an LTSE Listings Issuer, such as the LTSP Disclosures requirement, the LTSE Listings Issuer would have to comply with the higher standard imposed by the Exchange.

In light of the foregoing, the Commission finds that the Exchange's proposal to adopt rules relating to supplemental listing standards for LTSE Listings Issuers is consistent with the Act, particularly Section 6(b)(5) thereunder. The Commission believes that the proposed rules are appropriate in that they aim to provide issuers that believe the LTSE Listings standards to be better aligned with their objectives, and potentially with the governance preferences of their shareholders, with the option to comply with certain additional listing requirements, which in turn would provide shareholders with the opportunity to increase their voting power in the issuer's listed securities.

VI. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–IEX–2018–06 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–IEX–2018–06. 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 (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–IEX–2018–06, and should be submitted on or before July 27, 2018.

VII. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 1 in the **Federal Register**. As discussed above, Amendment No. 1 revises the proposal to: (1) Clarify in proposed Rule 14A.001(a) that an LTSE Listings Issuer must qualify for listing under Chapter 14 of the IEX Rules and the LTSE Listings Rules, except as otherwise provided in the LTSE Listings Rules; (2) specify in proposed Rule 14A.200(c)(2) that when a company lists on LTSE Listings, in addition to the requirement that the company must not have any security listed for trading on the Exchange or any other national securities exchange, the company also must be listing in connection with its initial public offering; (3) add paragraph (c) to proposed Rule 14A.210 to provide that if dually-listed securities are listed on another national securities exchange that is the primary listing market and requires a minimum number of market makers, the minimum market maker requirements of IEX Rules 14.310 and 14.320 would not be applicable to such dually-listed securities; and (4) add paragraph (c) to proposed Rule 14A.413 to require each LTSE Listings Issuer to prepare and maintain an explanatory statement that must be written in plain English, made publicly available, and posted prominently on its website and that must describe how the voting power of the issuer's securities may increase over time, and the conditions and administrative steps necessary for such voting power to increase.

With respect to not applying the minimum market maker requirements of IEX Rules 14.310 and 14.320 when another national securities exchange is the Primary Listing Market for the LTSE Listing Issuer's dually-listed securities, the Exchange notes that such requirements are not necessary if the Primary Listing Market imposes minimum market maker requirements. With respect to requiring each LTSE Listings Issuer to make an explanatory statement publicly available and posted prominently on the issue's website explaining the long-term voting provisions, the Exchange believes that the new rule language would help ensure that an LTSE Listings Issuer's shareholders would be able to easily obtain necessary information about the LTSE Listings Issuer's long-term voting structure and how such shareholders, if they so choose, may accrue additional voting power over time. With respect to the amendments to proposed Rules 14A.001(a) and 14A.200(c)(2), the Exchange notes that these are simply conforming and clarifying changes to the proposed rule text.

The Commission believes that Amendment No. 1 would help increase transparency by providing clear and easily accessible information to

shareholders and potential shareholders regarding an LTSE Listings Issuer's long-term voting structure and regarding how they can accrue additional voting power over time. The Commission also believes that it is appropriate for the Exchange to not apply the minimum market maker requirements of IEX Rules 14.310 and 14.320 when another national securities exchange is the Primary Listing Market for the LTSE Listings Issuer's dually-listed securities. The Commission believes that Amendment No. 1 does not raise any new or novel regulatory issues, and provides additional transparency to investors, further facilitating the Commission's ability to make the findings set forth above to approve the Exchange's proposed rule change. For these reasons, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[178] to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VIII. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[179] that the proposed rule change (SR–IEX–2018–06), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[180]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14461 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

[178] 15 U.S.C. 78s(b)(2).

[179] *Id.*

[180] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83570; File No. SR–NYSE–2017–53]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Withdrawal of Proposed Rule Change To Amend the Listed Company Manual for Special Purpose Acquisition Companies To Lower the Initial Holders Requirement From 300 to 150 Round Lot Holders and To Eliminate Completely the Public Stockholders Continued Listing Requirement, To Require at Least $5 Million in Net Tangible Assets for Initial and Continued Listing, and To Impose a 30-Day Deadline To Demonstrate Compliance With Certain Initial Listing Requirements Following a Business Combination

June 29, 2018.

On November 16, 2017, New York Stock Exchange LLC (''NYSE'' or ''Exchange'') 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 amend the Listed Company Manual (''Manual'') for Special Purpose Acquisition Companies (''SPACs'') to lower the initial holders requirement from 300 to 150 round lot holders and to eliminate the continued listing requirement of 300 public stockholders completely, to require at least $5 million in net tangible assets for initial listing and continued listing, and to allow companies 30 days to demonstrate compliance with the applicable holder requirements of Section 102.01A in the Manual following a business combination.[3] Finally, NYSE proposed to eliminate certain alternative initial listing distribution criteria for securities of SPACs that list in connection with a transfer or quotation.

The proposed rule change was published for comment in the **Federal Register** on December 6, 2017.[4] The Commission received two comments on the proposal in response.[5] On January 18, 2018, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change, to March 6, 2018.[6] On March 5, 2018, the Commission issued an order instituting proceedings under Section 19(b)(2)(B) of the Act to determine whether to approve or disapprove the proposed rule change.[7] The Commission received one additional comment.[8] On May 31, 2018, the Commission designated a longer period for the Commission to issue an order approving or disapproving the proposed rule change.[9] On June 21, 2018, the Exchange withdrew the proposed rule change (SR–NYSE–2017–53).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–14464 Filed 7–5–18; 8:45 am]

BILLING CODE 8011–01–P

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] SPAC initial listing requirements are currently set forth in Section 102.06 of the Manual and SPAC continued listing requirements are in Section 802.01B of the Manual.

[4] *See* Securities Exchange Act Release No. 82180 (November 30, 2017), 82 FR 57632.

[5] *See* Letters to Brent J. Fields, Secretary, Commission, from Michael Kitlas, dated November 30, 2017 (''Kitlas Letter''); Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors, dated December 20, 2017 (''CII Letter'').

[6] *See* Securities Exchange Act Release No. 82531 (January 18, 2018), 83 FR 3371.

[7] *See* Securities Exchange Act Release No. 82804, 83 FR 10530 (March 9, 2018).

[8] *See* Letter to Brent J. Fields, Secretary, Commission, from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors, dated March 26, 2018 (''CII Letter II'').

[9] *See* Securities Exchange Act Release No. 83355, 83 FR 26331 (June 6, 2018).

[10] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice: 10457]

Certification Pursuant to Section 7045(a)(4)(B) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2017

By virtue of the authority vested in me as the Secretary of State, including pursuant to section 7045(a)(4)(B) of the Department of State, Foreign Operations, and Related Programs Appropriations Act 2017 (Div. J, Pub. L. 115–31), I hereby certify that the central Government of Guatemala is taking effective steps, which are in addition to those steps taken since the certification and report submitted during the prior year, to:

- Work cooperatively with an autonomous, publicly accountable entity to provide oversight of the Plan;
- Combat all forms of government and international agency corruption and impunity when credibly alleged;
- Implement reforms, policies, and programs to improve transparency and strengthen public institutions, including

increasing the capacity and independence of the judiciary and the Office of the Attorney General;

• Implement a policy to ensure that local communities, civil society organizations (including indigenous and other marginalized groups), private sector, faith-based organizations, and local governments are consulted in the design and participate in the implementation and evaluation of activities of the Plan that affect such communities, organizations, and governments;

• Counter the activities of criminal gangs, drug traffickers, and organized crime;

• Investigate and prosecute in the civilian justice system government personnel, including military and police personnel, who are credibly alleged to have violated human rights and to ensure that such personnel are cooperating in such cases;

• Cooperate with commissions against corruption and impunity and with regional human rights entities;

• Support programs to reduce poverty, expand education and vocational training for at-risk youth, create jobs, and promote equitable economic growth particularly in areas contributing to large numbers of migrants;

• Implement a plan that includes goals, benchmarks, and timelines to create a professional, accountable civilian police force and end the role of the military in internal policing, and to make such plan available to the Department of State;

• Protect the rights of all citizens, including protection of freedom of the press;

• Increase government efficiencies, including implementing tax reforms and strengthening customs agencies to promote a more stable economy and job creation;

• Resolve commercial disputes, including the confiscation of real property, between U.S. entities and such government.

This certification shall be published in the **Federal Register** and, along with the accompanying Memorandum of Justification, shall be reported to Congress.

Dated: June 28, 2018.

Michael R. Pompeo,

Secretary of State.

[FR Doc. 2018–14614 Filed 7–5–18; 8:45 am]

BILLING CODE 4710–29–P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36204]

Cairo Public Utility Company—Acquisition and Operation Exemption—Rail Line of Alabama Railroad Co., Inc., d/b/a Shawnee Terminal Railroad Co.

Cairo Public Utility Company (CPUC), a non-carrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire and operate 2.5 miles of rail lines owned by Alabama Railroad Co., Inc. d/b/a Shawnee Terminal Railway Co. (STR), between milepost 256.9 and milepost 259.4 in or near Cairo, in Alexander County, Ill. (the Line).

CPUC states that it has reached an agreement with STR for CPUC to acquire the Line. CPUC further states that the acquisition is part of a long-term goal of creating a transload facility along the Mississippi River. According to CPUC, the proposed acquisition and operation of the Line does not involve a provision or agreement that would limit future interchange with a third-party connecting carrier.

CPUC certifies that the proposed transaction will not result in CPUC becoming a Class II or Class I rail carrier and that the projected annual revenue of CPUC will not exceed $5 million.

CPUC states that the transaction is scheduled to be consummated on or before September 15, 2018. The earliest this transaction may be consummated is July 20, 2018, the effective date of the exemption (30 days after the verified notice was filed).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than July 13, 2018 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. 36204, must be filed with the Surface Transportation Board, 395 E Street SW, Washington, DC 20423–0001. In addition, one copy of each pleading must be served on Richard H. Streeter, Law Office of Richard H. Streeter, 5255 Partridge Lane NW, Washington, DC 20016.

According to CPUC, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic reporting requirements under 49 CFR 1105.8(b).

Board decisions and notices are available on our website at *WWW.STB.GOV.*

Decided: June 29, 2018.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.

Brendetta Jones,

Clearance Clerk.

[FR Doc. 2018–14470 Filed 7–5–18; 8:45 am]

BILLING CODE 4915–01–P

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket Number USTR–2018–0022]

Annual Review of Country Eligibility for Benefits Under the African Growth and Opportunity Act

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of initiation of review, public hearing, and request for comments.

SUMMARY: This notice announces the initiation of the annual review of the eligibility of the sub-Saharan African countries to receive the benefits of the African Growth and Opportunity Act (AGOA). The AGOA Implementation Subcommittee of the Trade Policy Staff Committee (Subcommittee) is developing recommendations for the President on AGOA country eligibility for calendar year 2019. The Subcommittee is requesting written public comments for this review and will conduct a public hearing on this matter. The Subcommittee will consider the written comments, written testimony, and oral testimony in developing recommendations for the President. Comments received related to the child labor criteria also may be considered by the Secretary of Labor in the preparation of the U.S. Department of Labor's report on child labor as required under the Trade Act of 1974. This notice identifies the eligibility criteria that must be considered under AGOA, and lists those sub-Saharan African countries that are currently eligible for the benefits of AGOA and those that were ineligible for such benefits in 2018.

DATES:

August 1, 2018: Deadline for filing requests to appear at the August 16, 2018 public hearing, and for filing pre-hearing briefs, statements, or comments on sub-Saharan African countries' AGOA eligibility.

August 16, 2018: The Subcommittee will convene a public hearing on AGOA country eligibility.

August 23, 2018: Deadline for filing post-hearing briefs, statements, or comments on this matter.

ADDRESSES: The Office of the U.S. Trade Representative (USTR) strongly prefers electronic submissions made through the Federal eRulemaking portal: *http://www.regulations.gov.* Follow the submission instructions in sections II and III below. The docket number is USTR–2018–0022. For alternatives to on-line submissions, please contact Yvonne Jamison at (202) 395–3475.

FOR FURTHER INFORMATION CONTACT: For procedural questions, please contact Yvonne Jamison at (202) 395–3475. Direct all other questions to Alan Treat, Director for African Affairs, at (202) 395–9514.

SUPPLEMENTARY INFORMATION:

I. Background

AGOA (Title I of the Trade and Development Act of 2000, Public Law 106–200) (19 U.S.C. 2466a *et seq.*), as amended, authorizes the President to designate sub-Saharan African countries as beneficiaries eligible for duty-free treatment for certain additional products not included for duty-free treatment under the Generalized System of Preferences (GSP) (Title V of the Trade Act of 1974 (19 U.S.C. 2461 *et seq.*) (1974 Act)), as well as for the preferential treatment for certain textile and apparel articles. The President may designate a country as a beneficiary sub-Saharan African country eligible for AGOA benefits if he determines that the country meets the eligibility criteria set forth in section 104 of AGOA (19 U.S.C. 3703) and section 502 of the 1974 Act (19 U.S.C. 2462).

Section 104 of AGOA includes requirements that the country has established or is making continual progress toward establishing, among other things: a market-based economy; the rule of law, political pluralism, and the right to due process; the elimination of barriers to U.S. trade and investment; economic policies to reduce poverty; a system to combat corruption and bribery; and the protection of internationally recognized worker rights. In addition, the country may not engage in activities that undermine U.S. national security or foreign policy interests or engage in gross violations of internationally recognized human rights. Section 502 of the 1974 Act provides for country eligibility criteria under GSP. For a complete list of the AGOA eligibility criteria and more information on the GSP criteria, see section 104 of the AGOA and section 502 of the 1974 Act.

Section 506A of the 1974 Act requires the President to monitor and review annually the progress of each sub-Saharan African country in meeting the foregoing eligibility criteria in order to determine if each beneficiary sub-Saharan African country should continue to be eligible, and if each sub-Saharan African country that currently is not a beneficiary, should be designated as a beneficiary. If the President determines that a beneficiary sub-Saharan African country is not making continual progress in meeting the eligibility requirements, he must terminate the designation of the country as a beneficiary sub-Saharan African country. The President also may withdraw, suspend, or limit the application of duty-free treatment with respect to specific articles from a country if he determines that it would be more effective in promoting compliance with AGOA eligibility requirements than terminating the designation of the country as a beneficiary sub-Saharan African country.

For 2018, 40 countries were designated as beneficiary sub-Saharan African countries. These countries, as well as the countries currently designated as ineligible, are listed below. The Subcommittee is seeking public comments in connection with the annual review of sub-Saharan African countries' eligibility for AGOA's benefits. The Subcommittee will consider any comments in developing recommendations to the President related to this review. Comments related to the child labor criteria may also be considered by the Secretary of Labor in making the findings required under section 504 of the 1974 Act.

The following sub-Saharan African countries were designated as beneficiary sub-Saharan African countries in 2018:

Angola
Benin
Botswana
Burkina Faso
Cabo Verde
Cameroon
Central African Republic
Chad
Comoros
Republic of Congo
Cote d'Ivoire
Djibouti
Eswatini (formerly Swaziland)
Ethiopia
Gabon
The Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Rwanda
Sao Tome & Principe
Senegal
Sierra Leone
South Africa
Tanzania
Togo
Uganda
Zambia

The following sub-Saharan African countries were not designated as beneficiary sub-Saharan African countries for 2018:

Burundi
Democratic Republic of Congo
Equatorial Guinea (graduated from GSP)
Eritrea
Seychelles (graduated from GSP)
Somalia
South Sudan
Sudan
Zimbabwe

II. Notice of Public Hearing

In addition to written comments from the public on the matters listed above, the Subcommittee will convene a public hearing at 10:00 a.m. on Thursday, August 16, 2018, to receive testimony related to sub-Saharan African countries' eligibility for AGOA's benefits. USTR must receive requests to present oral testimony at the hearing and pre-hearing briefs, statements, or comments must be received by noon August 1, 2018.

The hearing will be held at 1724 F Street NW Washington DC 20508, and will be open to the public and to the press. USTR will make a transcript of the hearing available on *www.regulations.gov* within approximately two weeks of the hearing.

USTR must receive your written requests to present oral testimony at the hearing and pre-hearing briefs, statements, or comments by noon on Wednesday, August 1, 2018. You must make the intent to testify notification in the ''type comment'' field under docket number USTR–2018–0022 on the *www.regulations.gov* website and you should include the name, address, telephone number and email address, if available, of the person presenting the testimony. You should attach a summary of the testimony by using the

''upload file'' field. The name of the file also should include who will be presenting the testimony. Remarks at the hearing should be limited to no more than five minutes to allow for possible questions from the Subcommittee. You should submit all documents in accordance with the instructions in section III below.

III. Requirements for Submissions

In order to be assured of consideration, persons submitting a notification of intent to testify and/or written comments must do so in English by noon on Wednesday, August 1, 2018. USTR strongly encourages commenters to make on-line submissions, using the *www.regulations.gov* website. To submit comments via *www.regulations.gov,* enter docket number USTR–2018–0022 on the home page and click ''search.'' The site will provide a search-results page listing all documents associated with this docket. Find a reference to this notice and click on the link entitled ''comment now!'' For further information on using the *www.regulations.gov* website, please consult the resources provided on the website by clicking on ''How to Use *Regulations.gov*'' on the bottom of the home page. We will not accept hand-delivered submissions.

For any comments submitted electronically containing business confidential information, the file name of the business confidential version should begin with the characters ''BC''. Any page containing business confidential information must be clearly marked ''BUSINESS CONFIDENTIAL'' on the top of that page. Filers of submissions containing business confidential information also must submit a public version of their comments that we will place in the docket for public inspection. The file name of the public version should begin with the character ''P''. The ''BC'' and ''P'' should be followed by the name of the person or entity submitting the comments or reply comments. Filers submitting comments containing no business confidential information should name their file using the name of the person or entity submitting the comments. Please do not attach separate cover letters to electronic submissions; rather, include any information that might appear in a cover letter in the comments themselves. Similarly, to the extent possible, please include any exhibits, annexes, or other attachments in the same file as the submission itself, not as separate files.

As noted, USTR strongly urges submitters to file comments through *www.regulations.gov.* You must make any alternative arrangements with Yvonne Jamison at (202) 395–3475 in advance of transmitting a comment. General information concerning USTR is available at *www.ustr.gov.*

We will post comments in the docket for public inspection, except business confidential information. You can view comments on the *www.regulations.gov* website by entering the relevant docket number in the search field on the home page.

IV. Petitions

15 CFR part 2017 permits any interested party to submit a petition to USTR, at any time, with respect to whether a beneficiary sub-Saharan African country is meeting the AGOA eligibility requirements. An interested party may file a petition through *www.regulations.gov,* under docket number USTR–2018–0022.

Edward Gresser,

Chair of the Trade Policy Staff Committee, Office of the United States Trade Representative.

[FR Doc. 2018–14098 Filed 7–5–18; 8:45 am]

BILLING CODE 3290–F8–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA—2017–0196]

60-Day Notice of Proposed Information Collection: Pilot Program To Allow 18- to 21-Year-Old Persons With Military Driving Experience To Operate Commercial Motor Vehicles (CMVs) in Interstate Commerce

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice and request for comments.

SUMMARY: FMCSA is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act, FMCSA is requesting comment from all interested parties on the proposed collection of information. The purpose of this notice is to allow for 60 days of public comment.

Pursuant to Section 5404 of the Fixing America's Surface Transportation Act, 2015 (FAST Act), FMCSA proposes a 3-year period of information collection to determine whether the safety outcomes (to include crashes, moving violations, inspection violations, and safety critical events as available) of drivers under the age of 21 with military experience in the operation of heavy vehicles (*i.e.,* ''covered drivers'') participating in interstate commerce are similar to the safety outcomes of commercial motor vehicle drivers (CMV) drivers between the ages of 21 and 24 operating freight-carrying CMVs, and how training and experience impact the safety of the 18- to 20-year-old driving population. FMCSA proposed this pilot program and solicited public comment on August 22, 2016. The prior 60-day notice sought comment on program operations, including whether any additional safeguards are needed to ensure that the pilot program provides a level of safety equivalent to current safety levels. Additional details on the broader pilot program are available through a separate notice published in today's **Federal Register**.

DATES: Comments must be received on or before September 4, 2018.

ADDRESSES: You may submit comments bearing the Federal Docket Management System (FDMS) Docket ID FMCSA–2017–0196 using any of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the online instructions for submitting comments.
- *Fax:* 1–202–493–2251.
- *Mail:* Docket Operations, U.S. Department of Transportation, 1200 New Jersey Ave. SE, West Building, Ground Floor, Room W12–140, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* 1200 New Jersey Avenue SE, West Building, Ground Floor, Room W12–140, Washington, DC 20590 between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Instructions: All submissions must include the Agency name and the docket number. For detailed instructions on submitting comments, see the Public Participation heading below. Note that all comments received will be posted without change to *http://www.regulations.gov,* including any personal information provided. Please see the *Privacy Act* heading below.

Docket: For access to the docket to read background documents or comments received, go to *http://www.regulations.gov* and follow the online instructions for accessing the dockets, or go to the street address listed above.

Privacy Act: In accordance with 5 U.S.C. 553(c), DOT solicits comments from the public to better inform its rulemaking process. DOT posts these comments, without edit, including any personal information the commenter provides, to *www.regulations.gov,* as

described in the system of records notice (DOT/ALL–14 FDMS), which can be reviewed at *www.dot.gov/privacy.*

Public Participation: The Federal eRulemaking Portal is available 24 hours each day, 365 days each year. You can obtain electronic submission and retrieval help and guidelines under the ''help'' section of the Federal eRulemaking Portal website. If you want us to notify you that we received your comments, please include a self-addressed, stamped envelope or postcard, or print the acknowledgement page that appears after submitting comments online. Comments received after the comment closing date will be included in the docket and will be considered to the extent practicable.

FOR FURTHER INFORMATION CONTACT: Nicole Michel, Research Division, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue SE, Washington, DC 20590–0001, by email at *nicole.michel@dot.gov,* or by telephone at (202) 366–4354. If you have questions on viewing or submitting material to the docket, contact Docket Services, telephone (202) 366–9826.

SUPPLEMENTARY INFORMATION:

Title: Proposed Information Collection for a Pilot Program to Allow 18- to 21-Year-Old Persons with Military Driving Experience to Operate CMVs in Interstate Commerce.

OMB Control Number: 2126–00XX.

Type of Request: New information collection.

Respondents: Motor carriers; 21- to 24-year-old entry-level CMV drivers with valid commercial drivers' licenses (CDLs) operating in freight-carrying interstate commerce (control group drivers); 18- to 20-year-old freight-carrying CMV drivers with a valid CDL operating in intrastate commerce (intrastate group drivers); 18- to 20-year-old current or former military personnel with training in heavy-duty vehicle operations (covered drivers) and valid CDLs with a K-restriction.

Estimated Number of Respondents: 1,570. [Motor carriers: 70 in total; 50 at any given time. Control group drivers: 1,500 in total (Year 1 = 300; Year 2 = 100; Year 3 = 100; Annualized = 166.7). Intrastate group drivers: 500 in total (Year 1 = 300; Year 2 = 100; Year 3 = 100; Annualized = 166.7). Covered group drivers: 500 in total (Year 1 = 300; Year 2 = 100; Year 3 = 100; Annualized = 166.7).]

Estimated Time per Response: Motor Carriers: application—20 minutes (one-time response); monthly data submission—45 minutes (per participating driver); miscellaneous additional data submissions—60 minutes per month (*e.g.* notification of a crash with injury or fatality, notification of a driver leaving the carrier or study); monthly supporting information—15 minutes (per sponsored participating driver, monthly; *e.g.,* optional on-board monitoring system [OBMS] logs, investigation findings for crashes). Drivers: background information and informed consent forms—20 minutes (one-time response).

Expiration Date: N/A. This is a new information collection request (ICR).

Frequency of Response: This is a one-time pilot program that will span a 3-year period of data collection. Throughout the 3-year pilot program, the response frequencies are: Motor-carrier applications: one-time response. Driver demographic and release forms: one-time response. Motor carrier driver data submission: monthly (see ''Estimated Time per Response'' for more details).

Estimated Total Annual Burden: 7,974.5 hours annualized. [This includes 7.8 hours annualized for motor carrier applications; 166.67 hours annualized for driver information and informed consent forms; 5,400 hours annualized for monthly driver activity and safety data; 600 hours annualized for miscellaneous tasks; and 1,800 hours annualized for additional supporting data]

I. Background

Applicable Regulations

Drivers of CMVs engaged in interstate commerce must be at least 21 years of age (49 CFR 391.11(b)(1)). This includes CMVs for which CDLs are required and certain other CMVs for which a CDL is not required.

In the May 9, 2011, final rule on ''Commercial Driver's License Testing and Commercial Learner's Permit Standards,'' (76 FR 26854), the Agency set a minimum age of 18 for an individual to obtain a CDL. A CDL holder under the age of 21 must have a ''K'' restriction on their CDL, which limits the driver to operating in *intrastate commerce.* Therefore, the proposed pilot program requires that participating drivers be provided relief from sections of 49 CFR parts 383 and 391 concerning minimum age requirements so that the covered drivers may operate in interstate commerce.

FAST Act Requirements

On December 4, 2015, the FAST Act was signed into law. Section 5404 of the FAST Act (Pub. L. 114–94, 129 Stat. 1312, 1549, Dec. 4, 2015) requires the Secretary of Transportation to conduct a commercial driver pilot program to ''. . . study the feasibility, benefits, and safety impacts of allowing a covered driver to operate a commercial motor vehicle in interstate commerce.'' A ''covered driver'' is defined as a current or former member of the armed forces or reserve components between the ages of 18 and 21, who is qualified in a Military Occupational Specialty (MOS) to operate a CMV or similar vehicle.

Section 5404 of the FAST Act requires the establishment of a data collection program to collect and analyze data regarding crashes involving covered drivers participating in the pilot program and drivers under the age of 21 operating CMVs in intrastate commerce. A report detailing the findings will be submitted to Congress no later than one year after completing data collection.

II. Purpose of Proposed ICR

The primary purpose of the proposed ICR is to support research to determine whether the safety outcomes of covered drivers participating in interstate commerce are similar to the safety outcomes of older entry-level drivers (*i.e.,* CDL drivers between the ages of 21 and 24) and how training and experience impact the safety of the 18- to 20-year-old driving population. For the purposes of this ICR, safety outcomes refer to crashes, driver moving violations, total number of inspections for the month, violations from inspections, and any safety-critical events captured via OBMS, such as hard braking or sudden lane changes. This research effort will allow FMCSA to fulfill the requirements of Section 5404 of the FAST Act.

III. Data Collection Plan

Details of the data collection plan for this pilot program are subject to change based on comments to the docket and further review by analysts. FMCSA will encourage motor carriers to participate in the pilot who will then identify and employ covered, intrastate, and/or control group drivers and report participating drivers' safety and activity data to the project team.

The plan for the data collection task is to have approximately 50 motor carriers participating in the pilot program at a time (some carriers may wish to depart the study before the 3-year data collection period is complete; FMCSA intends to replace them as needed and as possible) who will then identify and employ at least one covered group driver, as well as intrastate drivers, and/or control group drivers and report their safety and activity data to FMCSA. Note that while only 50 carriers are expected to participate at

any given time, an estimated 70 carriers will participate throughout the 3-year study due to carriers leaving the study and needing to be replaced.

FMCSA expects to include an average of 600 drivers in the study per year (200 control group, 200 intrastate, and 200 covered drivers). Because of relatively high turnover in the motor carrier industry and given that many covered drivers will turn 21 through the course of the pilot program (and therefore no longer be considered covered drivers), participating motor carriers will need to work with the project team to add additional drivers to the program over time. An estimated 300 replacement drivers (100 control group, 100 intrastate, and 100 covered) will participate during each year of the 3-year program due to expected turnover.

The information collection can be summarized by the following:

- A motor carrier application (completed once at the time of application) for participation in the pilot program will provide the project team with the carrier's contact information and demographic data.
- Each participating driver will need to complete a driver background information form and sign an informed consent form, which the motor carrier will submit on the driver's behalf. This is a one-time task for each driver.
- On a monthly basis, carriers will submit data on driver activity (*e.g.,* duty hours, driving hours, off-duty time, restart breaks), safety outcomes (*e.g.,* crashes, violations, and safety-critical events) and any additional supporting information (*e.g.,* OBMS logs, investigative reports from previous crashes).
- Carriers will be required to notify FMCSA within 24 hours of: any injury or fatality crashes involving a participating driver, a participating driver receiving an alcohol-related citation (*e.g.,* driving under the influence, driving while intoxicate), a participating driver choosing to leave the pilot program, a participating driver leaving the carrier, or a participating driver failing a random or post-crash drug/alcohol test.

This pilot limits the definition of CMVs to large trucks and does not include passenger-carrying vehicles, such as buses. In addition, the definition of CMVs is limited to trucks not in special configurations or involved in the transport of hazardous materials.

IV. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (the PRA) (44 U.S.C. 3501–3520) prohibits agencies from conducting information collection (IC) activities until they analyze the need for the collection of information and how the collected data will be managed. Agencies must also analyze whether technology could be used to reduce the burden imposed on those providing the data. The Agency must estimate the time burden required to respond to the IC requirements, such as the time required to complete a particular form. The Agency submits its IC analysis and burden estimate to OMB as a formal ICR; the Agency cannot conduct the information collection until OMB approves the ICR.

V. Request for Public Comments

FMCSA asks for comment on the IC requirements of this pilot. Comments can be submitted to the docket as outlined under **ADDRESSES** at the beginning of this notice. You are asked to comment on any aspect of this information collection, including:

1. Whether there are specific criteria that should make a driver ineligible to participate in the program.

2. Whether there are specific criteria that should make a carrier ineligible to participate in the program.

3. Whether the proposed collection is necessary for the performance of FMCSA's functions.

4. Whether additional items should be reported to FMCSA within 24 hours other than a driver being involved in a crash with injury or fatality, a driver receiving an alcohol-related citation, a driver choosing to leave the study, a driver leaving a carrier, or a driver failing a random or post-crash drug/alcohol test.

5. The accuracy of the estimated burdens.

6. Ways for FMCSA to enhance the quality, usefulness, and clarity of the collected information.

7. Ways that the burden could be minimized without reducing the quality of the collected information.

8. Whether the data collection efforts proposed for carriers and drivers are burdensome enough to discourage their participation.

9. Whether a comparison of the control group, intrastate driver group, and covered driver group is likely to produce valid conclusions.

Issued under the authority of 49 CFR 1.87 on: June 15, 2018.

Kelly Regal,

Associate Administrator, Office of Research and Information Technology.

[FR Doc. 2018–14028 Filed 7–3–18; 4:15 pm]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2016–0069]

Proposed Pilot Program To Allow Persons Between the Ages of 18 and 21 With Military Driving Experience To Operate Commercial Motor Vehicles in Interstate Commerce

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), DOT.

ACTION: Notice.

SUMMARY: On August 22, 2016, FMCSA proposed a pilot program to meet the requirements of section 5404 of the Fixing America's Surface Transportation (FAST) Act. FMCSA proposed a pilot program to allow a limited number of individuals ages 18, 19, and 20 to operate commercial motor vehicles (CMVs) in interstate commerce, if they have received specified heavy-vehicle driver training while in military service and were hired by a participating motor carrier. This notice provides the details of the pilot program and responds to comments received in response to the August 22, 2016 notice.

FOR FURTHER INFORMATION CONTACT: Mr. Selden Fritschner, Commercial Driver's License Division, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue SE, Washington, DC 20590–0001, by email at *Selden.Fritschner@dot.gov,* or by telephone at (202) 366–0677. If you have questions on viewing or submitting material to the docket, contact Docket Services, telephone (202) 366–9826.

SUPPLEMENTARY INFORMATION:

Definitions

For the purposes of this pilot program, FMCSA is using the following definitions:

Approved motor carrier—A motor carrier approved by the Agency to use covered drivers to operate CMVs in interstate commerce that agrees to provide data on covered drivers, control drivers and/or intrastate drivers.

Control Driver—A 21 to 24-year-old driver employed by a motor carrier with a valid commercial driver's license (CDL) who operates CMVs in interstate commerce.

Covered Driver—An 18-, 19-, or 20-year-old driver with military training, in one of the seven Military Occupational Specialties (MOS), as defined below, employed by an approved motor carrier, who may operate in interstate commerce based on the provisions of this pilot program.

Intrastate Driver—An 18-, 19-, or 20-year-old driver employed by a motor carrier who may operate a CMV only in intrastate commerce.

Military Occupational Specialties (MOS)—For the purposes of this **Federal Register** notice, this term is used as a generic term for all military job classifications that include: 88M—Motor Transport Operator (Army), 92F—Fueler (Army), 2T1—Vehicle Operations (Air Force), 2Fo—Fueler (Air Force), 3E2—Pavement and Construction Equipment (Air Force), E.O.—Equipment Operator (Navy), and 3531—Motor Vehicle Operator (Marine Corps).

Legal Basis

As noted in the August 22, 2016, **Federal Register** notice, Section 4007 of the Transportation Equity Act for the 21st Century (TEA–21) (Pub. L. 105–178, 112 Stat. 107) amended 49 U.S.C. 31315 and 31136(e) to give the Secretary of Transportation authority to conduct pilot programs. Section 4007 of TEA–21 also authorizes pilot programs in which one or more exemptions are granted to allow for the testing of innovative alternatives to certain Federal Motor Carrier Safety Regulations (FMCSRs). Section 4007 was implemented through an interim final rule (IFR) on December 8, 1998 (63 FR 67600) and codified at 49 CFR part 381. The IFR was finalized on August 20, 2004 (69 FR 51589). The final rule established procedures to propose and manage pilot programs. FMCSA must publish in the **Federal Register** a detailed description of each pilot program, including the exemptions being considered, and provide notice and an opportunity for public comment before the effective date of the program. That requirement was fulfilled by the August 22, 2016, notice.

The Agency is required to ensure that the safety measures in the pilot programs are designed to achieve a level of safety that is equivalent to, or greater than, the level of safety that would be achieved through compliance with the safety regulations. The maximum duration of pilot programs is 3 years from the starting date. At the conclusion of each pilot program, FMCSA must report to Congress its findings, conclusions, and recommendations, including suggested amendments to laws and regulations that would enhance motor carrier, CMV, and driver safety, and improve compliance with the FMCSRs.

Section 5404 of the FAST Act (Pub. L. 114–94, 129 Stat. 1312, 1549, Dec. 4, 2015) requires the Secretary of Transportation to conduct a commercial driver pilot program to ''. . . study the feasibility, benefits, and safety impacts of allowing a covered driver to operate a commercial motor vehicle in interstate commerce.'' A ''covered driver'' is defined as a member or former member of the armed forces or reserve and national guard components between the ages of 18 and 21, who is qualified in a MOS to operate a CMV or similar vehicle. A covered driver participating in the pilot program may not transport passengers or hazardous cargo that require endorsements, or operate a vehicle in a special configuration. Section 5404 requires this pilot program to collect and analyze data regarding crashes involving covered drivers participating in the program, and drivers under the age of 21 operating CMVs in intrastate commerce.

Discussion of Comments and Responses on the Notice of Proposed Pilot Program

On August 22, 2016, FMCSA published a notice in the **Federal Register** proposing this pilot program and requesting public comment (81 FR 56745). Sixty-seven comments were submitted to the docket; 40 favored the pilot program and 9 opposed it. The remaining 18 comments were a form letter asking the Agency to either expand the current pilot program or initiate a new one for drivers aged 20 and under who are engaged in agricultural operations. This request is outside of the scope of this pilot program as was defined by the FAST Act.

In addition to private citizens, the following types of entities commented on the notice: Agricultural industry, motor carriers, CMV drivers, insurance industry, professional associations, owner operators, safety advocacy groups, State Driver License Agencies (SDLAs), and other trade associations.

Only a handful of the 40 commenters who favored the pilot program endorsed it without reservation. Commenters generally supported the pilot program, provided FMCSA accepted their recommendations on program implementation. A number of commenters, all of which are motor carriers, supported the pilot program and expressed their interest in participating and employing 18 to 20-year-old drivers. Those generally in favor of the pilot program included the Colorado Department of Revenue, American Association of Motor Vehicle Administrators (AAMVA), National Propane Gas Association (NPGA), National Limousine Association, American Trucking Associations (ATA), Truckload Carriers Association (TCA), Serenity Trucking LLC, and Agricultural Retailers Association.

Organizations and individual commenters including the Commercial Vehicle Training Association (CVTA), the Insurance Institute for Highway Safety (IIHS), and the Owner-Operator Independent Drivers Association (OOIDA) did not expressly support or oppose the pilot program but asked for clarifications and offered recommendations to ensure safety.

Commenters generally opposing the pilot program made several arguments. The most frequent assertions were that drivers 18 to 20 years old are more likely to crash. This was based on the previous efforts to lower the CMV driving age. There was also skepticism that drivers with military experience will yield useful data to determine if all 18–20-year-old drivers can safely operate CMVs. Those opposed to the pilot program included individuals plus representatives of the National Safety Council, Truck Safety Coalition (TSC), Advocates for Highway and Auto Safety (AHAS), Parents Against Tired Truckers, and Citizens for Reliable and Safe Highways. The safety groups provided data on 18 to 20-year-old drivers to document the safety history of this age group. Although AHAS opposed the pilot program in general, it did offer recommendations on the design of the program. Some private citizens expressed their complete disapproval of the pilot program, arguing that it would be a ''huge mistake'' and ''very dangerous'' to allow covered drivers to operate in interstate commerce and that by doing so it would ''create a higher danger for those on the road.''

George Kern provided statistics from the Center for Disease Control highlighting a variety of situations where teens are more likely to crash. Russ Swift opposes the pilot program saying the data demonstrates that younger drivers are more likely to crash than drivers who are older than 21 years of age. Deborah Hersman of the National Safety Council refers to National Highway Traffic Safety Administration 2014 data that indicated 4,272 people were killed in crashes involving young drivers in 2014. Additionally, Ms. Hersman referred to a study conducted by the University of Michigan Transportation Research Institute that found from 1980-1984 fatal crash, mileage-based involvement rates for drivers of large trucks increase with decreasing driver age.

FMCSA's Response: Safety is FMCSA's number one priority. Before a motor carrier or driver is approved to participate in the pilot program, FMCSA will ensure that strict qualification safety standards are met. If at any time

during the pilot program, a motor carrier or driver is not complying with the standards, FMCSA may remove the motor carrier and/or driver from the pilot program. The qualification and disqualification standards for the motor carrier and the driver are outlined below.

Pilot Program Design

AAMVA, CVTA, IIHS, and the National Limousine Association offered recommendations to improve safety and asked for clarification on the direction of the pilot program. AAMVA asked how the participants in the pilot program will be differentiated from other commercial learner's permit or CDL holders.

Some commenters, including Werner Enterprises, recommended requiring electronic logging devices and other electronic monitoring equipment. Deborah Lipsitz, Matthew Kelpe, the National Safety Council, AAMVA, NPGA, IIHS, TSC, OOIDA, AHAS, ATA, and Werner Enterprises provided recommendations for the collection and analysis of data.

The Colorado Department of Revenue, IIHS, OOIDA, ATA, and TCA recommended increasing the number of covered drivers.

Werner Enterprises expressed concern over the Agency's lack of appropriate crash accountability factors. Werner Enterprises has concerns about how the Agency is defining ''good safety record'' and the use of the Safety Measurement System (SMS) and referenced the Government Accountability Office report on SMS.

AHAS noted that previous efforts to lower the age have been consistently rejected and provided information on earlier efforts by the Federal Highway Administration. Therefore, AHAS noted that the pilot program must be designed to collect all available safety data to accurately assess performance. AHAS requested that FMCSA require onboard monitoring systems for a more accurate picture of driver performance—hard braking, jerking of the wheel and alertness.

Deborah Lipsitz and Joe Book recommended not enrolling drivers in the pilot who have been dishonorably discharged from the military.

The Colorado Department of Revenue recommended lowering the age of the control group to 21 to 24-year-old drivers, to make the ages as close as possible to the study group.

FMCSA Response: Approved motor carriers will be exempted from 49 CFR 391.11(b)(1), which prohibits a person from operating a CMV in interstate commerce under the age of 21. The motor carriers will be provided with a letter from FMCSA approving their use of the approved covered drivers. A list of covered drivers that is updated in real-time will be available electronically to law enforcement for confirmation during inspections or investigations.

FMCSA does not agree with increasing the number of covered drivers. FMCSA believes the current sample size is large enough to ensure statistically valid results. More information on the sample size and design may be found in the Federal Notice published elsewhere in this issue of the **Federal Register** proposing the associated Information Collection Request (ICR). The ICR notice also explains the Agency's research and analysis plans. FMCSA requests that comments on the plan be submitted to the docket for that notice.

FMCSA will continue to use the SMS as a measure of a motor carrier's performance against its peers. The Agency's regulations require FMCSA to ensure that the pilot program design does not jeopardize safety.

FMCSA is not requiring on board monitoring systems for this study because it would be cost-prohibitive for carriers to participate and may minimize participation by smaller carriers. For those carriers that have on-board monitoring systems, the Agency will be requesting information from the technology for the approved motor carriers, but the decision of whether or not to provide it will be the carrier's.

FMCSA concurs with the two commenters who opposed allowing applicants with a dishonorable discharge to participate in the pilot program. The Agency made this decision because Congress' intent was to initiate a pilot program using a subset of drivers (those with military experience and training) that had been exposed to and demonstrated safe practices and discipline. The Agency believes this was to ensure maximum safety for this effort and we believe a driver who received a dishonorable discharge has not demonstrated the discipline Congress anticipated for study participants.

The age parameters for the covered drivers were established by the FAST Act. Based on comments received and a review of literature regarding young drivers, FMCSA is revising the ages of control group to 21–24, as suggested by the Colorado Department of Revenue, to capture data on a group of younger drivers as the point of comparison. In addition, the FAST Act requires FMCSA to also study intrastate drivers aged 18, 19 and 20, as part of this pilot program.

Training for Covered Drivers

CVTA, ATA, and TCA recommended that the Agency require certain levels of training consistent with the Entry Level Driver Training (ELDT) standards. CVTA and Werner Enterprises pointed out that there are differences between military and civilian training; specifically, the military does not teach drivers about log books and the FMCSRs. OOIDA recommended that FMCSA require applicants and participants in the pilot program to have experience operating a heavy motor vehicle while in military service and verification of the types of vehicles the covered drivers were trained on and drove for the military. Both AHAS and TSC commented that FMCSA should ensure that behind the wheel training is provided, including skills needed to deal with critical safety events requiring hard braking or jerking the wheel, and to avoid distracted driving. Two private citizens recommended that drivers to be required to provide proof of training and experience in the military.

FMCSA's Response: A covered driver is an individual who is 18, 19 or 20 years old; a current or former member of the armed forces, reserve, or national guard components; and is qualified in one of the following seven MOS: 88M—Motor Transport Operator (Army), 92F—Fueler (Army), 2T1—Vehicle Operations (Air Force), 2Fo—Fueler (Air Force), 3E2—Pavement and Construction Equipment (Air Force), E.O.—Equipment Operator (Navy), and 3531—Motor Vehicle Operator (Marine Corps). Military personnel qualified in these job classifications receive extensive training and experience that goes beyond the ELDT requirements. FMCSA has carefully reviewed both the knowledge and skills training and, along with AAMVA, the testing of graduates of these seven MOS. Each of the seven MOS provides more than 160 hours of training on all vehicles in the military vehicle fleet. Subsequently, each qualified serviceman is licensed on the individual vehicle, and retested each time he or she changes commands. In addition, members of the military receive recurring training.

FMCSA recognizes there may be an experience gap, as noted by CVTA and TCA. Both mention that military personnel are not taught about the requirements of the FMCSRs, specifically records of duty status and hours of service. The motor carriers that participate in the pilot program will be responsible for training the covered drivers on the FMCSRs to ensure that the pilot program drivers are in compliance. In addition, 49 CFR

390.3(e) requires motor carriers to have knowledge of, and comply with, all applicable FMCSRs. Also, drivers must demonstrate knowledge of the FMCSRs, in order to successfully pass the CDL knowledge and skills tests.

Publication of the Study Results

The IIHS urged FMCSA to conduct the strongest possible study due to crash risk. Three commenters requested that FMCSA share the data generated by the pilot program.

FMCSA's Response: FMCSA will fully analyze the results of the pilot study and will determine the feasibility, benefits, and safety impacts of allowing a covered driver to operate a CMV in interstate commerce. The results of this pilot program will be conveyed to Congress and be publicly available.

General Comments to the Notice

Several commenters provided additional recommendations.

William Young and other commenters recommended the program be managed similar to State Graduated Driver License programs which include specified times and driving conditions for the covered drivers.

FMCSA's Response: Limiting how much the covered drivers may operate would negatively impact the pilot program in several ways. First, if covered drivers operate differently than control group drivers, the data will not be comparable and will negatively impact the Agency's ability to reach conclusions at the end of the pilot program. Second, limiting how approved motor carriers may use the covered drivers may reduce interest in the pilot program and jeopardize the Agency's ability to execute a statistically valid pilot program.

In addition, each of the covered drivers will be hired and monitored by motor carriers approved by FMCSA in accordance with the program guidelines. The motor carriers will monitor each of the covered drivers just as they would all their drivers. FMCSA has established an internal process to monitor both the carrier and pilot program drivers to ensure highway safety is maintained.

Comments: Deborah Lipsitz, Matthew Kelpe, AAMVA, the Colorado Department of Revenue, IIHS, NPGA, the ATA, and TCA expressed concerns about various aspects of the study protocol, including the group size, technology/collection, geographical distribution of the covered and control groups, critical safety factors, and specific requirements for data collection parameters.

FMCSA's Response: Details of the proposed analysis methodologies and statistical methods may be found in the 60-day notice of proposed information collection published elsewhere in today's **Federal Register**. The parameters described have been peer reviewed and those comments are likewise posted in the 60-day notice. Age, maturity levels, and experience are crucial factors in a driver's safety performance. Trying to compare the performance of an 18-, 19-, or 20-year-old to a 21-, 22-, 23- or 24-year-old will provide a much more accurate comparison than trying to compare an 18-, 19-, or 20-year-old to someone 30 or older. Our control group is similar to an insurance age bracket, which tends to show an increase in safety after 25 years of age. While the data analysis is largely dependent upon the type, amount, and quality of the data received, the research team will conduct as thorough of an analysis as possible.

Comments: The Colorado Department of Revenue and OOIDA expressed concerns about verification of covered drivers by law enforcement during inspections. OOIDA recommended that some sort of decal or cab card be provided to drivers in the study.

FMCSA's Response: FMCSA will maintain a list of approved motor carriers and covered drivers in the Query Central system. In addition, the covered drivers will be required to carry a copy of a letter from FMCSA to the approved motor carrier and present the letter during inspections or other encounters with law enforcement.

Pilot Program Requirements and Procedures

Information Collection Requirements

As indicated above, the 60-day notice for the ICR associated with this pilot program is published separately in today's **Federal Register**. The ICR includes the application and consent forms for motor carriers, covered drivers, control group drivers, and intrastate drivers providing information for the pilot program. The ICR also explains the Agency's hypotheses for the pilot program, monthly reporting requirements, and ICR burdens.

The ICR has a 60-day comment period. After review of comments received, FMCSA will make any necessary adjustments on the ICR documents and will publish a subsequent notice advising that the ICR has been submitted to the Office of Management and Budget (OMB).

Announcement of Pilot Program Start

Upon approval of the ICR by OMB, FMCSA will publish, on the Agency's website at *www.fmcsa.dot.gov,* an announcement that applications are being accepted for participation in the pilot program. The website will also provide links to the application forms and other helpful information for motor carriers and military drivers interested in participating in the pilot program.

Motor Carriers

FMCSA expects to need 70 motor carriers to hire at least 200 covered drivers and with 200 control group drivers and/or 200 intrastate drivers, so that the pilot program anticipates the results/data will allow for conclusions within a confidence level of 0.95 (*i.e.,* significance level of 0.05) and statistical power of 80 percent. More information on the statistical design of the study can be found in Federal Docket FMCSA–2017–0196.

When FMCSA announces approval of the ICR, interested motor carriers will be required to complete the application form. To qualify for participation, the motor carrier must meet the following standards:

1. Must have proper operating authority, if required, and registration;
2. Must have the minimum levels of financial responsibility;
3. Must not be a high or moderate risk motor carrier as defined in the Agency's **Federal Register** notice titled, ''Notification of Changes to the Definition of a High Risk Motor Carrier and Associated Investigation'' published on March 7, 2016 (81 FR 11875);
4. Must not have a conditional or unsatisfactory safety rating;
5. Must not have any open or closed enforcement actions within the past 6 years;
6. Must not have a crash rate above the national average;
7. Must not have a driver Out-of-Service (OOS) rate above the national average; and
8. Must not have a vehicle OOS rate above the national average.

In addition, unpaid civil penalties may be grounds to deny participation in the pilot program.

FMCSA will give priority to applications from motor carriers that can supply control group drivers in numbers matching the number of covered drivers to be employed. However, FMCSA may include motor carriers for participation that can only hire covered drivers, control group drivers, or intrastate drivers, if needed to collect sufficient data for the pilot program.

Approval for participation in the pilot program will also be dependent on the motor carrier's agreement to comply with all pilot program procedures, including the monthly submission of data.

Approved motor carriers will be provided a letter acknowledging FMCSA's approval, the carrier's acceptance into the pilot program, and the company's exemption to allow approved covered drivers to operate in interstate commerce. Approved motor carriers will be publicly announced on the Agency's website to encourage potential covered drivers to apply through the identified carriers for participation.

FMCSA will monitor motor carrier and driver performance throughout the pilot program to ensure safety. Motor carriers may be disqualified from the pilot program if the:

1. Carrier does not have proper operating authority, if required, and registration;
2. Carrier does not have the minimum levels of financial responsibility;
3. Carrier is prioritized as a high risk; [1]
4. Carrier is prioritized as a moderate risk for 2 consecutive months;
5. Carrier receives a conditional or unsatisfactory safety rating;
6. Carrier is the subject of an open Federal enforcement action pending review (*e.g.,* Imminent Hazard, OOS, Patterns of Safety Violations). Enforcement actions resulting in civil penalties will be reviewed on a case-by-case basis.
7. Carrier has a crash rate above the national average for 3 consecutive months;
8. Carrier has a driver OOS rate above the national average for 3 consecutive months;
9. Carrier has a vehicle OOS rate above the national average for 3 consecutive months; or
10. Carrier failed to report monthly data as required.

FMCSA reserves the right to remove a carrier from the program at its discretion if it is determined there is a safety risk.

As noted in the associated ICR documents, approved carriers will be required to submit monthly reports of data. In addition, motor carriers will be required to advise FMCSA if a participating driver is involved in a crash with injury or fatality; a driver is convicted of a major or serious offense in accordance with 49 CFR 383.51; a participating pilot, control or intra-state driver leaves the carrier; or if a participating driver fails a drug test.

If a carrier fails to provide the required data on time, this may be grounds for removal from the pilot program.

Covered Drivers

Interested drivers must obtain from their commanding officer, or the official designee, certification that the applicant had formal training and experience in the operation of heavy motor vehicles while in military service in one of the following MOS:

1. 88M—Motor Transport Operator (Army)
2. 92F—Fueler (Army)
3. 2T1—Vehicle Operations (Air Force)
4. 2Fo—Fueler (Air Force),
5. 3E2—Pavement and Construction Equipment (Air Force)
6. E.O.—Equipment Operator (Navy); or
7. 3531—Motor Vehicle Operator (Marine Corps).

A motor carrier may not approve a covered driver for participation in the pilot program if during the 2-year period immediately preceding the date of hire, the covered driver:

1. Had more than one license (except for a military license);
2. Had his or her license suspended, revoked, cancelled or disqualified for a violation related to 49 CFR 383.51 in the home State of record or any State;
3. Had any conviction for a violation of military, State or local law relating to motor vehicle traffic control (other than parking violation) arising in connection with any traffic crash and have no record of a crash in which he/she was at fault; or
4. Has been convicted of any violations described below in any type of motor vehicle.

- Has been under the influence of alcohol as prescribed by State law;
- Has been under the influence of a controlled substance;
- Had an alcohol concentration of 0.04 or greater while operating a CMV;
- Refused to take an alcohol test as required by a State under its implied consent laws or regulations as defined in 49 CFR 383.72;
- Left the scene of a crash;
- Used the vehicle to commit a felony;
- Drove a CMV while his or her CDL is revoked, suspended, cancelled; or he or she is disqualified from operating a CMV;
- Caused a fatality through the negligent operation of a CMV (including motor vehicle manslaughter, homicide by motor vehicle, or negligent homicide);
- Had more than one conviction for any of the violations described below in any type of motor vehicle;
- Drove recklessly, as defined by State or local law or regulation (including offenses of driving a motor vehicle in willful or wanton disregard for the safety of persons or property);
- Drove a CMV without obtaining a CDL;
- Violated a State or local law or ordinance on motor vehicle traffic control prohibiting texting while driving; or
- Violated a State or local law or ordinance on motor vehicle traffic control restricting or prohibiting the use of a hand held mobile telephone while driving.

If the motor carrier agrees to sponsor/hire the driver, the covered driver must also agree to the release of specific information to FMCSA for purposes of the pilot program, as is noted in the ICR notice published in today's **Federal Register**.

If at any time while participating in this pilot program, a driver is disqualified for a major offense, serious traffic violations, railroad-highway grade crossing, or violation of an out-of-service order, as outlined in 49 CFR 383.51 of the FMCSRs, he or she will be disqualified/removed from the program.

Approved covered drivers may not transport passengers or hazardous materials, or operate double- or triple-trailer combinations or cargo tank vehicles while participating in the pilot program, regardless of any license endorsements held.

If a driver reaches age 21 during the pilot program, the driver will no longer be considered a covered driver. However, FMCSA expects the motor carrier to submit monthly data on the driver for the remainder of the pilot program to provide additional data for consideration.

If a covered driver leaves the approved motor carrier during the pilot program, he/she is not approved to operate in interstate commerce unless re-employed with another approved motor carrier participating in the pilot program. If a covered driver leaves the employment of the approved motor carrier, FMCSA must be advised within 5 days. A new covered driver application must be submitted for any new/additional hires by the approved motor carrier so that FMCSA can verify eligibility as part of the Agency's oversight of the pilot program.

[1] Notification of Changes to the Definition of a High Risk Motor Carrier and Associated Investigation Procedures (81 FR 11875) published March 7, 2016.

Control Group

Control group drivers must be 21 to 24 years old. These drivers will be required to possess a valid CDL; drive for the participating motor carrier; have no disqualifications, suspensions, or license revocations within past 3 years; or be subject to any OOS order; and agree to the release of specified information for use in assessing the safety of covered drivers in pilot program.

Intrastate Drivers

Section 5404 of the FAST Act requires FMCSA to compare the covered drivers to other 18-, 19-, and 20-year-old drivers operating CMVs in intrastate commerce, and specifically to analyze crash rates. Motor carriers with intrastate drivers who are 18, 19 or 20 years old will be asked to provide the monthly report data on these drivers too, as a condition of participating in this pilot program.

Monitoring and Oversight

FMCSA will review both monthly data submitted by approved motor carriers and its own databases including, but not limited to, the Motor Carrier Management Information System, Safety Measurement System, Commercial Driver License Information System, and the Licensing and Insurance system. FMCSA reserves the right to remove any motor carrier or driver from the pilot program for reasons including, but not limited to, failing to meet any of the requirements of the program.

Length of Program

FMCSA expects this program to run 3 years but may conclude the program sooner if there is sufficient data to analyze the safety of covered drivers.

Issued on: June 7, 2018.

Raymond P. Martinez,

Administrator.

[FR Doc. 2018–14025 Filed 7–3–18; 4:15 pm]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

[DOT–OST–2018–0070]

Notice of Solicitation of Nominations for Membership for the DOT Advisory Committee on Human Trafficking

AGENCY: Office of the Secretary, U.S. Department of Transportation (DOT).

ACTION: Notice of solicitation of nominations for membership.

SUMMARY: Pursuant to Section 5, Establishment of the Department of Transportation Advisory Committee on Human Trafficking, of the Combating Human Trafficking in Commercial Vehicles Act, the Secretary of Transportation (Secretary) requests nominations for membership on an advisory committee on human trafficking (Committee).

DATES: Nominations for Committee members must be received on or before 5:00 p.m. ET on August 20, 2018. The Agency encourages nominations submitted any time before the deadline. After that date, the Department will continue to accept nominations under this notice to fill any vacancies that may arise.

ADDRESSES: Interested candidates may submit a completed application by one of the following methods:

- *Email: trafficking@dot.gov.* Subject Line: Nominations for the Advisory Committee on Human Trafficking.
- *Mail:* Attention: Nominations for the Advisory Committee on Human Trafficking, Nicole Bambas, Senior Advisor, Office of International Transportation and Trade, Room W86–419, U.S. Department of Transportation, 1200 New Jersey Ave. SE, Washington, DC 20590. Please include name, mailing address, and telephone number.

FOR FURTHER INFORMATION CONTACT: Nicole Bambas, Senior Advisor, Office of International Transportation and Trade, at *trafficking@dot.gov* or (202) 366–5058.

SUPPLEMENTARY INFORMATION:

I. Who should be considered for nomination as Committee members?

The Department of Transportation seeks nominations for members of the advisory committee on human trafficking. The Secretary of Transportation will appoint up to 15 external stakeholder Committee members including representatives from—(A) trafficking advocacy organizations; (B) law enforcement; and (C) trucking, bus, rail, aviation, maritime, and port sectors, including industry and labor. Committee members will be selected with a view towards achieving diverse experience and background that will enable Committee members to provide balanced points of view with regard to carrying out the duties of the Committee. Committee members shall serve for the life of the Committee.

The Committee will provide information, advice, and recommendations to the U.S. Secretary of Transportation on matters relating to human trafficking, and develop recommended best practices for states and state and local transportation stakeholders in combating human trafficking. The best practices must be user-friendly, incorporating the most up to date technology, and shall be developed based upon multidisciplinary research, promising evidence-based models and programs. The content for the best practices must include sample training materials, strategies to identify victims, and sample protocols and recommendations. The sample protocols and recommendations will include: (1) Strategies to collect, document, and share data across systems and agencies, (2) strategies that will help agencies better understand the types of trafficking involved, the scope of the problem, and the degree of victim interaction with multiple systems, and (3) strategies to identify effective pathways for State agencies to utilize their position in educating critical stakeholder groups and assisting victims.

Registered lobbyists are prohibited from serving on Federal advisory committees in their individual capacities. The prohibition does not apply if registered lobbyists are specifically appointed to represent the interests of a nongovernmental entity, a recognizable group of persons or nongovernmental entities (an industry sector, labor unions, environmental groups, etc.) or State or local governments. Registered lobbyists are lobbyists required to comply with provisions contained in the Lobbying Disclosure Act of 1995 (Pub. L. 110–81).

II. Do advisory committee on human trafficking members receive compensation and/or per diem?

While attending meetings or when otherwise engaged in Committee business, Committee members may be reimbursed for travel and per diem expenses as permitted under applicable Federal travel regulations. Reimbursement is subject to funding availability. Committee members will receive no salary or other compensation for participation in Committee activities.

III. What is the process for submitting nominations?

Individuals can self-apply or be nominated by any individual or organization. To be considered for the Committee, nominators should submit the following information:

(1) Contact Information for the nominee, consisting of:

a. Name
b. Title
c. Organization or Affiliation
d. Address
e. City, State, Zip
f. Telephone number

g. Email address

(2) Statement of nomination limited to 250 words on why the nominee wants to serve or why the nominator is nominating the nominee to serve on the advisory committee on human trafficking, and the unique perspectives and experiences the nominee brings to the Committee.

(3) Resume limited to 3 pages describing professional and academic expertise, experience, and knowledge, including any relevant experience serving on advisory committees, past and present.

(4) An affirmative statement that the nominee is not a Federally registered lobbyist seeking to serve on the Committee in their individual capacity, and the identity of the interests they intend to represent if appointed as a Committee Member.

(5) An affirmative statement that the nominee meets all Committee eligibility requirements.

(6) Optional letters of support.

Please do not send company, trade association, organizational brochures, or any other promotional information. Materials submitted should total five pages or less, must be in a 12-point font, and must be formatted as a Microsoft Word document or PDF. Should more information be needed, Department of Transportation staff will contact the nominee, obtain information from the nominee's past affiliations, or obtain information from publicly available sources. If you are interested in applying to become a member of the Committee, send a completed application package by email to *trafficking@dot.gov* or by mail to Attention: Nominations for the Advisory Committee on Human Trafficking, Nicole Bambas, Senior Advisor, Office of International Transportation and Trade, Room W86–419, U.S. Department of Transportation, 1200 New Jersey Ave. SE, Washington, DC 20590. Applications must be received on or before 5:00 p.m. ET on August 20, 2018; however, candidates are encouraged to submit an application any time before the deadline.

IV. How will DOT select advisory committee on human trafficking members?

A selection team comprised of representatives from the Office of the Secretary of Transportation will review the application packages. The selection team will make recommendations regarding membership to the Secretary based on the following criteria: (1) Expertise, experience, and knowledge, including professional or academic expertise; (2) stakeholder representation; (3) availability and willingness to serve; and (4) relevant experience working in committees and advisory panels. Nominations are open to all individuals without regard to race, color, religion, sex, national origin, age, mental or physical disability, marital status, or sexual orientation. Nominees selected for appointment to the Committee will be notified by return email and by a letter of appointment.

(**Authority:** Pub. L. 115–99 (Jan 3, 2018)).

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Joel Szabat,

Deputy Assistant Secretary, Aviation and International Affairs.

[FR Doc. 2018–14515 Filed 7–5–18; 8:45 am]

BILLING CODE 4910–9X–P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Notice of OFAC Sanctions Actions

SUB-AGENCY: Office of Foreign Assets Control, Department of the Treasury.

ACTION: Notice.

SUMMARY: The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing the names of persons whose property and interests in property have been unblocked pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act) or Executive Order 12978 of October 21, 1995, ''Blocking Assets and Prohibiting Transactions With Significant Narcotics Traffickers''. Additionally, OFAC is publishing an update to the identifying information of persons currently included in the list of Specially Designated Nationals and Blocked Persons.

DATES: OFAC's actions described in this notice were effective on June 29, 2018.

FOR FURTHER INFORMATION CONTACT: OFAC: Associate Director for Global Targeting, tel: 202–622–2420; Assistant Director for Licensing, tel.: 202–622–2480; Assistant Director for Regulatory Affairs, tel.: 202–622–4855; Assistant Director for Sanctions Compliance & Evaluation, tel.: 202–622–2490; or the Department of the Treasury's Office of the General Counsel: Office of the Chief Counsel (Foreign Assets Control), tel.: 202–622–2410.

SUPPLEMENTARY INFORMATION:

Electronic Availability

The Specially Designated Nationals and Blocked Persons List (SDN List) and additional information concerning OFAC sanctions programs are available on OFAC's website (*https://www.treasury.gov/ofac*).

Notice of OFAC Actions

On June 29, 2018, OFAC removed from the SDN List the persons listed below, whose property and interests in property were blocked pursuant to the Kingpin Act or Executive Order 12978.

Individuals

1. ARISTIZABAL MEJIA, Diego, c/o BOSQUES DE AGUA SOCIEDAD POR ACCIONES SIMPLIFICADA, Medellin, Colombia; c/o BROKER CMS EL AGRARIO S.A., Envigado, Antioquia, Colombia; c/o DIEGO ARISTIZABAL M. Y ASOCIADOS LTDA., Medellin, Colombia; c/o FUMIGACIONES Y REPRESENTACIONES AGROPECUARIAS S.A., Medellin, Colombia; c/o TREMAINE CORP., Panama; Carrera 50 No. 29 Sur-016, Envigado, Antioquia, Colombia; DOB 22 Jan 1943; Cedula No. 8240938 (Colombia) (individual) [SDNT].

2. UPEGUI GALLEGO, Juan Pablo; DOB 16 Oct 1980; POB Itagui, Antioquia, Colombia; citizen Colombia; Cedula No. 3391839 (Colombia) (individual) [SDNTK] (Linked To: ENFARRADOS COMPANY S.A.S.; Linked To: CENTRO DE DIAGNOSTICO AUTOMOTOR DEL SUR LTDA.).

3. GIRALDO OCHOA, Hugo Humberto; DOB 03 Sep 1962; POB Envigado, Antioquia, Colombia; Cedula No. 70556353 (Colombia) (individual) [SDNTK].

4. VARELA VICTORIA, Walter; DOB 20 Jun 1963; POB Tulua, Valle, Colombia; Cedula No. 16358495 (Colombia) (individual) [SDNTK].

5. JIMENEZ NARANJO, Roberto, c/o CASA DEL GANADERO S.A., Medellin, Colombia; c/o TEJAR LA MOJOSA S.A., Caucasia, Antioquia, Colombia; DOB 18 Apr 1963; Cedula No. 18502967 (Colombia) (individual) [SDNT].

6. SIERRA RAMIREZ, Juan Carlos; DOB 15 Apr 1966; Cedula No. 71680143 (Colombia) (individual) [SDNTK].

7. LONDONO ALVAREZ, Gloria Elena (a.k.a. LONDONO DE GRAJALES, Gloria Elena), c/o ARMAGEDON S.A., La Union, Valle, Colombia; c/o CRETA S.A., La Union, Valle, Colombia; c/o GAD S.A., La Union, Valle, Colombia; c/o HEBRON S.A., Tulua, Valle, Colombia; c/o HOTEL LOS VINEDOS, La Union, Valle, Colombia; c/o INDUSTRIAS DEL ESPIRITU SANTO S.A., Malambo, Atlantico, Colombia; c/o INTERNATIONAL FREEZE DRIED S.A., Bogota, Colombia; c/o JOSAFAT S.A., Tulua, Valle, Colombia; c/o SALIM S.A., La Union, Valle, Colombia; c/o TRANSPORTES DEL ESPIRITU SANTO S.A., La Union, Valle, Colombia; c/o

FRUTAS DE LA COSTA S.A., Malambo, Atlantico, Colombia; c/o CITICAR LTDA., La Union, Valle, Colombia; c/o CONFECCIONES LINA MARIA LTDA., La Union, Valle, Colombia; c/o GBS TRADING S.A., Cali, Colombia; c/o MELON LTDA., Cali, Colombia; c/o WORLD WORKING COMERCIALIZADORA INTERNACIONAL S.A., Cali, Colombia; DOB 22 Apr 1962; POB Medellin, Colombia; Cedula No. 51635146 (Colombia) (individual) [SDNT].

8. GRAJALES MEJIA, Hugo Marino, c/o FREXCO S.A., La Union, Valle, Colombia; c/o INVERSIONES GRAME LTDA., La Union, Valle, Colombia; c/o PANAMERICANA LTDA., Cali, Colombia; c/o SOCIEDAD DE NEGOCIOS SAN AGUSTIN LTDA., La Union, Valle, Colombia; Cedula No. 6355130 (Colombia) (individual) [SDNT].

9. OSSA AYALA, Alvaro Javier, c/o ADMINISTRADORA GANADERA EL 45 LTDA., Medellin, Colombia; c/o CASA DEL GANADERO S.A., Medellin, Colombia; c/o GANADERIA LUNA HERMANOS LTDA., Medellin, Colombia; c/o INVERSIONES EL MOMENTO S.A., Medellin, Colombia; c/o INVERSIONES LICOM LTDA., Medellin, Colombia; c/o SOCIEDAD MINERA GRIFOS S.A., El Bagre, Antioquia, Colombia; Cedula No. 98528421 (Colombia) (individual) [SDNT].

10. GALEANO RESTREPO, Diego Mauro, c/o ADMINISTRADORA GANADERA EL 45 LTDA., Medellin, Colombia; c/o CASA DEL GANADERO S.A., Medellin, Colombia; c/o GANADERIA LUNA HERMANOS LTDA., Medellin, Colombia; c/o INVERSIONES EL MOMENTO S.A., Medellin, Colombia; c/o INVERSIONES LICOM LTDA., Medellin, Colombia; DOB 17 Mar 1976; POB Medellin, Colombia; Cedula No. 98626113 (Colombia) (individual) [SDNT].

Entities

1. DIEGO ARISTIZABAL M. Y ASOCIADOS LTDA., Calle 1A Sur No. 43A–49 of. 201, Medellin, Colombia; NIT # 890931281–7 (Colombia) [SDNT].

2. CENTRO DE DIAGNOSTICO AUTOMOTOR DEL SUR LTDA. (a.k.a. ENVICENTRO), Carrera 48 No. 49 Sur 45, Envigado, Antioquia, Colombia; NIT # 800233878–1 (Colombia) [SDNTK].

3. ENFARRADOS COMPANY S.A.S., Carrera 48 No. 46 Sur 150, Envigado, Antioquia, Colombia; NIT # 900347098–6 (Colombia) [SDNTK].

4. MEGAYATES LTDA, Bosque, Sector San Isidro, Transversal 54 No. 24–280, Cartagena, Bolivar, Colombia; NIT # 806006215–8 (Colombia) [SDNTK].

5. FINVE S.A. (f.k.a. FINANCIERA DE INVERSIONES LTDA.), Calle 93A No. 14–17 Ofc. 711, Bogota, Colombia; Calle 93N No. 14–20 Ofc. 601, Bogota, Colombia; NIT # 860074650–5 (Colombia) [SDNT].

6. MOR ALFOMBRAS ALFOFIQUE S.A. (f.k.a. ALFOFIQUE LTDA.; f.k.a. ALFOFIQUE TRANSPORTES LTDA.), Carrera 40 No. 169–32, Bogota, Colombia; NIT # 830081048–0 (Colombia) [SDNT].

Additionally, on June 29, 2018, OFAC updated the SDN List for the persons listed below, whose property and interests in property continue to be blocked pursuant to the Kingpin Act.

Individuals

1. FLORES APODACA, Augustin (a.k.a. ''EL BARBON''; a.k.a. ''EL INGENIERO''; a.k.a. ''EL NINO''), Calle Sierra Madre Occidental No. 1280, Colonia Canadas, Culiacan, Sinaloa 8000, Mexico; DOB 09 Jun 1964; Passport 040070827 (Mexico) (individual) [SDNTK].

-to-

FLORES APODACA, Agustin (a.k.a. ''EL BARBON''; a.k.a. ''EL INGENIERO''; a.k.a. ''EL NINO''), Calle Sierra Madre Occidental No. 1280, Colonia Canadas, Culiacan, Sinaloa 8000, Mexico; DOB 09 Jun 1964; POB Sinaloa, Mexico; nationality Mexico; Gender Male; Passport 040070827 (Mexico); R.F.C. FOAA640609DX9 (Mexico); C.U.R.P. FOAA640609HSLLPG00 (Mexico) (individual) [SDNTK].

2. MEZA FLORES, Salome (a.k.a. ''FINO''; a.k.a. ''PELON''); DOB 23 Oct 1962; nationality Mexico; Passport 07040059504 (Mexico) (individual) [SDNTK].

-to-

FLORES APODACA, Salome (a.k.a. ''FINO''; a.k.a. ''PELON''); DOB 23 Oct 1962; POB Sinaloa, Mexico; nationality Mexico; Gender Male; Passport 07040059504 (Mexico); R.F.C. FOAS621023Q97 (Mexico); C.U.R.P. FOAS621023HSLLPL04 (Mexico) (individual) [SDNTK].

3. MEZA FLORES, Fausto Isidro (a.k.a. ''ISIDRO, Chapito''; a.k.a. ''ISIDRO, Chapo''); DOB 19 Jun 1982; POB Navojoa, Sinaloa, Mexico; nationality Mexico; Passport 07040028724 (Mexico); alt. Passport 03040026468 (Mexico) (individual) [SDNTK] (Linked To: AUTOTRANSPORTES TERRESTRES S.A. DE C.V.; Linked To: AUTO SERVICIO JATZIRY S.A. DE C.V.; Linked To: CONSTRUCTORA JATZIRY DE GUASAVE S.A. DE C.V.).

-to-

MEZA FLORES, Fausto Isidro (a.k.a. ''ISIDRO, Chapito''; a.k.a. ''ISIDRO, Chapo''); DOB 19 Jun 1982; POB Navojoa, Sonora, Mexico; nationality Mexico; Gender Male; Passport 07040028724 (Mexico); alt. Passport 03040026468 (Mexico); R.F.C. MEFF820619A98 (Mexico); alt. R.F.C. MEFF820619HY1 (Mexico); C.U.R.P. MEFF820619HSRZLS08 (Mexico); alt. C.U.R.P. MEFF820619MSRZLS08 (Mexico) (individual) [SDNTK] (Linked To: AUTOTRANSPORTES TERRESTRES S.A. DE C.V.; Linked To: AUTO SERVICIO JATZIRY S.A. DE C.V.; Linked To: CONSTRUCTORA JATZIRY DE GUASAVE S.A. DE C.V.).

4. MEZA ANGULO, Fausto Isidro; DOB 27 Mar 1964; citizen Mexico; Passport 040059510 (Mexico) (individual) [SDNTK].

-to-

MEZA ANGULO, Fausto Isidro; DOB 27 Mar 1964; POB Guasave, Sinaloa, Mexico; nationality Mexico; citizen Mexico; Gender Male; Passport 040059510 (Mexico); R.F.C. MEAF640327BC0 (Mexico); C.U.R.P. MEAF640327HSLZNS05 (Mexico) (individual) [SDNTK].

Dated: June 29, 2018.

Gregory T. Gatjanis,

Associate Director, Office of Global Targeting, Office of Foreign Assets Control.

[FR Doc. 2018–14522 Filed 7–5–18; 8:45 am]

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